

CHALLENGER ENERGY LIMITED

ABN 45 123 591 382

NOTICE OF 2012 ANNUAL GENERAL MEETING

Notice is given that the 2012 Annual General Meeting of Challenger Energy Limited ("the Company" or "Challenger Energy") will be held at Institute of Chartered Accountants, Level 3, 600 Bourke Street, Melbourne Vic 3000 at 11.00am (Melbourne, Victoria time) on Wednesday 7th November 2012.

Further details in respect of each of the resolutions proposed in this Notice of Annual General Meeting are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting. The details of the resolutions contained in the Explanatory Memorandum should be read together with, and form part of, this Notice of Annual General Meeting.

BUSINESS

2012 Annual Financial Statements

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2012 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution as a non-binding ordinary resolution:

"THAT the Company approves the adoption of the Remuneration Report for the year ended 30 June 2012".

Voting Note

In accordance with the Corporations Act, the Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the Company's key management personnel (including the Directors) whose remuneration details are included in the Remuneration Report or any of that person's closely related parties (such as close family members and any controlled companies of those persons) (collectively referred to a "Restricted Voter"). However, the Company need not disregard a vote if:

- it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 1;*
- it is not cast on behalf of a Restricted Voter.*

If you appoint the person chairing the meeting (the Chair) as your proxy and you are not a Restricted Voter by marking the box on, and submitting, the Proxy Form you authorise the Chair to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Company's key management personnel, and you will be taken to have directed the Chair to vote in accordance with his or her stated intention to vote in favour of Resolution 1. If you have appointed the Chair as your proxy and do not want your vote exercised in favour of Resolution 1, you should not mark the box of the Proxy Form or otherwise

direct the person chairing the meeting to vote "against", or to abstain from voting on, this Resolution.

Resolution 2 – Re-Election of Director – Michael Much

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"THAT Mr Michael Much, being a Director of the Company since re-election on 23 November 2011, who will retire at the close of the meeting in accordance with the Company's Constitution, and being eligible for re-election, be re-elected as a Director of the Company."

Resolution 3 – Ratification of prior issue of shares (March 2012)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"THAT for the purposes of ASX Listing Rule 7.4, shareholders ratify the prior issue of 18,461,538 ordinary shares made to professional and sophisticated investors on, or about, 23 March 2012 at a price of 6.5 cents (\$0.065) per share as described in the Explanatory Memorandum which accompanied and formed part of the Notice of General Meeting. "

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 3 by:

- persons who participated in the issue; or
- an associate of those persons.

However, the Company need not disregard a vote on Resolution 3 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 4 – Ratification of prior issue of shares (June 2012)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"THAT for the purposes of ASX Listing Rule 7.4, shareholders ratify the prior issue of 22,000,000 ordinary shares made to professional and sophisticated investors on, or about, 20 June 2012 at a price of 2.5 cents (\$0.025) per share as described in the Explanatory Memorandum which accompanied and formed part of the Notice of General Meeting. "

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 4 by:

- persons who participated in the issue; or
- an associate of those persons.

However, the Company need not disregard a vote on Resolution 4 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 5 – Approval of Placement Facility

To consider and, if thought fit, to pass the following resolution as a **special resolution** with or without amendment:

"THAT, for the purposes of Listing Rule 7.1A, shareholders approve the Company having the capacity to issue fully paid ordinary shares in the capital of the Company up to the maximum number permitted under Listing Rule 7.1A at an issue price which is not less than 75% of the volume weighted average market (closing) price of the Company's ordinary shares calculated over the last fifteen (15) days on which trades of the Company's ordinary shares were recorded on ASX immediately before the date on which the issue price is agreed or the date the issue is made as described in the Explanatory Memorandum which accompanied and formed part of the Notice of General Meeting."

Voting Exclusion Statement:

The Company will disregard any votes cast of Resolution 5 by:

- *a person who may participate in the in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed; and*
- *an associate of those persons.*

However, the Company will not disregard a vote if:

- *it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
- *it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

By the order of the Board

Adrien Wing
Company secretary

Dated: 1 October 2012

The accompanying Explanatory Memorandum and the Proxy Form and Voting Instructions form part of this Notice of Meeting.

PROXY AND VOTING INSTRUCTIONS

Proxy Instructions

A member who is entitled to vote at a meeting may appoint:

- (a) one proxy if the member is only entitled to one vote; and
- (b) one or two proxies if the member is entitled to more than one vote.

Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the member's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes in which case any fraction of votes will be disregarded.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be lodged at the registered office of the Company or sent by facsimile transmission to the Company's registered office on (03) 9614 0550 not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed by the member or his/her attorney duly authorised in writing or, if the member is a corporation, in a manner permitted by the Corporations Act. A proxy given by a foreign corporation must be executed in accordance with the laws of that corporation's place of incorporation.

The proxy may, but need not, be a member of the Company.

A proxy form is attached to this Notice of Meeting.

If you sign the proxy form and do not appoint a proxy, you will have appointed the Chair of the meeting as your proxy. In that case, your shares will not be voted on Resolution 1 (Remuneration Report) unless you direct the Chair how to vote by marking the appropriate box on the proxy form or otherwise indicate your express consent to the Chair voting your votes on Resolution 1.

Corporate Representatives

Any corporation which is a member of the Company may authorise (by certificate under common seal or other form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the chairperson of the meeting) a natural person to act as its representative at any general meeting.

Voting Entitlement

For the purposes of the Corporations Act and Corporations Regulations shareholders entered on the Company's Register of Members as at 7th November 2012 (Melbourne, Victoria time) are entitled to attend and vote at the meeting.

On a poll, members have one vote for every fully paid ordinary share held. Holders of options are not entitled to vote.

How the Chair Will Vote Undirected Proxies

The Chair of the meeting will vote undirected proxies on, and in favour of, all of the proposed resolutions. However, any undirected proxies held by the Chair of the meeting will not be voted on Resolution 1 (Remuneration Report) unless the express consent of the shareholder is given in the proxy appointment.

Proxies that are Undirected on Resolution 1 (Remuneration Report)

If you appoint the Chair of the meeting as your proxy (or if he may be appointed by default) and do not either (a) direct him how to vote on Resolution 1 (Remuneration Report); or (b) provide your express consent to the Chair voting your undirected proxy on Resolution 1; he will not vote your proxy on that item of business. Accordingly, if you appoint the Chair of the meeting as your proxy (or if he may be appointed by default) and you want your shares to be voted on that item of business you should either (a) direct him how to vote on Resolution 1 (Remuneration Report); or (b) tick the box on the proxy form to confirm your consent to the Chair voting your undirected proxy on Resolution 1.

Other directors of the Company, any other of its key management personnel or any of their closely related parties will not be able to vote undirected proxies held by them on Resolution 1. Key management personnel of the Company comprise the directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

The Remuneration Report identifies key management personnel for the year ending 30 June 2012. Their closely related parties are defined in the Corporations Act 2001 (Cth) and include specified family members, dependents and companies they control.

CHALLENGER ENERGY LIMITED
ABN 45 123 591 382
("the Company")

2012 ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

PURPOSE OF INFORMATION

This Explanatory Memorandum ("this Memorandum") accompanies and forms part of the Company's Notice of the 2012 Annual General Meeting to be held at Institute of Chartered Accountants, Level 3, 600 Bourke Street, Melbourne, Vic 3000 at 11.00 am Melbourne, Victoria time) on Wednesday 7th November 2012. The Notice of 2012 Annual General Meeting incorporates, and should be read together with, this Memorandum.

2012 Annual Financial Statements

The 2012 Annual Financial Statements, comprising the Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2012 will be laid before the meeting. There is no requirement for shareholders to approve the 2012 Annual Financial Statements. However, shareholders will have the opportunity to ask questions about or make comments on the 2012 Annual Financial Statements and the management of the Company. A representative of the auditor will be invited to attend to answer questions about the audit of the Company's 2012 Annual Financial Statements.

The Company's 2012 Annual Financial Statements are set out in the Company's 2012 Annual Report which can be obtained from the Company's website, <http://www.challengerenergy.com.au> or upon request to the secretary of the Company at the Company's registered office, Level 17, 500 Collins Street, Melbourne, Victoria, 3000 (telephone (03) 9614 0600).

Resolution 1 – Adoption of Remuneration Report

The Company is required, pursuant to the Corporations Act 2001 (Cth) ("the Corporations Act"), to propose a non-binding resolution regarding the Remuneration Report, which forms part of the Directors' Report in the 2012 Annual Financial Statements. The Remuneration Report sets out the Company's remuneration arrangements for directors.

