



FOR IMMEDIATE RELEASE

(TSX VENTURE SYMBOL: CHA)

MAY 30, 2006

**CHALLENGER ENERGY CORP. POISED TO MOVE FORWARD WITH DRILLING
OFFSHORE TRINIDAD, AND ANNOUNCES FIRST QUARTER 2006 OPERATING RESULTS
AND FILES STATEMENT OF RESERVES DATA**

CALGARY, ALBERTA - Challenger Energy Corp. ("**Challenger**" or the "**Company**" – TSX Venture Exchange: CHA) of Calgary Alberta, Canada, announces today that it is moving forward with drilling planned for later this year offshore Trinidad and also announced today 2006 first quarter operating results and announced as required by National Instrument 51-101 it has filed its Statement of Reserves Data and other Oil and Gas Information with Canadian securities authorities. The filing can be found on the System for Electronic Document Analysis and Retrieval ("SEDAR").

Challenger Energy Corp. is a Calgary Alberta, Canada based oil and gas exploration Company which is currently focusing on "high impact" oil and gas plays offshore Trinidad and Tobago and offshore Nova Scotia.

Cautionary Statements

This news release contains forward-looking information on future production, project start-ups and future capital spending. Actual results or estimated results could differ materially due to changes in project schedules, operating performance, demand for oil and gas, commercial negotiations or other technical and economic factors or revisions. The information in this news release also includes certain information and statements about management's view of future events, expectations, plans and prospects that constitute forward looking statements. These statements are based upon assumptions that are subject to significant risks and uncertainties. Because of these risks and uncertainties and as a result of a variety of factors, the actual results, expectations, achievements or performance may differ materially from those anticipated and indicated by these forward looking statements. Although the Company believes that the expectations reflected in forward-looking statements are reasonable, it can give no assurances that the expectations of any forward-looking statements will prove to be correct.

Statements contained in this news release relating to future results, events and expectations are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such statements.

MESSAGE TO SHAREHOLDERS

On behalf of the team at Challenger Energy Corp., I am very pleased to provide you with a summary of our achievements in the first quarter of 2006 and our go forward plan with Canadian Superior Energy Inc. ("Canadian Superior", TSX, AMEX: SNG) to drill offshore Trinidad and Tobago on one of the best natural gas plays in the world, during the fourth quarter of 2006. At March 31, 2006, the corporation was debt free, had \$19.2 million in working capital and our cash position was \$19.4 million. During the first quarter of 2006 we completed the raising \$19.5 million in equity financing to initially fund our operations. I would like to thank our shareholders for their support and we are committed to moving forward into 2006 and beyond with a conservative disciplined financial approach. 2006 will be an exciting year for us.

With the commencement of 2006, Challenger is poised to move forward pursuant to three notable agreements executed, having established our core focus.

- In November 2004, Challenger entered into a participation agreement as a non-competitive financial industry partner with Canadian Superior with respect to the development of Canadian Superior's Intrepid "Block 5(c)" located offshore Trinidad. Challenger will be funding one-third of Canadian Superior's initial cost of drilling 3 wells off-shore Trinidad on Block 5(c) to obtain 25 percent of the revenue Canadian Superior earns from Block 5(c).
- Also in November 2004, Challenger entered into a financial participation agreement with Canadian Superior to have the opportunity to participate with Canadian Superior on Canadian Superior's Mayaro and Guayaguayare Bay lands located off-shore Trinidad. Under this agreement Challenger may pay one-third of Canadian Superior's costs related to 2 wells Canadian Superior may drill on the Mayaro and Guayaguayare block to receive 25 percent of Canadian Superior's revenues from this block.
- Furthermore in November 2004 Challenger entered into a Farm-Out agreement, which has subsequently been amended, whereby Challenger has the opportunity to participate in Canadian Superior's next Mariner test well, off-shore Nova Scotia. To earn a 25 percent interest in Canadian Superior's Mariner Block, Challenger may farm-in by paying one-third of the cost of the next Mariner well. Challenger has the further right to participate on the same terms on Canadian Superior's Marauder and Marconi Blocks, off-shore Nova Scotia.

