



11 December 2018

Chariot Oil & Gas Limited

("Chariot", the "Company" or the "Group")

Pre-Close Operational Update

Chariot Oil & Gas Limited (AIM: CHAR), the Atlantic margins focused oil and gas exploration company, today provides an operational update prior to its 31 December year end.

Overview

Over the past 12 months Chariot has continued to invest in its portfolio to capitalise on the current low cost environment. The Company has participated in two deepwater exploration wells, one in Morocco in a fully carried well operated by Eni, and the other in Namibia operated by Chariot. Disappointingly both wells were unsuccessful, but the financial impact was significantly reduced through partnering and, in Namibia, delivering what is likely to be one of the lowest cost deepwater drilling operations carried out anywhere this year.

Outlook

Chariot retains a portfolio of highly prospective assets in Morocco and Brazil. The Chariot in-house subsurface team continues to develop an inventory of drill-ready prospects with material follow-on potential, and have initiated partnering processes in Morocco and Brazil.

With rig rates remaining at historic lows, Chariot continues to analyse how the Company can again benefit from this low cost environment. Utilising the experience gained in Namibia and drawing on the Company's in-house knowledge, Chariot has conducted a thorough analysis of drilling cost estimates for its key prospects, feeding this data into the current partnering processes.

Chariot has launched drilling preparations in its operated Morocco assets through the approval of the drilling Environmental Impact Assessment, long lead items identification and other operational arrangements. Management believes that this preparatory work will enable Chariot to avoid unnecessary delays associated with its plans to drill in the near term and to continue to capitalise on the current low-cost environment for drilling.

Chariot continues to apply the strict capital discipline demonstrated during the drilling of Prospect S in Namibia and its significantly reduced annual cash overhead. As a result, the Company has a strong cash position, with unaudited year-end cash estimated to be US\$19 million. The Company remains debt free with no licence commitments across its entire portfolio.

Larry Bottomley, CEO, commented:

"Clearly it has been very disappointing not to have delivered a transformational discovery from the two deepwater wells that we have participated in this year. However, one of these wells was delivered at zero-

cost, and the other was drilled significantly under-budget for what is likely to become a new benchmark for the sector. In Namibia, Chariot also demonstrated it is capable of safely and efficiently operating a deepwater well, delivering the operation within a short timeframe to capture the optimum point of the cost cycle.

Importantly, the Rabat Deep 1 well has demonstrated a new petroleum system in the offshore sector of Morocco, one which may be significantly more robust than that previously extensively explored by the Industry, which materially de-risks the Mohammedia and Kenitra licences.

Looking ahead, we are focused on delivering an exploration well in Morocco utilising our established in-house drilling team to deliver this programme safely, efficiently and cost-effectively.

With all licence commitments now met across the entire portfolio, the Company is fully-funded to progress our assets in Morocco and Brazil whilst remaining vigilant to other value accretive opportunities.”

Asset Summary

Morocco

In Morocco, the Rabat Deep partnership drilled the Rabat Deep 1 well using the Saipem 12000 drillship. The prospect targeted had the potential to be transformational for the Company in the success case and was closely watched by the industry as one of the largest prospects to be drilled anywhere in the world during 2018. The well was unsuccessful as the primary Jurassic carbonate was tight. This result has downgraded the remaining prospectivity in the Jurassic carbonate prospects and leads, and as a consequence the partnership has elected to allow the Rabat Deep licence to lapse.

While the well was unsuccessful, geochemical analysis of hydrocarbons extracted from sidewall cores indicates the potential for hydrocarbon migration from a Cretaceous or younger source rock, which would represent a new petroleum system for offshore Morocco. The well also encountered excellent quality Upper Jurassic sandstone reservoirs and an effective seal which significantly de-risks the clastic prospects and leads identified in the Mohammedia and Kenitra licences.

During the year, Chariot interpreted both 2D and 3D seismic data acquired during 2017 over Mohammedia and Kenitra to investigate the extent of the prospectivity in this new play identified from the Rabat Deep 1 well - Upper Jurassic clastic prospects charged from the world-class Cretaceous source rocks of Cenomanian-Turonian age matured by burial below the Alpine fold-belt. The Company has identified an inventory of prospects in this play, which are supported by seismic anomalies calibrated to the Rabat Deep 1 well which are consistent with the presence of hydrocarbons.

Chariot is targeting the drilling of the Mohammedia licence prospect MOH-B, which has a gross mean prospective resource of 637 mmbbls in 2 targets as part of a larger portfolio in the Mohammedia and Kenitra licences totalling 2.4 billion barrels of gross mean prospective resources. A partnering process has been initiated and drilling preparations have begun.

Namibia

In the Central Blocks offshore Namibia, Chariot safely and efficiently drilled Prospect S using the Ocean Rig Poseidon on behalf of our partners Azinam, NAMCOR and Ignitus. The prospect that this well targeted had the potential to be transformational for the Company in the success case and was also closely watched by the industry. The well was unsuccessful as the Cretaceous clastic targets were water bearing. Extensive post-well analysis is underway to determine the impact on the remaining prospectivity of the Central Blocks.

The well was drilled within 17 days, with a final gross cost of approximately US\$16 million, around US\$10 million below budget.

Also in Namibia, Chariot retains an option to back-in for 10% equity at no cost after exploration drilling in the Southern Blocks, in return for which the Company will facilitate the partnering programme led by NAMCOR, the Namibian State Oil company.

Brazil

In Brazil, Chariot has completed the evaluation of the proprietary 3D seismic data across its four exploration concessions and identified a large structural prospect comprised of seven targets with individual on-concession gross, mean prospective resource ranging up to 366mmbbls. Three of these targets stack into a single prospect with a gross, mean prospective resource of 911mmbbls.

The partnering programme on these concessions is underway.

New Ventures

In Mauritania, Chariot secured an option to back-in for between 10% to 20% equity in the new C-19 block in Mauritania that was recently awarded to Shell Exploration and Production Mauritania (C19) B.V.

While securing this option was a testament to the quality of the work conducted by the Chariot technical team, Chariot has elected not to participate on this project. The expected cost of access and maturation, the time needed to progress to optional drilling and the likely scale of the prize, particularly following any partnering as part of the Company's risk management strategy, meant that this option was incompatible with the Company's focus on value, risk management and capital discipline.

The Company is currently in negotiation on a new licence in the Atlantic margins, and continues to evaluate new venture opportunities to further enhance the value of its portfolio on a case by case basis.

This announcement contains inside information for the purposes of Article 7 of Regulation 596/2014.

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NOTES TO EDITORS

ABOUT CHARIOT

Chariot Oil & Gas Limited is an independent oil and gas exploration group. It holds licences covering two blocks in Namibia, two blocks in Morocco and four blocks in the Barreirinhas Basin offshore Brazil. All these blocks are currently in the exploration phase.

The ordinary shares of Chariot Oil & Gas Limited are admitted to trading on the AIM, a market operated by the London Stock Exchange under the symbol 'CHAR'.