

2010 BCSECCOM 207

April 12, 2010

Headnote

National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions – Securities Act*, s.88 - The securities of the issuer are beneficially owned by not more than 50 persons and are not traded through any exchange or market - The issuer falls within the definition of “closely held reporting issuer” contained in BC Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status* as the securities of the issuer are beneficially owned by not more than 50 persons and are not traded through any exchange or market

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, s. 88

In the Matter of
the Securities Legislation of
British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, New Brunswick,
Nova Scotia, Prince Edward Island and Newfoundland and Labrador
(the Jurisdictions)

and

In the Matter of
the Process for Exemptive Relief Applications in Multiple Jurisdictions

and

In the Matter of
Challenger Energy Corp.
(the Filer)

Decision

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the Decision Maker) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the Legislation) that Challenger Energy Corp. is deemed not to be a reporting issuer.

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a coordinated review application):

2010 BCSECCOM 207

- (a) the Alberta Securities Commission is the principal regulator for this application; and
- (b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

Interpretation

Terms defined in National Instrument 14-101 *Definitions* have the same meaning if used in this decision, unless otherwise defined.

Representations

This decision is based on the following facts represented by the Filer:

1. Canadian Superior is a reporting issuer in each of the provinces of Canada except New Brunswick, and its common shares are listed on the Toronto Stock Exchange and NYSE Amex Exchange.
2. Challenger is a reporting issuer in each of the Jurisdictions but not the Province of Québec, and its common shares, October Warrants and March Warrants (each as hereinafter defined) were formerly, but are no longer, listed on the TSX Venture Exchange.
3. During 2009, each of Challenger and Canadian Superior applied for and was granted an order under the Companies' Creditors Arrangement Act (CCAA). On September 17, 2009, both companies completed their financial restructuring and emerged from CCAA protection. The plan (the Plan) under which the companies emerged from CCAA protection involved the acquisition by Canadian Superior of all outstanding common shares of Challenger in exchange for approximately 27.4 million common shares of Canadian Superior. At the time of implementation of the Plan, Challenger had outstanding two classes of warrants, one of which (the October Warrants) expired October 2, 2009 and the other of which (the March Warrants) expired on March 6, 2010.
4. On implementation of the Plan, the October Warrants and the March Warrants became exercisable for Canadian Superior common shares rather than Challenger common shares although both classes were far "out of the money".
5. As a result of the Plan, the outstanding securities of the Filer are owned by fewer than 15 security holders in each of the jurisdictions in Canada and fewer than 51 security holders in total in Canada.

2010 BCSECCOM 207

6. Following implementation of the Plan, the common shares of Challenger were delisted from the TSX Venture Exchange and the October Warrants and the March Warrants were delisted from the TSX Venture Exchange following their expiry. As such, no securities of the Filer are traded on a marketplace as defined in National Instrument 21-101 *Marketplace Operation*.
7. The Filer is not in default of any of its obligations under the Legislation as a reporting issuer, except for failing to file and forward to holders of the March Warrants financial statements and management's discussion and analysis of Challenger for the interim period ended September 30, 2009 (the Challenger Disclosure). However, Canadian Superior prepares its financial statements on a consolidated basis, including the accounts of Challenger, and the Challenger disclosure would not have been useful to holders of the March Warrants since those warrants were, prior to expiry, exercisable for Canadian Superior common shares rather than Challenger common shares.
8. The Filer was not eligible to use the simplified procedure under CSA Staff Notice 12-307 *Applications for a Decision that an Issuer is not a Reporting Issuer* as it is in default of making the Challenger Disclosure.
9. The Filer has no plans to seek public financing by way of an offering of securities in Canada.
10. The Filer is applying for relief that it is not a reporting issuer in each of the jurisdictions in Canada in which it is a reporting issuer.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Filer is deemed to have ceased to be a reporting issuer.

Blaine Young
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