TRINIDAD AND TOBAGO

We are pleased to report that on March 19, 2006, the operator of Block 5(c), Canadian Superior, entered into a firm multi-well drilling contract for the Kan Tan IV Semi-Submersible Offshore Drilling Rig managed by A. P. Moller-Maersk ("Maersk"), (OMX:MAERSK B), of Copenhagen, Denmark and owned by Beijing Zhiyuan Industries Company Limited ("Beijing Zhiyuan"), of Beijing, China. Beijing Zhiyuan, is a member of the SINOPEC Group of companies (NYSE: SNP), both Maersk and Beijing Zhiyuan who are truly world class companies. Canadian Superior will be bringing this rig into Trinidad and Tobago with no other oil and gas companies involved in the contracting of this offshore drilling rig, at a very favorable day rate, honoured by Maersk and Beijing Zhiyuan, negotiated by Canadian Superior several months ago, as compared to day rates which have gone up considerably. Trinidad and Tobago is a very economic and important source of North America's naturally gas supply. This rig will commence drilling of two back-to-back wells for Canadian Superior and ourselves offshore Trinidad on the "Intrepid" Block 5 (c) during the fourth quarter of this year.

Also we are pleased to report that on May 10, 2006 we inspected the Kan Tan IV Offshore Drilling Rig in Brownsville, Texas, with senior officials of Maersk from Copenhagen and rig work is underway to retrofit the drilling rig for our operations offshore Trinidad.

Offshore Trinidad is a highly desirable oil and gas basin. Offshore Trinidad has multiple large exploration and development opportunities as evidenced by recent drilling successes in the Columbus Basin where Block 5(c) is located. It also has well developed, and developing, LNG facilities and capacity, and ready access to international markets. 80% of North America's LNG is supplied from Trinidad, and some of the largest producing wells in the world are located in Trinidad. 15 of British Petroleum's top 25 producing wells world-wide are located in Trinidad in close proximity to where we will be drilling later this year. In Trinidad and Tobago natural gas at the wellhead is currently selling near Henry Hub pricing.

Also, off the east coast of Trinidad British Petroleum has just put on production 800 mmcf/d of natural gas being produced by only 4 wells from their new "Cannonball" discovery, evidencing the "World-Class" potential of our prospects.

The "Intrepid" Block 5(c) is comprised of 80,041 acres located about 96 kilometers (60 miles) off the east coast of the island of Trinidad with water depths in the range of 150 to 450 meters (500 to 1,500 feet) and all wells in Block 5(c) will be drilled one immediately after the other from the Kan Tan IV semi-submersible drilling rig in water depths of about 245 meters (800 feet) with drilling planned to commence during the fourth quarter of 2006. These prospects have been estimated to potentially contain over 4 TCF of undiscovered resources of natural gas and condensate. As previously indicated some of the largest producing natural gas wells and natural gas field structures of similar size are located in the immediate vicinity and/or offset our "Intrepid" Block 5(c) prospect.

OFFSHORE NOVA SCOTIA

Also we are very excited about our prospects offshore Nova Scotia, which offer tremendous multi-zone opportunities and one of the drilling prospects natural gas has been found on it previously and it has prospective resources estimated to be up to 600 Bcf. Commencement of drilling on these prospects may occur late this year or in early 2007.

OTHER ACTIVITIES

Challenger Energy is also pleased to report that it is pursuing participation in other high impact basin opportunities in North Africa, where we are currently accessing a number of oil and gas prospects. In addition to this, work is currently underway to list the Company's shares on an exchange in the United States. We expect this listing, subject to regulatory approval, to be completed within about the next 8 to 10 weeks.

OUTLOOK

Accordingly we are looking forward to proceeding further with a very exciting 2006. We would again like to thank shareholders for your tremendous support!

Respectfully submitted on behalf of the Management, Staff and Directors of Challenger Energy Corp.:

Challenger Energy Corp.

Per:

Neil Mackenzie

President and Chief Executive Officer

May 30, 2006

BALANCE SHEET	(unaudited)	(audited)
	March 31, 2006	December 31, 2005
ASSETS		
Current		
Cash and cash equivalents	19,357,987	1,147,876
Accounts receivable	101,814	53,636
	19,459,801	1,201,512
Petroleum and natural gas properties	578,255	540,424
	20,038,056	1,741,936
LIABILITIES		
Current		
Accounts payable and accruals	267,979	144,975
	267,979	144,975
Asset retirement obligation	3,048	2,981
	271,027	147,956
Shareholders' Equity		
Share capital	16,704,458	2,019,750
Warrants	3,414,462	104,063
Contributed surplus	416,825	19,939
Deficit	(768,716)	(549,772)
	19,767,029	1,593,980
Related party transactions		
Commitments and contingencies		
Subsequent events		
	20,038,056	1,741,936

