1 June 2010

Chariot Oil & Gas Limited
(“Chariot”, the “Company” or the “Group”)

Final results

Chariot Oil & Gas Limited (AIM: CHAR) today announces its final results for the period ended 28 February 2010.

Highlights

- Completed extensive seismic programmes across all blocks of interest
- Dataroom opened for potential partners
- Paul Welch appointed as CEO
- Strengthened in-house technical team
- Agreed settlement with HRT
- Range of due diligence undertaken on new business opportunities
- Cash on hand of $16.2m at 28 February 2010

Post period highlights

- 3.3 billion barrels increase in gross unrisked prospective resource volumes
- George Canjar appointed to Board of Directors

Paul Welch, CEO for Chariot commented, “I am very pleased to report on what was a transformational period for the Company. We have made great strides in our exploration efforts in Namibia and furthered our other business development opportunities while significantly increasing value for our shareholders. I look forward to the coming year with confidence as we continue to deliver on our strategy and objectives.”

A webcast of today’s presentation to investors will be available on the website www.chariotoilandgas.com later today.

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CHAIRMAN'S STATEMENT

It is with pleasure that I present the latest results for Chariot Oil & Gas Limited, reporting on a year that saw transformational changes within our Company. The Board were delighted to welcome Paul Welch as CEO in October 2009 and Chariot has made significant steps forward with our exploration in Namibia, furthered efforts on numerous new business opportunities and built a strong in-house technical team. The Board were also very pleased to welcome George Canjar who joined us a non executive director post period. He has extensive experience in the oil and gas industry which will be of great value to us going forward.

Namibia - Frontier Region, High Impact Exploration

Since our last report, there have been a number of major discoveries in deeper water environments. Brazilian exploration continues its unprecedented success and high profile discoveries have also been reported in West Africa, both in the established West African Basins and in new offshore areas such as Ghana and Sierra Leone. These latter discoveries prove the prolific capability of African Atlantic margin plays outside the established basins indicating positive implications for Namibia which lies in a comparable geologic setting. The recent reported discovery offshore the Falklands is also highly encouraging. Deep water exploration and production, pioneered across the Atlantic in the Gulf of Mexico and in Brazil, is leading to increased interest in the remaining underexplored high potential West African areas with majors, national oil companies and governments looking to secure acreage and future supply.

Chariot in Namibia – One of the largest licence holdings and biggest work programmes

Chariot, through its wholly owned subsidiary Enigma Oil & Gas Exploration (Pty) Limited ("Enigma") holds one of the largest net acreage positions in Namibia (after the Namibian State Oil Company, Namcor). This totals an area of 38,725km², and we have committed to and fulfilled the largest exploration work programme offshore Namibia to date. We have been very pleased with our results from the seismic acquisition which we completed across all of our blocks of interest. This has identified gross unrisked prospective resource volumes of 8.5 billion barrels and provided us with a more detailed understanding of the structural composition and prospectivity of the region. Net unrisked prospective resources attributable to Chariot have increased 89% from 3.9 billion barrels as reported at the time of listing on AIM in 2008 to the current estimate of 7.4 billion barrels.

We feel that we are very well positioned within the Namibian margin with licence areas situated in three distinct geological settings. Our work continues to develop our knowledge and understanding of our blocks of interest as we look to further define targets for drilling.

Our focus on Africa

Creating value is at the core of the Company's strategy and we are focused on developing our high impact exploration whilst looking to balance our risk profile. As part of this strategy, concurrent with our farm-out efforts, we are looking to secure nearer term development opportunities and bring our first oil date forward in order to generate production cash flow.

Our focus is on African plays and this is where most of our expertise lies. Africa is a rapidly emerging region on the world energy stage, possessing a multitude of business opportunities for investors. Having worked on the continent for many years, our management team has a broad range of experience in both finding and producing oil whilst working with governments and other partners. Africa holds a wealth of energy potential, a fact that is becoming ever more apparent as more companies focus on the region.

Financial Review:

The Group incurred a loss of US$3.1m (2009 - US$28.5m loss) for the year ended 28 February 2010. The administrative expenses were US$3.03m (after excluding share based payment costs); this is comparable to the prior year balance of $3.2m after excluding share based payment costs, IPO costs and impairment costs.

