



For Immediate Release

August 21, 2008

**CHALLENGER ANNOUNCES BEST EFFORTS EQUITY FINANCING AND FILING OF PRELIMINARY
SHORT FORM PROSPECTUS**

CALGARY, ALBERTA, CANADA--(Marketwire – August 21, 2008) - Challenger Energy Corp ("Challenger") ([TSX.V:CHQ](#))([AMEX:CHQ](#)), announced today that it has filed and received a receipt for a preliminary short form prospectus in respect of an equity financing (the "Offering"), on a "commercially reasonable efforts" basis, of a minimum of \$44.0 million of units of Challenger (the "Units"), each Unit being comprised of one common share of the Corporation and one-half of one common share purchase warrant exercisable for a period of 12 months following the closing of the Offering. The issue price of the Units to be sold in connection with the Offering will be determined in the context of the market. The Offering will be conducted by a syndicate of agents (the "Agents") led by Blackmont Capital Inc. and also including Thomas Weisel Partners Canada Inc. and Wolverton Securities Ltd. The Agents have the option, exercisable for a period of 30 days following the closing of the Offering, to increase the Offering by up to an additional fifteen (15%) percent of the total number Units sold at the issue price.

Challenger Energy Corp. is participating in a three well exploration program on Block 5(c) located approximately 60 miles offshore Trinidad. The first well in the exploration program ("Victory") was a new natural gas discovery that was made in the first quarter of 2008. The Victory well is capable of producing 150 mmcf/day of sales natural gas and 3,000 barrels per day of condensate. The second well in the exploration program ("Bounty") was also a new natural gas discovery and recent production test results indicate that the Bounty well is capable of producing 200 mmcf/day of sales natural gas. Drilling operations on the third well in the exploration program ("Endeavour"), located approximately 5.6 miles from the Bounty discovery, are anticipated to commence by the end of August, 2008. Challenger is paying one third of the costs of the initial exploration program on Block 5(c) to earn a 25% interest in the production sharing contact

covering Block 5(c). Challenger's partners in the multi-Tcf resource exploration program include Canadian Superior Energy Inc. and BG International Limited, a wholly owned subsidiary of the BG Group, plc.

The net proceeds of the Offering will be used by Challenger, as to approximately forty (40%) percent thereof, to satisfy Challenger's remaining obligations in respect of the Bounty well, and as to approximately sixty (60%) percent thereof, to fund Challenger's near term exploration activities in respect of the Endeavour well.

All securities issued in connection with the Offering will be freely tradable under applicable securities laws in force in Canada. The Offering is scheduled to close on or about September 23, 2008 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals, including the approval of the TSX Venture Exchange and AMEX, and completion of due diligence by the Agents.

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 the Republic of Trinidad and Tobago. See www.challenger-energy.com for information on Challenger.

This news release contains forward-looking information, including estimates, projections, interpretations, prognoses and other information that may or relates to future production, resource potential and/or reserves, project start-ups and future capital spending. Actual results, estimates, projections, resource potential and/or reserves, interpretations, prognoses and/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. This news release may contain the reference to the term "undiscovered natural gas resources", which are those quantities of natural gas estimated to be contained in accumulations yet to be discovered. There is no certainty that any portion of undiscovered resources will be discovered and that, if discovered, in this or any other discovery, the discovered resource may not be economically viable or technically feasible to produce.

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, scheduling, re-scheduling and other factors which may cause the actual results, performance, estimates, projections, resource potential and/or reserves, interpretations, prognoses, schedules 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. Such factors include, among others, those described in the Corporations' annual reports on Form 20-F on file with the U.S. Securities and Exchange Commission.

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

This new release is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States or to or for the account or benefit of US persons (as such terms are defined in Regulation S under the United States Securities Act of 1933, as amended (the "U.S. Securities Act")), absent registration or an exemption from registration. The securities offered have not been and will not be registered under the U.S. Securities Act or any state securities laws and, therefore, may not be offered for sale in the United States, except in transactions exempt from registration under the U.S. Securities Act and applicable state securities laws.

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