INCOME STATEMENT

*For the three months ended
March 31, 2006
(unaudited)*

Revenue	
Oil and natural gas sales	\$ 60,164
Royalties net of royalty tax credit	(14,018)
Net Production Revenue	46,146
Interest on deposits	72,697
	118,843
Expense	
Professional fees	49,598
Stock based compensation	400,604
Office and administration	50,428
Listing fees	8,053
Depletion, depreciation, and accretion	26,456
Production and operating costs	1,475
Miscellaneous	554
	537,168
Net loss from operations	(418,325)
Foreign exchange gain	199,381
Net loss for the period	(218,944)
Deficit at beginning of period	(549,772)
Deficit at end of period	\$ (768,716)
Loss per share	\$ (0.01)

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION
(Form NI 51-101F1)

This statement of reserves data and other oil and gas information has been prepared as at December 31, 2005.

Reserves and Future Net Revenue

The following is a summary of the oil and natural gas reserves and the value of future net revenue of CHALLENGER ENERGY CORP. ("Challenger Energy" or the "Company") as evaluated by Chapman Petroleum Engineering Ltd. as at December 31, 2005 (the "Chapman Report"). The pricing used in the forecast and constant price evaluations is set forth in the notes to the tables.

All evaluations of future revenue are after the deduction of future income tax expenses, unless otherwise noted in the tables, royalties, development costs, production costs and well abandonment costs but before consideration of indirect costs such as administrative, overhead and other miscellaneous expenses. The estimated future net revenue contained in the following tables does not necessarily represent the fair market value of the Company's reserves. There is not assurance that the forecast price and cost assumptions contained in the Chapman Report will be attained and variances could be material. Other assumptions and qualifications relating to costs and other matters are included in the Chapman Report. The recovery and reserves estimates on the Company's properties described herein are estimates only. The actual reserves on the Company's properties may be greater or less than those calculated.

SUMMARY OF OIL AND GAS RESERVES
BASED ON CONSTANT PRICES AND COSTS ⁽⁸⁾

Reserves Category	Company Reserves (1)							
	Light and Medium Oil		Heavy Oil		Natural Gas ⁽¹¹⁾		Natural Gas Liquids	
	Gross MSTB	Net MSTB	Gross MSTB	Net MSTB	Gross MMscf	Net MMscf	Gross Mbbbl	Net Mbbbl
PROVED								
Developed Producing ⁽²⁾⁽⁵⁾	0	0	0	0	97	79	6	5
Developed Non-Producing ⁽²⁾⁽⁶⁾	0	0	0	0	0	0	0	0
Undeveloped ⁽²⁾⁽⁷⁾	0	0	0	0	0	0	0	0
TOTAL PROVED⁽²⁾	0	0	0	0	97	79	6	5
PROBABLE⁽³⁾	0	0	0	0	26	21	2	1
TOTAL PROVED PLUS PROBABLE⁽²⁾⁽³⁾	0	0	0	0	123	100	8	7

All of the Company's reserves are in Canada.

**SUMMARY OF NET PRESENT VALUES
BASED ON CONSTANT PRICES AND COSTS⁽⁸⁾**

Reserves Category	Net Present Values of Future Net Revenue ⁽⁹⁾					
	Before Income Tax			After Income Tax		
	Discounted at			Discounted at		
	0%/yr	10%/yr.	15%/yr.	0%/yr	10%/yr.	15%/yr.
\$M	\$M	\$M	\$M	\$M	\$M	
PROVED						
Developed Producing ⁽²⁾⁽⁵⁾	917	634	551	608	421	366
Developed Non-Producing ⁽²⁾⁽⁶⁾	0	0	0	0	0	0
Undeveloped ⁽²⁾⁽⁷⁾	0	0	0	0	0	0
TOTAL PROVED⁽²⁾	917	634	551	608	421	366
PROBABLE⁽³⁾	242	105	77	161	70	52
TOTAL PROVED PLUS PROBABLE⁽²⁾⁽³⁾	1,159	739	628	769	491	418

**TOTAL FUTURE NET REVENUE
(UNDISCOUNTED)
BASED ON CONSTANT PRICES AND COSTS⁽⁸⁾**

	Revenue (\$M)	Royalties (\$M)	Operating Costs (\$M)	Development Costs (\$M)	Abandonment and Reclamation Costs (\$M)	Future Net Revenue Before Income Taxes (\$M)	Income Taxes (\$M)	Future Net Revenue After Income Taxes (\$M)
Total Proved ⁽²⁾	1,389	291	176	0	5	917	309	608
Total Proved Plus Probable ⁽²⁾⁽³⁾	1,753	367	223	0	223	1,159	390	769