Capitalised exploration costs for the period totalled US$17.6m which are primarily related to the acquisition of 3D seismic data. The farm out agreement with Petrobras in relation to block 2714A allows the Group to recharge 50% of the exploration costs and a portion of the overhead costs related to this block.

The Petrobras farm out agreement included a payment of US$16.04m to Chariot, and this reduced the capitalised exploration costs for the period. Petrobras have also agreed to pay Chariot a production bonus of up to 2 million barrels of oil equivalent or US$118m from its share of the first production from Block 2714A, whichever occurs first. As this bonus is contingent on future production, it has not been included in the financial statements.

During the year, the Group terminated its services agreement with High Resolution Technology & Petroleum Ltd ("HRT"), this was subsequently referred to arbitration. A settlement was achieved in February 2010, whereby both parties agreed that there will be no payment of damages by either side and that each party pays their own respective costs incurred during the dispute. As part of the settlement HRT agreed to provide all outstanding data and reports to the Group. A $2.9m provision for payment to HRT which was provided for in the 28 February 2009 financial statements for unpaid exploration costs was released upon settlement.

Conclusion:

The Group has overcome many challenges since floating on AIM in 2008. It has also substantially exceeded its work commitments in Namibia and has attracted the attention of many major international oil companies. Furthermore, the Group is debt free, issued no new shares in the financial period and held cash balances of US$16.2m at 28 February 2010 (2009: US$28.9m).

I wish to thank my fellow Directors and the management and staff of the Chariot group for their hard work and achievements of the past year. I look forward to an exciting year as we progress our strategic growth objectives.

Peter Kidney, Chairman

CEO REPORT

I am very pleased to report on my first set of full year financial statements as CEO and I am delighted with the progress we have made since I joined Chariot. I am also honoured to be part of a company that I believe has the potential to deliver a great deal of value to shareholders and to put Namibia firmly on the oil producing map. I am pleased to recount our progress and look forward to continuing developments throughout the coming year.

Progress To Date

Since our interim results, published in November 2009, we have completed all planned seismic acquisition programmes across our Blocks of interest, the final programme in the Northern Block concluded in January 2010. Such acquisition programmes were extensive, in some licences significantly exceeding the requirements as agreed with the Namibian Ministry, providing a strong indication of our commitment to developing our assets. Due to our large acreage position and the substantial amount of newly acquired seismic data, we negotiated licence extensions for our blocks in the second quarter of last year in order to have the time to pursue our exploration efforts to the best of our ability. All our licences are in good standing.

With the completion of the 2D acquisition and interpretation programme, we were very pleased to announce resource volumes for our Central Blocks. Three new leads have been identified with 3.3 billion barrels of prospective resources. This increased our previous estimate of gross unrisked prospective resources by 62% to 8.5 billion barrels (net prospective resources of 7.4 billion barrels) and underscored our belief in the oil potential of the Namibian margin.

We announced in February the opening of a dataroom in London in order to seek out further farm-outs for our blocks of interest. Having partners alongside us will help to mitigate the risk and expedite our exploration activity. Since the dataroom opened, we have welcomed a number of interested international oil companies and we expect further visitors over the coming quarter. The expressions of interest have significantly increased from the visits to our first dataroom with parties keen to view the newly acquired 3D seismic information. As we have previously stated, this is a key part of our strategy as we look to secure industry partners to share in the costs and rewards of exploration going forward. We continue to liaise closely with Petrobras on block 2714A in the south and look forward to working alongside other interested parties in due course.

Our new business opportunity evaluation efforts continue across the African continent as we seek out additional prospects. As previously stated, we are looking to balance our current portfolio with nearer term production potential in order to introduce production cash flows and reduce our risk profile. This process is ongoing using our in house skills and expertise.

I was delighted to welcome new technical staff to the Group during the period, Matthew Taylor (Director of Exploration), Julia Kemper (Senior Staff Geophysicist), Martin Richards (Engineering and Development Manager) and Alex Green (Commercial Manager), all of whom have worked in the industry for many years and their experience is proving invaluable.