Shareholders attending the 2012 Annual General Meeting of the Company will have an opportunity to discuss and put questions in respect of the Remuneration Report. In addition, shareholders will be asked to vote on the Remuneration Report.

This resolution is advisory only and does not bind the Company or its directors. The Board will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies. Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings ("AGMs"), shareholders will be required to vote at the second of those AGM's on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's directors (other than the Managing Director and CEO) must be put up for re-election. The vote on the Remuneration Report contained in the Company's 2011 Annual Financial Statements was passed with the support of more than 75% of votes thus a spill resolution will not be required in

the event that 25% or more of votes that are cast are against the adoption of the 2012 Remuneration Report. However, in the event that 25% or more of votes that are cast at the 2012 Annual General Meeting are against the adoption of the 2012 Remuneration Report, shareholders should be aware that if there is a 'no' vote of 25% or more at the same resolution at the 2013 Annual General Meeting the consequences are that it may result in the re-election of the Board.

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. In particular, the Directors and other Restricted Voters must not vote on this Resolution and must not cast a vote as proxy, unless the appointment gives a direction on how to vote, or the proxy is given to the Chair and you mark the box on, and submit, the Proxy Form authorising the Chair to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration the Company's key management personnel. By marking the box on, and submitting, the Proxy Form you will be taken to have directed the Chair of the meeting to vote in accordance with the Chair's stated intention to vote in favour of Resolution 1.

Shareholders are urged to carefully read the Proxy Form and the voting exclusion statement set out in the Notice of Meeting.

Resolution 2 – Re-Election of Director - Mr Michael Much

Pursuant to clause 13.2 of the Constitution of the Company, one-third of the Directors or, if their number is not a multiple of three, the number nearest to one-third, except the Managing Director, are required to retire by rotation at each Annual General Meeting. The Company has five directors, one of whom is the Managing Director. Accordingly, one director is required to retire by rotation at the 2012 Annual General Meeting.

Additionally, under ASX Listing Rule 14.4, a director must not hold office without re-election past the third annual general meeting following the director's appointment, or three years whichever is longer. A director who retires in accordance with these provisions is eligible for re-election.

Accordingly, Mr Michael Much, who was last re-elected at the Company's 2011 Annual General Meeting, retires by rotation and, being eligible, offers himself for re-election.

The non-candidate directors unanimously support the re-election of Mr Michael Much.

Resolution 3 - Ratification of prior issue of shares (March 2012)

Resolution 3 seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for the prior issue of 18,461,538 ordinary fully paid shares to 42 professional and sophisticated investor clients ("the March 2012 Allottees") being both clients of Australian Financial Services License ("AFSL") holders and other individual professional and sophisticated investors invited to apply for shares by the Company.

The shares were issued to the March 2012 Allottees at an issue price of 6.5 cents (\$0.065) per share on, or about, 23 March 2012 and were the subject of an announcement to ASX on 21 March 2012.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue

at the commencement of that 12 month period.

ASX Listing Rule 7.4 provides that where a company's shareholders ratify the previous issue of securities made pursuant to ASX Listing Rule 7.1 (provided that the previous issue of securities did not breach ASX Listing Rule 7.1) those securities will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1.

By ratifying the prior issue of 18,461,538 shares to the March 2012 Allottees, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity without the requirement to obtain prior shareholder approval.

The following information is provided in accordance with the requirements of ASX Listing Rule 7.5:

- The number of securities previously issued was 18,461,538 shares.
- The issue price of the securities was 6.5 cents (\$0.065) per share.
- The securities issued were fully paid ordinary shares in the Company having the same terms and rights as, and ranking equally with, the Company's existing listed fully paid ordinary shares.
- The securities were issued to the March 2012 Allottees (who were not related parties of the Company).
- Funds raised through the issue were used for further development of the Company's Mercury Stetson project and otherwise applied to working capital requirements of the Company.
- A voting exclusion statement is set out in the Notice of Meeting.

Resolution 4 - Ratification of prior issue of shares (June 2012)

Resolution 4 seeks shareholder ratification pursuant to ASX Listing Rule 7.4 for the prior issue of 22,000,000 ordinary fully paid shares to 9 professional and sophisticated investors ("the June 2012 Allottees") being both clients of AFSL holders and other individual professional and sophisticated investors invited to apply for shares by the Company.