**FUTURE NET REVENUE
BY PRODUCTION GROUP
BASED ON CONSTANT PRICES AND COSTS⁽⁸⁾**

Reserve Category	Production Group	Future Net Revenue Before Income Taxes (Discounted at 10%/Year) ⁽¹⁰⁾ (\$M)
Total Proved ⁽²⁾	Light and Medium Oil (including solution gas and other by-products)	0
	Heavy Oil (including solution gas and other by-products)	0
	Natural Gas (including by-products but not solution gas)	634
Total Proved Plus Probable ⁽²⁾⁽³⁾	Light and Medium Oil (including solution gas and other by-products)	0
	Heavy Oil (including solution gas and other by-products)	0
	Natural Gas (including by-products but not solution gas)	739

**SUMMARY OF OIL AND GAS RESERVES
BASED ON FORECAST PRICES AND COSTS⁽⁸⁾**

Reserves Category	Company Reserves							
	Light and Medium Oil		Heavy Oil		Natural Gas ⁽¹¹⁾		Natural Gas Liquids	
	Gross MSTB	Net MSTB	Gross MSTB	Net MSTB	Gross MMscf	Net MMscf	Gross Mbbbl	Net Mbbbl
PROVED								
Developed Producing ⁽²⁾⁽⁵⁾	0	0	0	0	97	79	6	5
Developed Non-Producing ⁽²⁾⁽⁶⁾	0	0	0	0	0	0	0	0
Undeveloped ⁽²⁾⁽⁷⁾	0	0	0	0	0	0	0	0
TOTAL PROVED⁽²⁾	0	0	0	0	97	79	6	5
TOTAL PROBABLE⁽²⁾	0	0	0	0	26	21	2	1
TOTAL PROVED PLUS PROBABLE⁽²⁾⁽³⁾	0	0	0	0	123	100	8	7

All of the Company's reserves are in Canada.

**SUMMARY OF NET PRESENT VALUES
BASED ON FORECAST PRICES AND COSTS [8]**
Net Present Values of Future Net Revenue [1][9]

Reserves Category	Before Income Tax					After Income Tax				
	Discounted at					Discounted at				
	0%/yr	5%/yr.	10%/yr.	15%/yr.	20%/yr.	0%/yr	5%/yr.	10%/yr	15%/yr.	20%/yr.
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
PROVED										
Developed Producing ⁽²⁾⁽⁵⁾	745	621	535	472	423	493	412	355	313	281
Developed Non-Producing ⁽²⁾⁽⁶⁾	0	0	0	0	0	0	0	0	0	0
Undeveloped ⁽²⁾⁽⁷⁾	0	0	0	0	0	0	0	0	0	0
TOTAL PROVED⁽²⁾	745	621	535	472	423	493	412	355	313	281
PROBABLE⁽³⁾	187	120	83	62	48	124	80	55	41	32
TOTAL PROVED PLUS PROBABLE⁽²⁾⁽³⁾	932	741	618	533	471	617	492	410	354	313

**TOTAL FUTURE NET REVENUE
(UNDISCOUNTED)
BASED ON FORECAST PRICES AND COSTS⁽⁸⁾**

	Revenue (\$M)	Royalties (\$M)	Operating Costs (\$M)	Development Costs (\$M)	Abandonment and Reclamation Costs (\$M)	Future Net Revenue Before Income Taxes ⁽⁹⁾ (\$M)	Income Taxes (\$M)	Future Net Revenue After Income Taxes ⁽⁹⁾ (\$M)
Total Proved ⁽²⁾	1,189	245	193	0	6	745	252	493
Total Proved Plus Probable ⁽²⁾⁽³⁾	1,492	306	247	0	6	932	315	617

**FUTURE NET REVENUE BY PRODUCTION GROUP
BASED ON FORECAST PRICES AND COSTS⁽⁸⁾**

Reserve Category	Production Group	Future Net Revenue Before Income Taxes (Discounted at 10%/Year) ⁽¹⁰⁾
		(\$M)
Total Proved ⁽²⁾	Light and Medium Oil (including solution gas and other by-products)	0
	Heavy Oil (including solution gas and other by-products)	0
	Natural Gas (including by-products but not solution gas)	535
Total Proved Plus Probable ⁽²⁾⁽³⁾	Light and Medium Oil (including solution gas and other by-products)	0
	Heavy Oil (including solution gas and other by-products)	0
	Natural Gas (including by-products but not solution gas)	618