Operating in Namibia

Namibia is a country that I am very familiar with from my earlier activities with Shell and Hunt Oil - both early entrants into the country. As well as the interesting geology that the offshore basins offer, Namibia is a superb place to do business. Namibia has recently celebrated the 20th anniversary of its independence and inaugurated President Hifikepunye Pohamba for a second five-year term. It has a stable democracy with a competitive fiscal regime and sound investment profile. The government has pursued free-market principles designed to promote commercial development, has good relations with its neighbours, and actively encourages international foreign investment. We have an excellent working relationship with the Ministry of Mines and Energy and Namcor and it is a continuing pleasure to work there.

<u>Chariot – The Future</u>

I believe Chariot presents a real value add opportunity. Our Namibian acreage is a solid platform from which to develop, and over the coming years I believe that Chariot can grow from being a junior exploration company into a mid-tier E & P player with both exploration and production success. Whilst securing new opportunities is a priority for us, our position offshore Namibia remains our key focus. The team that we have in place now is one that I am extremely pleased to be working with and I value their input immensely. We now possess the in-house skills to both further develop the Namibian potential and expand the business by acquiring additional assets. We believe that we have an enviable strategic position within one of the few remaining high impact exploration frontier regions remaining off the West African coast. I relish the prospect of an exciting year ahead which will see significantly increased activity levels and I look forward to updating shareholders accordingly.

Paul Welch

CEO

REVIEW OF OPERATIONS

Namibia – 3 basins, distinct geology

Chariot is well positioned with our blocks situated in three geologically distinct settings:

- The "Northern Blocks" in the Namibe Basin, located north of the Walvis Ridge
- The "Central Blocks" straddling the Luderitz / Walvis Basins
- The "Southern Blocks" in the Orange basin.

The Namibe Basin forms part of the prolific West African "salt basin", bounded to the south by the Walvis ridge. Prior to the Atlantic Ocean opening, the Namibe Basin lay adjacent to the Santos Basin of Brazil, in which recent super-giant oil discoveries have been made. The Luderitz and Walvis Basins are virtually unexplored with only 4 wells drilled to date, in an area similar in size to the prolific UK North Sea Central Graben, where hundreds of exploration wells have been drilled. The Orange Basin contains the very large delta of the Orange River system and also hosts the giant Kudu gas field.

Exploration in Namibian Margin to date:

Sporadic exploration activity in the Southern African Atlantic margin led to the discovery of the giant Kudu gas field (in Namibian waters), now under development, and the Ibhubesi oil and gas fields (in South African waters). There has only been one phase of exploration, in the early 90's, which was targeted at the primary Namibian margin and culminated in the drilling of 8 exploration wells, all located in the shallow waters on the shelf and slope portions of the basin due to technical and commercial limits that existed at that time. Our newly acquired seismic data combines evidence of large structural features with direct hydrocarbon indications which provide strong support for the move into the deeper water sections of these basins. These were areas that were technically out of reach to the early explorers in Namibia.

Prospectivity:

The Namibian margin south of the Walvis Ridge is proven to host productive rift system source rocks as well as Lower Aptian marine oil prone facies (equivalent in age to source rich sequences in the Aptian salt basin to the north) and Cenomanian – Turonian source rocks. Although gas is the dominant phase found to date this appears to be a function of high maturity in the local fetch area of the main discovery (Kudu) which lies below the very thick Orange delta sediment deposits. Source rock characteristics are oil prone and oil is the expected phase in most of the prospectivity identified in Chariot's exploration areas. The absence of salt has inhibited trap development on the shelf and slope (hence the poor exploration record of past drilling) but deepwater seismic demonstrates a wide range of large structural and stratigraphic traps that appear to be associated with large rotated rift fault blocks. Chariot has positioned itself to exploit this, as yet, untapped potential.