The shares were issued to the June 2012 Allottees at an issue price of 2.5 cents (\$0.025) per share on, or about, 20 June 2012 and were the subject of an announcement to ASX on 15 June 2012.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 provides that where a company's shareholders ratify the previous issue of securities made pursuant to ASX Listing Rule 7.1 (provided that the previous issue of securities did not breach ASX Listing Rule 7.1) those securities will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1.

By ratifying the prior issue of 22,000,000 shares to the June 2012 Allottees, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity without the requirement to obtain prior shareholder approval.

The following information is provided in accordance with the requirements of ASX Listing Rule 7.5:

- The number of securities previously issued was 22,000,000 shares.
- The issue price of the securities was 2.5 cents (\$0.025) per share.
- The securities issued were fully paid ordinary shares in the Company having the same terms and rights as, and ranking equally with, the Company's existing listed fully paid ordinary shares.
- The securities were issued to the June 2012 Allottees, (who were not related parties of the Company).
- Funds raised through the issue were applied to the working capital requirements of the Company including the development of its Mercury Stetson Project.
- A voting exclusion statement is set out in the Notice of Meeting.

Resolution 5 – Approval of Placement Facility

Under ASX Listing Rule 7.1A certain companies may seek shareholder approval by special resolution passed at an annual general meeting to have the additional capacity to issue equity securities which do not exceed 10% of the existing ordinary share capital without further shareholder approval.

Approval under this Resolution 5 is sought for the Company to issue ordinary shares under Listing Rule 7.1A.

If Resolution 5 is approved the Company may make an issue of ordinary shares under Listing Rule 7.1A at any time (either on a single date or progressively) up until the earlier of:

- the date which is 12 months after the date of the 2012 Annual General Meeting; or
- the date on which shareholders approve a transaction under Listing Rule 11.1.2 or 11.2.

Accordingly, the approval given if this Resolution 5 is passed will cease to be valid on the earlier of 7th November 2013 or the date on which holders of the Company's ordinary securities approve a transaction under Listing Rule 11.1.2 or 11.2.

At the date of this Memorandum, the Company is an 'eligible entity', and therefore able to seek approval under Listing Rule 7.1A, as it is not included in the S&P/ASX300 and has a market capitalisation less than the amount prescribed by ASX (currently \$300 million). If at the time of the 2012 Annual General Meeting the Company is no longer an eligible entity this Resolution will be withdrawn.

The maximum number of ordinary shares which may be issued in the capital of the Company under the approval sought by this Resolution 5 will be determined in

accordance with the following formula prescribed in Listing Rule 7.1A.2:

$$(A \times D) - E$$

where:

- A is the number of shares on issue 12 months before the date of issue or agreement to issue:
- (i) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
 - (ii) plus the number of partly paid shares that became fully paid in the 12 months;
 - (iii) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4 (this does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval);
 - (iv) less the number of fully paid shares cancelled in the 12 months.
- D is 10%
- E is the number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

The ability of the Company to make an issue under Listing Rule 7.1A is in addition to its 15% placement capacity under Listing Rule 7.1. The effect of Resolution 5 will be to allow the Company to issue ordinary shares under Listing Rule 7.1A without using the Company's 15% placement capacity under Listing Rule 7.1.

As at the date of this Memorandum, the Company has on issue 311,482,540 ordinary shares and therefore has capacity to issue:

- 31,148,254 equity securities under Listing Rule 7.1; and
- subject to shareholder approval being sought under Resolution 5, 46,722,381 ordinary shares under Listing Rule 7.1A.

The actual number of shares which may be issued under Listing Rule 7.1A (and Listing Rule 7.1) will be a function of the number of shares on issue at the time an issue is proposed as calculated per the formula set out above.

The issue price of the ordinary shares issued under Listing Rule 7.1A will be determined at the time of issue. The minimum price at which the ordinary shares the subject of this Resolution 5 will be issued is 75% of the volume weighted average market (closing) price ("VWAP") of the Company's ordinary shares over the 15 days on which trades in that class were recorded immediately before either:

- the date on which the price at which the securities are to be issued is agreed; or
- if the securities are not issued within 5 ASX trading days of the date in

paragraph (a), the date on which the securities are issued.