**RECONCILIATION OF COMPANY NET RESERVES
BY PRINCIPAL PRODUCT TYPE BASED ON FORECAST PRICES AND COSTS[8]**

	Light and Medium Oil			Heavy Oil			Associated and Non-Associated Gas		
	Net Proved (Mbbl)	Net Probable (Mbbl)	Net Proved Plus Probable (Mbbl)	Net Proved (Mbbl)	Net Probable (Mbbl)	Net Proved Plus Probable (Mbbl)	Net Proved (MMscf)	Net Probable (MMscf)	Net Proved Plus Probable (MMscf)
At January 1, 2005	0	0	0	0	0	0	0	0	0
Production(Sales)	0	0	0	0	0	0	3	0	3
Acquisitions	0	0	0	0	0	0	82	21	103
Dispositions									
Discoveries							0	0	0
Extensions							0	0	0
Revisions to Previous Estimates							0	0	0
Economic Factors									
Technical Improved Recovery									
At January 1, 2006							79	21	100

The following table sets forth changes between future net revenue estimates attributable to net proved reserves as at January 1, 2006 against such reserves as at January 1, 2005.

**RECONCILIATION OF CHANGES IN NET PRESENT VALUES OF FUTURE NET REVENUE OF NET
PROVED RESERVES DISCOUNTED AT 10%
BASED ON CONSTANT PRICES AND COSTS ⁽⁸⁾**

	2005 (\$M)
Future Revenue Prediction at January 1, 2005	0
Net Value of Sales.	29
Net change in production costs for future production.	0
Net change in sales prices for future production.	0
Net change in royalties for future production.	0
Change in development costs Incurred.	0
Change in future future development costs.	0
Change from extension & improved recovery.	0
Discoveries.	0
Acquisition	392
Disposition.	0
Revisions in quantity estimates.	0
Accretion of discount (10% of discounted future net revenue at the beginning for the financial year.)	0
Net change in income taxes.	0
Other Factors.	0
Future Net Revenue at January 1, 2006	421

Notes:

1. "Gross Reserves" are the Company's working interest (operating or non-operating) share before deducting of royalties and without including any royalty interests of the Company. "Net Reserves" are the Company's working interest (operating or non-operating) share after deduction of royalty obligations, plus the Company's royalty interests in reserves.
2. "Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.
3. "Probable" reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.
4. "Developed" reserves are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g. when compared to the cost of drilling a well) to put the reserves on production.
5. "Developed Producing" reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
6. "Developed Non-Producing" reserves are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.
7. "Undeveloped" reserves are those reserves expected to be recovered from know accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.
8. The pricing assumptions used in the Chapman Report with respect to net values of future net revenue (forecast) as well as the inflation rates used for operating and capital costs are set forth below along with the product prices used in the constant price and cost evaluations. Chapman Petroleum Engineering Ltd. is an independent qualified reserves evaluator appointed pursuant to NI 51-101.
9. Includes ARTC.
10. Does not include ARTC.
11. Includes associated, non-associated and solution gas where applicable.

CRUDE OIL
HISTORICAL, CONSTANT, CURRENT & FUTURE PRICES
 January 1, 2006

Date	WTI [1] \$US/STB	Alberta	Alberta	Sask.	Sask.	B.C.	ART Credits [7]	
		Par Price [2] \$CDN/STB	Heavy [3] \$CDN/STB	Light [4] \$CDN/STB	Heavy [5] \$CDN/STB	Light [6] \$CDN/STB	Rate %	Max \$M
HISTORICAL PRICES								
1994	17.16	22.27	18.19	20.76	19.16	21.12	70.08	n/a
1995	18.41	25.11	19.76	22.77	20.57	23.85	73.75	n/a
1996	21.98	29.39	25.09	28.41	26.07	27.99	72.82	n/a
1997	20.59	27.90	21.15	26.52	23.73	26.32	61.35	n/a
1998	14.46	20.39	14.68	19.31	17.01	19.38	69.32	n/a
1999	19.21	27.88	23.71	27.23	25.65	27.42	68.88	n/a
2000	30.39	44.90	34.51	43.37	40.12	n/a	25.85	n/a
2001	25.98	39.66	25.41	35.57	31.84	n/a	25.00	n/a
2002	26.09	40.63	32.20	37.67	34.57	n/a	25.00	n/a
2003	30.84	43.57	32.65	40.13	37.64	n/a	25.00	500
2004	41.48	52.89	37.52	48.96	45.74	n/a	25.00	500
2005	56.62	69.16	43.25	62.04	56.53	n/a	25.00	500
CONSTANT PRICES								
December 30, 2005	[8] 61.13	68.75	37.52	57.71	50.08	67.03	25.00	500
CURRENT YEAR FORECAST								
2006	59.00	68.91	43.41	62.37	57.22	67.19	25.00	500
FUTURE FORECAST								
2007	58.00	67.74	42.67	61.30	56.24	66.04	25.00	500
2008	56.00	65.38	41.19	59.17	54.29	63.75	25.00	500
2009	54.00	63.03	39.71	57.04	52.34	61.45	25.00	500
2010	52.00	60.68	38.23	54.91	50.38	59.16	25.00	500
2011	50.00	58.32	36.74	52.78	48.43	56.87	25.00	500
2012	50.75	59.21	37.30	53.58	49.16	57.73	25.00	500
2013	51.51	60.10	37.86	54.39	49.90	58.60	25.00	500
2014	52.28	61.01	38.44	55.21	50.66	59.49	25.00	500
2015	53.07	61.93	39.02	56.05	51.43	60.38	25.00	500
2016	53.86	62.87	39.61	56.90	52.20	61.30	25.00	500
2017	54.67	63.82	40.21	57.76	52.99	62.22	25.00	500
2018	55.49	64.78	41.81	58.63	53.79	63.17	25.00	500
2019	56.32	65.76	41.43	59.52	54.61	64.12	25.00	500
2020	57.17	66.76	42.06	60.42	55.43	65.09	25.00	500
2021	58.03	67.77	42.69	61.33	56.27	66.07	25.00	500
Constant thereafter								