Key features of Chariot's licences:

- Prospect portfolio includes several large structural traps and combination structural/stratigraphic closures in three different geological settings

- Prolific hydrocarbon generation is proven in the Orange basin with the giant Kudu gas field, demonstrably sourced from an oil prone, but locally over mature source rock

- Extensive seabed gas hydrates, gas chimneys and other Direct Hydrocarbon Indicators (DHIs'), all positive indicators of both gas and oil generation

- Past drilling, even where unsuccessful, has revealed interbedded sandstone and shale intervals providing multiple sealed reservoir target levels for future exploration

- Despite poor trap development on the shelf, discoveries have been made and oil shows encountered proving a petroleum charge system

Northern Blocks

Blocks 1811A&B are situated to the north of the Walvis Ridge. Multiple leads are mapped including a very large fault block overlain by Aptian age carbonates.

Chariot undertook two acquisition programmes across the Northern blocks in 2009 completing an initial programme of 900km² which was followed up with a further 600km² focusing on an area of specific interest over the previously identified Zamba prospect. The area of 3D seismic data acquired totalled 1,500 km^2 and processing and interpretation has commenced and will be completed in the near future. As well as the Zamba prospect, four stacked leads have been identified in the Tapir Complex.

This area has proven hydrocarbon potential as evidenced by the Kunene-1 well in adjacent Block 1711 which shows potential for up to 14Tcf gas, (as reported by the Namibian Ministry of Mines and Energy). Basin modelling demonstrates potential for oil in Chariot's licence area.

Central Blocks

The blocks are located on an arch between the Walvis and Luderitz Basins and can be charged by hydrocarbons from a thick rift section in either, or both flanking basins. Large structural features have been mapped and hydrocarbon indicators seen in the Chariot concessions resulting in a lead portfolio being defined.

Chariot completed over 3,000 line km of 2D seismic data acquisition across its 2312A and B blocks in the period. Following the processing and interpretation of this data the Company announced, in March 2010, that these licences contain 3.3 billion barrels of unrisked prospective resources. Prior to this announcement, no volume potential had been assigned to this area. Three leads were reported, Klipspringer, Hartebeest and Oryx all of which lie in relatively deepwater depths of 2,000 – 2,500m. The leads are interpreted to lie within a mapped Cretaceous channel – fan system with seismic character indicative of deep marine sandstone facies. These high graded leads are identified as combination traps with a component of structural dip closure (apparent following depth conversion) with upside stratigraphic trapping potential. Preliminary source maturity modelling suggests that the leads are oil prone. (Only the volumes contained within the structural closure have been included in the prospective resource volume estimates).

Southern Blocks

Blocks 2714A&B are situated to the south of the Luderitz High, on the northern edge of the Orange Delta. The mapped leads are mainly early Cretaceous turbidites and transitional phase Kudu type pinch-outs.

On blocks 2714A & B, 3D seismic processing continues, the results of which will be available in the near future. Chariot, as Operator, completed 3,000km² of data acquisition across these blocks, the latter 1,500km^2 in partnership with Petrobras. The Company has been buoyed by the interest of Petrobras in the period, resulting in the farm-in agreement being signed and announced in May 2009. Chariot looks forward to developing a closer relationship with them as the partners assess drilling prospects on block 2714A.

We feel that we are very well positioned within the Namibian margin with licence areas situated in three distinct geological settings. Our work continues to develop our knowledge and understanding of our blocks of interest as we look to further define targets for drilling.

Consolidated Statement of Comprehensive Income
for the year ended 28 February 2010

	Note	Year ended 28 February 2010	Year ended 28 February 2009
		US$'000	**US$'000**
Provision for impairment of intangible assets		**-**	(3,098)
Share based payments		(195)	(2,641)
IPO costs expensed		**-**	(1,842)
Other administrative expenses		(3,028)	(3,217)
Total administrative expenses		**(3,223)**	(10,798)
Loss from operations	**4**	**(3,223)**	**(10,798)**
Finance income		97	2,039
Finance expense	**7**	**-**	(19,811)
Loss for the year before taxation		**(3,126)**	**(28,570)**
Taxation expense	**9**	**-**	-
Loss for the year attributable to the equity holders of the parent		**(3,126)**	**(28,570)**
Other comprehensive income:			
Exchange differences on translating foreign operations		**(56)**	**(832)**
Total comprehensive income attributable to the equity holders of the parent		**(3,182)**	**(29,402)**
Loss per ordinary share – Basic and diluted	**10**	**US$(0.02)**	**US$(0.22)**
All amounts relate to continuing activities.			

