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**Chariot Oil & Gas Limited
(‘Chariot’, the ‘Company’ or the ‘Group’)**

Farm-out Agreement Signed with Petrobras

Chariot, an independent oil and gas exploration group, today announces that its wholly-owned subsidiary, Enigma Oil & Gas Exploration (Pty) Limited (‘Enigma’), has signed a farm-out agreement with Petrobras Oil and Gas BV, a wholly-owned subsidiary of Petroleo Brasileiro S.A. (‘Petrobras’), in respect of a 50% interest in one of Chariot’s exploration blocks, 2714A, offshore southern Namibia.

A key element of Chariot’s strategy is to pursue farm-out agreements to mitigate risk and expedite exploration and potential development of its assets. This agreement provides Chariot with a strong partner with whom to progress the exploration in this area and strengthens Chariot’s existing cash resources.

Under the terms of the farm-out agreement, in return for a 50% interest in block 2714A Chariot will receive from Petrobras:

- a cash payment of US\$16.04m, comprised of a cash consideration, and reimbursement of past costs including the recently acquired 3D seismic programme in block 2714A; plus
- in the event of a commercial discovery, payment of a production bonus equal to 4.75% (after royalties) of Petrobras’ share of production up to either 2 million barrels of oil equivalent or a value of US\$118m, whichever occurs first.

Petrobras has also agreed to, and will pay its 50% share of, a further 1,500km² of 3D seismic acquisition that is expected to be undertaken on block 2714A later this year.

This agreement remains subject to the full approval of the Ministry of Mines and Energy in Namibia. The farm-out agreement includes standard representations and warranties given by both parties and sets out principles for a joint operating agreement that is to be executed within 6 months. Petrobras has also agreed not to acquire any shares or interests in shares in Chariot for a three year period, without Chariot’s consent.

Block 2714A is one of Chariot’s eight exploration blocks located offshore Namibia and covers an area of 5,481km² in the southern Orange basin. Chariot has recently undertaken a 3D seismic programme, acquiring 1,500km² across block 2714A and the neighbouring block 2714B. Reprocessing and interpretation of this data is underway and, as noted above, a further seismic programme is now planned later this year on block 2714A.

Following the completion of the acquisition of further seismic and its subsequent processing and interpretation, Petrobras can elect to enter the first renewal period (the initial exploration period ends on 31st August 2010) which includes an exploration programme commitment to drill a well.

Enigma will remain as operator of the block until the end of the initial exploration period with Petrobras having the option of becoming the operator thereafter. If Petrobras chooses not to enter the first renewal period, Enigma has the option to reclaim its interest in the block.

Commenting on the agreement, Kevin Broger, CEO of Chariot said:

“Our exploration work to date has always indicated the potential of offshore Namibia and today’s agreement is a significant endorsement of our findings. We are delighted to be in partnership with Petrobras on this concession and look forward to working alongside them in order to prove the value of this block.”

“Petrobras has a wealth of experience and marked success in deep water exploration – notably in the counterpart margin offshore Brazil where they have announced giant oil discoveries. This agreement also dovetails with their stated strategy of searching in deep and ultra deep water opportunities offshore West Africa where they already have a significant presence in Angola.”

“Chariot’s strengthened cash position enhances its ability to look at potential value-add opportunities, of which the introduction of production into the portfolio is a key priority. We are in a strong position to further deliver shareholder value from the exciting prospects in our portfolio, an experienced and highly renowned partner in Petrobras and cash in hand with which to expand our portfolio.”

Conference Call

Chariot’s management will be discussing these results on a conference call at 9:00am (UK time) today. The numbers required to dial-in are listed below. The conference call will be made available afterwards at www.chariotoilandgas.com

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NOTES TO EDITORS

Chariot Oil & Gas Limited (www.chariotoilandgas.com)

Chariot is an independent oil and gas exploration group, focusing on Namibia (offshore and onshore) and Peru (onshore) using state of the art technology for offshore and onshore exploration, through its 100% wholly-owned operating subsidiary Enigma.

The Group currently holds licences covering ten blocks in Namibia - eight of which are offshore and two are onshore - and has recently won a bidding round with its partner Jindal in respect of three onshore blocks in the Marañon and Huallaga basins in northern Peru. All of these blocks are currently in the exploration phase.

Shares in Chariot Oil & Gas limited are admitted to trading on the London Stock Exchange’s AIM Market under the symbol 'CHAR'.

Petrobras

Petrobras is a publicly listed company in Brazil that operates on an integrated basis in the following segments of the oil, gas and power sector: exploration and production, refining, commercialization, transportation, petrochemicals, distribution of oil products, natural gas, biofuels and electricity. Founded in 1953, Petrobras is now the world's sixth largest oil company, by market value, according to the consulting firm PFC Energy. Leader in the Brazilian oil sector, Petrobras has been expanding its operations in order to become one of the world's top five integrated energy companies by 2020.

Other

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