- Notes:
- [1] West Texas Intermediate quality (D2/S2) crude landed in Cushing, Oklahoma.
 - [2] Equivalent price for Light Sweet Crude (D2/S2) landed in Edmonton, Alberta after exchange of .85 \$US/\$CDN for 2006 and thereafter, and transportation differential of \$0.50 CDN/STB.
 - [3] Bow River at Hardisty, Alberta (905 kg/m³, 2.1% sulphur).
 - [4] Light Sour Blend at Cromer, Saskatchewan (850 kg/m³, 1.2% sulphur).
 - [5] Midale at Cromer, Saskatchewan (880 kg/m³, 2.0% sulphur).
 - [6] B.C. Light at Taylor, British Columbia (825 kg/m³, 0.5% sulphur).
 - [7] ARTC rates are from www.revenue.gov.ab.ca/publications/tax_rebates/rates_surveys_tnotes/rtc.html.
 - [8] December 30, 2005 is the last trading day of 2005.
 - [9] Capital expenditures and operating costs are escalated at 1.5% per year until 2021.

NATURAL GAS & BY-PRODUCTS
HISTORICAL, CONSTANT, CURRENT & FUTURE PRICES
 January 1, 2006

Date	GRP [1]		AECO Spot	Sask.	B.C.	Propane [4]	Butane [4]	Pentanes Plus [4]	NGL Mix [5]
	\$/MMBTU	\$/GJ	Gas [NIT] \$/MMBTU	Gas [2] \$/MMBTU	Gas [3] \$/MMBTU	\$/BBL	\$/BBL	\$/BBL	\$/BBL
HISTORICAL PRICES									
1994	1.82	1.73	1.78	1.88	1.81	12.72	13.44	21.67	15.62
1995	1.31	1.24	1.08	1.35	1.29	14.38	13.97	24.11	17.18
1996	1.63	1.55	1.33	1.52	1.50	22.95	17.19	30.05	23.35
1997	1.97	1.87	1.67	1.84	1.80	17.73	19.07	30.90	22.08
1998	1.94	1.84	1.94	2.05	1.94	11.13	12.06	21.86	14.63
1999	2.48	2.35	2.82	2.83	2.51	15.93	18.01	27.73	20.09
2000	4.50	4.27	5.56	4.85	4.00	31.38	35.01	46.35	36.96
2001	5.78	5.48	5.44	5.48	6.12	31.27	30.27	44.98	35.08
2002	3.86	3.66	4.13	4.17	3.85	19.14	25.11	40.72	27.41
2003	6.45	6.11	7.03	6.47	6.45	28.85	32.15	44.23	34.46
2004	6.25	5.92	6.60	6.50	6.25	31.95	38.40	54.06	40.52
2005	8.13	7.71	8.82	8.38	8.13	38.03	46.31	69.32	49.90
CONSTANT PRICES									
December 30, 2005	[6] 9.29	8.81	9.54	9.54	9.29	44.36	54.05	70.43	55.09
CURRENT YEAR FORECAST									
2006	9.45	8.96	9.80	9.70	9.45	37.21	45.48	69.60	49.41
FUTURE FORECAST									
2007	8.51	8.06	8.86	8.76	8.51	36.58	44.71	68.41	48.57
2008	8.00	7.58	8.35	8.25	8.00	35.31	43.15	66.04	46.88
2009	7.50	7.11	7.85	7.75	7.50	34.04	41.60	63.66	45.19
2010	7.25	6.87	7.6	7.50	7.25	32.77	40.05	61.28	43.51
2011	7.00	6.64	7.35	7.25	7.00	31.49	38.49	58.91	41.82
2012	7.11	6.73	7.46	7.36	7.11	31.97	39.08	59.80	42.45
2013	7.21	6.84	7.56	7.46	7.21	32.45	39.67	60.70	43.09
2014	7.32	6.94	7.67	7.57	7.32	32.95	40.27	61.62	43.74
2015	7.43	7.04	7.78	7.68	7.43	33.44	40.88	62.55	44.41
2016	7.54	7.15	7.89	7.79	7.54	33.95	41.49	63.50	45.08
2017	7.65	7.26	8.00	7.90	7.65	34.46	42.12	64.46	45.76
2018	7.77	7.36	8.12	8.02	7.77	34.98	42.76	65.43	46.45
2019	7.89	7.47	8.24	8.14	7.89	35.51	43.40	66.42	47.15
2020	8.00	7.59	8.35	8.25	8.00	36.05	44.06	67.43	47.87
2021	8.12	7.70	8.47	8.37	8.12	36.59	44.73	68.44	48.59
Constant thereafter									