Consolidated statement of changes in equity
for the year ended 28 February 2010

	Share capital	Share premium	Other reserve	Exchange reserve	Retained losses	Total attributable to equity holders or the parent
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
As at 29 February 2008	1,988	45,506	1,454	(353)	(2,861)	45,734
Total comprehensive income for the year	-	-	-	(832)	(28,570)	(29,402)
Convertible loan note conversion	-	1,111	(1,111)	-	-	-
Issue of share capital	814	97,497	-	-	-	98,311
Issue costs	-	(9,484)	-	-	-	(9,484)
Share based payments	-	(1,421)	4,062	-	-	2,641
As at 28 February 2009	**2,802**	**133,209**	**4,405**	**(1,185)**	**(31,431)**	**107,800**
Total comprehensive income for the year	-	-	-	(56)	(3,126)	**(3,182)**
Share based payments	-	**-**	919	**-**	**-**	**919**
Transfer of reserves due to lapsed options	-	**-**	(368)	**-**	368	**-**
As at 28 February 2010	**2,802**	**133,209**	**4,956**	**(1,241)**	**(34,189)**	**105,537**

The following describes the nature and purpose of each reserve within owners' equity.

Share capital	Amount subscribed for share capital at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Other reserve	Amount of proceeds on issue of convertible debt relating to the equity component and share based payments reserve.
Retained earnings	Cumulative net gains and losses recognised in the financial statements.
Exchange Reserve	Foreign exchange differences arising on translating into the reporting currency.

Consolidated Statement of financial position
at 28 February 2010

	Note	28 February 2010	28 February 2009
		US$'000	**US$'000**
Non-current assets			
Exploration and appraisal costs	11	88,582	86,991
Property, plant and equipment	12	486	209
Total non-current assets		**89,068**	87,200
Current assets			
Trade and other receivables	13	723	122
Cash and cash equivalents	14	16,226	28,850
Total current assets		**16,949**	28,972
Total assets		**106,017**	116,172
Current liabilities			
Trade and other payables	15	480	8,372
Total liabilities		**480**	8,372
Net assets		**105,537**	107,800
Capital and reserves attributable to equity holders of the parent			
Share capital	16	2,802	2,802
Share premium account		133,209	133,209
Other reserve		4,956	4,405
Retained loss		(34,189)	(31,431)
Foreign Exchange Reserve		(1,241)	(1,185)
Total equity		**105,537**	107,800

Consolidated cash flow statement
for the year ended 28 February 2010

	Year ended 28 February 2010	**Year ended 28 February 2010**	Year ended 28 February 2009	Year ended 28 February 2009
	US$'000	**US$'000**	US$'000	US$'000
Loss for the year before taxation		(3,126)		(28,570)
Finance income	(97)		(2,039)	
Finance expense	-		54	
IPO costs expenses	-		1,842	
Impairment	-		3,098	
Depreciation	11		47	
Foreign exchange differences	(189)		19,757	
Share based payment expense	195		2,641	
		(80)		25,400
Net cash flow from operating activities before changes in working capital		(3,206)		(3,170)
(Increase) in trade and other receivables		(601)		(114)
(Decrease) in trade and other payables		(7,892)		(504)
Net cash (outflow) from operating activities		**(11,699)**		(3,788)
Investing activities				
Finance Income	97		2,039	
Payments in respect of property, plant and equipment	(403)		(100)	
Payments in respect of intangible assets	(16,847)		(31,375)	
Proceeds in respect of intangible assets	16,039		-	
Cash outflow used in investing activities		**(1,114)**		(29,436)
Financing activities				
Proceeds from issue of Convertible Loan notes	-		1,992	
Issue of ordinary share capital	-		88,847	
Issue costs relating to share capital	-		(9,484)	
Repayment of borrowings	-		(3,052)	
Net cash flow from financing activities		**-**		78,303
Net (decrease)/increase in cash and cash equivalents in the year		**(12,813)**		45,079
Cash and cash equivalents at start of year		28,850		3,528
Effect of foreign exchange rate changes on cash and cash equivalents		189		(19,757)
Cash and cash equivalents at end of year (Note 14)		**16,226**		28,850