If this Resolution is approved, and the Company issues ordinary shares under Listing Rule 7.1A, the existing shareholders' voting power in the Company will be diluted. There is a risk that:

- the market price for the Company's ordinary shares may be significantly lower on the issue date than on the date of the approval of this Resolution; and
- the ordinary shares issued under Listing Rule 7.1A may be issued at a price that is at a discount (as described above) to market price for the Company's ordinary shares on the issue date;

which may have an effect on the amount of funds raised by the issue.

The table set out below shows the dilution of existing shareholders on the basis of:

- The current market price of the Company's ordinary shares and the current number of ordinary securities as at the date of this Memorandum.
- Two examples where the number of ordinary shares on issue ("A" in the formula set out above) has increased by 50% and 100%. The number of ordinary shares on issue may increase as a result of issues of ordinary shares that do not require shareholder approval (for example, pro-rata entitlements issues) or as a result of future placements under Listing Rule 7.1 that are approved by shareholders.
- Two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the market price as at the date of this Memorandum.

			Dilution		
			50% decrease in issue price	Issue Price **	50% increase in issue price
Variable "A" Listing Rule 7.1A2	"A" is the current number of shares on issue 311,482,540 shares	10% voting dilution	31,148,254 shares	31,148,254 shares	31,148,254 shares
		Funds raised	\$1,292,652	\$2,585,305	\$3,877,957
	"A" is an 50% increase in current shares on issue 467,223,810 shares *	10% voting dilution	46,722,381 shares	46,722,381 shares	46,722,381 shares
		Funds raised	\$1,938,978	\$3,877,957	\$5,816,936
	"A" is a 100% increase in current shares on issue 622,965,080 shares *	10% voting dilution	62,296,508 shares	62,296,508 shares	62,296,508 shares
		Funds raised	\$2,585,305	\$5,170,610	\$7,755,915

Notes:

- The table assumes that the Company issues the maximum number of ordinary shares available under Listing Rule 7.1A.
- The table assumes that no options are exercised in ordinary shares before the date of the issue of ordinary shares under Listing Rule 7.1A.
- The table does not show an example of dilution that may be caused to a particular shareholder by reason of issues of ordinary shares under Listing Rule 7.1A based on that shareholder's holding at the date of this Memorandum.

(iv) *The table shows the effect of an issue of ordinary shares under Listing Rule 7.1A, not under the Company's 15% placement capacity under Listing Rule 7.1.*

* *Any issue of ordinary shares is required to be made in accordance with the ASX Listing Rules. Any issue made other than under the Company 15% capacity (Listing Rule 7.1) or the Company's additional 10% capacity (Listing Rule 7.1A) and not otherwise made under an exception in Listing Rule 7.2 (for example, a pro-rata rights issue) would require shareholder approval.*

** *Based on closing price of the Company's shares on ASX on 25 September 2012 (8.3 cents).*

If this Resolution is approved the Company will have the ability to issue up to 10% of its issued capital without further shareholder approval and therefore allow it to take advantage of opportunities to obtain further funds if required and available in the future.

As at the date of this Memorandum the Company has not formed an intention to offer any ordinary shares under Listing Rule 7.1A to any particular person or at any particular time. The total amount that may be raised by the issue of equity securities under Listing Rule 7.1A will depend on the issue price of the ordinary shares which will be determined at the time of issue. In some circumstances the Company may issue ordinary shares under Listing Rule 7.1A for non-cash consideration (for example, in lieu of cash payments to consultants, suppliers or vendors). While the Company has not formed an intention to offer any ordinary shares under Listing Rule 7.1A, some of the purposes for which the Company may issue ordinary shares under Listing Rule 7.1A include (but are not limited to):

- Raising funds to be applied to the Company's working capital requirements.
- Acquiring assets. In these circumstances the issue of the ordinary shares may be made in substitution for the Company making a cash payment for the assets. If the Company elects to issue the ordinary shares for the purpose of acquiring assets then the Company will release to the market a valuation of the assets prior to issuing the shares.
- Paying suppliers or consultants of the Company.

Details regarding the purposes for which any particular issue under Listing Rule 7.1A is made will be more fully detailed in an announcement to the ASX made pursuant to Listing Rule 7.1A4 and Listing Rule 3.10.5A at the time the issue is made. The decision on whether to make an issue under Listing Rule 7.1A will be determined by the Company having regard to a number of factors including:

- the capital raising and acquisition opportunities available to the Company and any alternative methods for raising funds or acquiring assets that are available to the Company;
- the potential effect on the control of the Company;
- the Company's financial situation and the likely future capital requirements; and
- advice from the Company's corporate or financial advisors.