- Notes:
- [1] Gas Reference Price (GRP) represents the average of all system and direct (spot and firm) sales.
 - [2] Price paid at field delivery point.
 - [3] Price paid by CanWest net of raw gas gathering and processing charges but before deduction of field gathering and compression charges.
 - [4] Reference point is FOB Edmonton for fractionated product.
 - [5] Natural Gas Liquids blended mix price assuming typical liquid composition of 40% propane, 30% butane and 30% pentanes plus.
 - [6] December 30, 2005 is the last trading day of 2005.
 - [7] Capital expenditures and operating costs are escalated at 1.5% per year until 2021.

Undeveloped Reserves

The Company has no undeveloped reserves.

*Future Development Costs – none scheduled for reserves**Significant Factors or Uncertainties*

The estimation of reserves requires significant judgment and decisions based on available geological, geophysical, engineering and economic data. These estimates can change substantially as additional information from ongoing development activities and production performance becomes available and as economic and political conditions impact oil and gas prices and costs change.

Oil and Gas Properties and Wells

The following table sets forth the number of wells in which the Company held a working interest as at December 31, 2005:

	Oil		Natural Gas	
	Gross ⁽¹⁾	Net ⁽¹⁾	Gross ⁽¹⁾	Net ⁽¹⁾
Innisfail				
Producing	0	0	1	0.1
Non-producing	-	-	-	-

All of the Company's wells are located in Canada

Properties with No Attributed Reserves

The Company has properties with no attributed reserves, but which contain Prospective Resources, in two offshore tracts in Trinidad and Tobago and three offshore Nova Scotia tracts in Canada.

In November 2004, Challenger entered into a farm-out agreement for drilling offshore Nova Scotia, Canada (the "Farm-out Agreement") with Canadian Superior Energy Inc. ("Canadian Superior"), a participation agreement for drilling offshore Trinidad with Canadian Superior (the "Participation Agreement") and a participation agreement (the "Trinidad Participation Agreement") with Canadian Superior Trinidad and Tobago Ltd., a wholly owned subsidiary of Canadian Superior for also drilling offshore Trinidad.

Pursuant to the Participation Agreement, Challenger has the right to earn up to a 25% interest in a production-sharing contract between Canadian Superior and the government of the Republic of Trinidad and Tobago relating to the exploration and development of land designated as "Block 5(c)" located offshore the Republic of Trinidad and Tobago (comprised of 80,041 gross acres). Pursuant to Challenger's rights under the Participation Agreement, Challenger is required to pay 1/3 of the costs and expenses paid by Canadian Superior relating to certain wells and the work program described by the production-sharing contract.

The Trinidad Participation Agreement also grants Challenger the right to finance 1/3 of Canadian Superior's minimum work obligations to obtain 25% of Canadian Superior's revenue share under a participation agreement entered into by Canadian Superior with the Petroleum Company of Trinidad and Tobago (Petrotrin) in respect of the Mayaro and Guayaguayare Bay lands located offshore the Republic of Trinidad and Tobago (comprised of 50,000 gross acres). In the event of commercial discovery, the participating interests in the Trinidad Participation Agreement are 70% Canadian Superior Trinidad and Tobago Ltd and 30% Petrotrin.