Offers made under Listing Rule 7.1A may be made to parties including professional and sophisticated investors, existing shareholders of the Company, clients of AFSL

holders and/or their nominees, or any other person to whom the Company is able to make an offer of ordinary shares. The allocation policy the Company may adopt for a particular issue of ordinary shares under Listing Rule 7.1A and the terms on which those ordinary shares may be offered will depend upon the circumstances existing at the time of the proposed capital raising under Listing Rule 7.1A. Subject to the requirements of the ASX Listing Rules and the Corporations Act, the Directors reserve the right to determine, at the time of any issue of ordinary shares under Listing Rule 7.1A, the allocation policy the Company will adopt for that issue.

The Company has not previously obtained the approval of ordinary shareholders for the issue of ordinary shares under Listing Rule 7.1A.

This Resolution is a special resolution. For a special resolution to be passed, at least 75% of the votes validly cast on the resolution by shareholders (by number of shares) must be in favour of the resolution.

The Directors of the Company believe that Resolution 5 is in the best interests of the Company and unanimously recommend that shareholders vote in favour of this Resolution.

A voting exclusion statement is set out in the Notice of Meeting.

CHALLENGER ENERGY LIMITED

ABN 45 123 591 382

("the Company")

PROXY FORM

Full name of securityholder(s):.....

Address:.....

I/We being a member/s of Challenger Energy Limited ("Company") and entitled to attend and vote at the meeting of the Company to be held at Institute of Chartered Accountants, Level 3, 600 Bourke St, Melbourne Vic 3000 at 11.00am (Melbourne time) on Wednesday 7th November 2012 appoint:

☐ the Chair of the meeting **OR** ☐
(mark box) (mark box)

.....
(Full name of proxy or the office of the proxy)

or if the person or body corporate named above fails to attend the meeting, or if no person/body corporate is named, the Chair of the meeting as my/our proxy to attend that meeting and vote on my/our behalf at that meeting and any adjournment or postponement of that meeting in accordance with the following directions (or if no directions have been given, as the proxy sees fit). If two proxies are appointed, the proportion of voting rights this proxy represents is%.

IMPORTANT: Directing the Chair how to vote on Resolution 1.

☐

If you do not mark this box, and you have not directed your proxy how to vote on Resolution 1, the Chair will not cast your votes on Resolution 1 and your votes will not be counted in calculating the required majority if a poll is called on this Resolution.

If you appoint the Chair of the meeting as your proxy you can direct the Chair how to vote on Resolution 1 by either marking the relevant boxes below (for example if you wish to vote "against" or "abstain" from voting) or by marking this box (in which case the Chair will vote in favour of Resolution 1). The Chair intends to vote all available proxies in favour of Resolution 1.

I/We (except where I/we have indicated a different voting intention below):

- direct the Chair of the meeting to vote in accordance with the Chair's voting intentions on Resolution 1 to vote in favour of this Resolution.
- authorise, in respect of Resolution 1 the Chair of the meeting to vote as described even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel for the Company group; and
- acknowledge that the Chair of the meeting may exercise your proxy in respect of Resolution 1 even though the Chair has an interest in the outcome of that Resolution and that votes cast by the Chair of the meeting for that Resolution, other than as proxy holder, will be disregarded because of that interest.

		For	Against	Abstain
Resolution 1.	Adoption of Remuneration Report	☐	☐	☐
Resolution 2.	Re-Election of Director – Mr Michael Much	☐	☐	☐
Resolution 3.	Ratification of prior issue of shares (March 2012)	☐	☐	☐
Resolution 4.	Ratification of prior issue of shares (June 2012)	☐	☐	☐
Resolution 5.	Approval of Placement Facility	☐	☐	☐

If a person: _____ (Signature) _____ Name (print) Date: ____/____/____	If a company: EXECUTED by: _____ Name of company (print) in accordance with the Corporations Act _____ (Signature) _____ (Signature) Date: ____/____/____
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This proxy and any power of attorney or other authority under which it is signed (or a certified copy) must be lodged at:

- Level 17, 500 Collins Street, Melbourne, Victoria, 3000; or
- by facsimile on 03 9614 0550 by 11.00am (Melbourne, Victoria time) on Monday 5th November, 2012, being not less than 48 hours before the time for holding the meeting or adjourned meeting as the case may be.

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