Pursuant to the Farm-out Agreement, Challenger may also earn a 25% interest in Canadian Superior's Mariner project offshore Nova Scotia by payment of a 1/3 share of the cost and expenses associated with drilling a test well on the Mariner project land. The Mariner prospect is located approximately 14 miles northeast of Sable Island, offshore Nova Scotia and is comprised of 101,800 gross acres. Provided that Challenger has earned an interest in the Mariner project pursuant to the Farm-out Agreement, it shall have a further option to participate and earn a 25% interest by paying 1/3 share of the costs of drilling wells on Canadian Superior's Marauder project lands and Marconi project lands, both offshore Nova Scotia, Canada.

Forward Contracts

Currently, the Company has no forward contracts.

Abandonment and Reclamation Costs

Currently the Company has only one tenth of a well and abandonment and restoration costs are of a minor nature. These costs were accounted for in the Chapman reserve and economic evaluation in the cash flows presented therein, based on the AEUB Directive 11.

FUTURE ABANDONMENT AND RESTORATION COSTS

	Total Proved Estimated Using Forecast Prices and Costs (Undiscounted) (\$M)	Total Proved Estimated Using Forecast Prices and Costs (10% Discounted) (\$M)	Total Proved Plus Probable Estimated Using Forecast Prices and Costs (Undiscounted) (\$M)	Total Proved Plus Probable Estimated Using Forecast Prices and Costs (10% Discounted) (\$M)
2006	0	0	0	0
2007	0	0	0	0
2008	0	0	0	0
Total for three years	0	0	0	0
Remainder	6	1	6	1
Total for all years	6	1	6	1

Tax Horizon

The Company is forecasting it will not be taxable in 2006 in both proved and proved plus probable cases as it is incurring general operating expenses in excess of the revenue generated.

Capital Expenditures

The following tables summarize capital expenditures related to our activities for the periods indicated:

Petroleum and Natural Gas Properties at August 6, 2004	-
Additions to December 31, 2004	-
Balance December 31, 2004	-
Additions to December 31, 2005	555,344
Balance December 31, 2005	555,344

Exploration and Development Activities

The Company had no exploration or development activities during the past fiscal year.

The Company has important exploration opportunities in Trinidad and Tobago and offshore Nova Scotia in Canada. Activity will likely commence on Block 5(c) in Trinidad and Tobago during the fourth quarter of 2006.

Production Estimates

The following tables set forth the volume of production estimated for 2006:

	2006 Net Production - Constant Prices and Costs				
	Light and Medium Oil	Heavy Oil	Sales Gas	NGL	Oil Equivalent
	MSTB	MSTB	MMscf	Mbbbls	MBOE
Total Proved Producing	0	0	14	0	2
Total Proved	0	0	14	0	2
Total Proved Plus Probable	0	0	14	0	2

These values are net to Challenger's working interest after the deduction of royalties payable to others.

Production History

The following table sets forth certain information in respect of production, product prices received, royalties, production costs and netbacks received by the Company for each quarter of its most recently completed financial year:

	Three Months Ended January 31, 2005	Three Months Ended April 30, 2005	Three Months Ended July 31, 2005	Three Months Ended December 31, 2005
Average Daily Production				
Light and Medium Oil (Mbbbl/d)	-	-	-	-
Natural Gas (mcf/d)	-	-	-	61.8
Average Net Prices Received				
Light and Medium Oil (\$/Mbbbl)	-	-	-	-
Natural Gas (\$/mcf)	-	-	-	12.0
Royalties				
Light and Medium Oil (\$/Mbbbl)	-	-	-	-
Natural Gas (\$/mcf)	-	-	-	1.8
Production Costs				
Light and Medium Oil (\$/Mbbbl)	-	-	-	-
Natural Gas (\$/mcf)	-	-	-	1.6
Netback Received				
Light and Medium Oil (\$/Mbbbl)	-	-	-	-
Natural Gas (\$/mcf)	-	-	-	8.6

FOR FURTHER INFORMATION RELATED TO CHALLENGER ENERGY CORP. AND/OR THIS NEWS RELEASE, PLEASE CONTACT:

Challenger Energy Corp.
Calgary, Alberta
Attn: Investor Relations
Phone: (403) 503-8810

Information may also be obtained from Challenger Energy Corp.'s website at www.chaenergy.ca

The TSX Venture Exchange neither approved nor disapproved the contents of this press release.