Notes forming part of the financial statements
for the year ended 28 February 2010

1 General information

Chariot Oil & Gas Limited is a Company incorporated and domiciled in Guernsey with registration number 47532. The address of the registered office is Sydney Vane House, Admiral Park, St Peter Port, Guernsey, GY1 2HU. The Company's administrative & head office is in Guernsey. The nature of the Company's operations and its principal activities are set out in the Director's report and in the Review of Operations and the Financial Review.

The functional and presentational currency of the Group is US Dollars (US$).

2 Basis of preparation

The financial information included within this announcement does not constitute the company’s statutory accounts for the years ended 28 February 2010 or 29 February 2009, but it is derived from those accounts. Statutory accounts for 2010 will be delivered to the Registrar of Companies following the company’s annual general meeting. The auditors have reported on those accounts: their reports were unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under s262 (2) The Companies (Guernsey) Law 2008.

The financial information included within this announcement has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial Reporting Standards and Interpretations adopted for use in the European Union (collectively EU IFRSs). The principle accounting policies used in preparing the financial information are unchanged from those included in the audited financial statements.

3 Segmental analysis

In the opinion of the Directors, the operations of the Group companies comprise one single class of business including oil and gas exploration. The Group operates in one geographic area, Namibia. The financial information presented reflects all the activities of this single business.

2010

	Exploration of Oil and Gas	Corporate	Total
	US$000	**US$000**	**US$000**
Administrative expenses	(1,629)	(1,594)	**(3,223)**
Loss after taxation	(1,629)	(1,497)	**(3,126)**
Non current assets	88,913	155	**89,068**
Total assets	89,158	16,859	**106,017**
Total liabilities	(52)	(428)	**(480)**

2009

	Exploration of Oil and Gas	Corporate	Total
	US$000	**US$000**	**US$000**
Administrative expenses	(3,747)	(7,051)	(10,798)
Loss after taxation	(11,197)	(17,393)	(28,570)
Total assets	87,200	28,972	116,172
Total liabilities	(3,050)	(5,322)	(8,372)

4 Loss from operations

	28 February 2010	28 February 2009
	US$'000	**US$'000**
Loss from operations is stated after charging/crediting:		
Depreciation	11	47
Share based payments – share option scheme (all equity settled)	145	2,641
Share based payments – long term incentive scheme (all equity settled)	50	-
Pre licence acquisition expenditure	**-**	383
AIM admission costs expensed	**-**	1,842
Professional and consultancy fees	853	825
Auditors' remuneration:		
Fees payable to the Company's auditors for the audit of the Company's annual accounts	50	45
Audit of the Company's subsidiaries pursuant to legislation	27	
Fee payable to the auditor for corporate finance services	**-**	212
Total payable	**77**	257

Fees payable for corporate finance services in 2009 include an amount of US$ 150,000 set against the share premium account.

5 Leases commitments

	28 February 2010	28 February 2009
	US$'000	**US$'000**
Not later than one year	214	-
Later than one year and not later than five years	378	-
Later than five years	**-**	**-**

6 Employees

	28 February 2010	28 February 2009
	US$'000	**US$'000**
Directors fees and emoluments	617	309
Wages and salaries – staff costs	719	275
Amounts paid to third parties in respect of Directors' services	605	426
Share based payments expense (note 20)	195	2,641
Social security costs	20	20
	1,952	3,671

Included in the Directors fees is an amount of US$292,600 (2009 - US$118,000) in respect of capitalised exploration costs, included in wages and salaries is an amount of US$121,000 (2009 - US$216,000) in respect of capitalised exploration costs. Included in the amounts paid to third parties in respect of Director's services is an amount of US$204,000 (2009 – nil) in respect of capitalised exploration costs.

7 Finance income and expense

	28 February 2010	28 February 2009
	US$'000	**US$'000**
Bank interest receivable	97	2,039
Other finance expense	**-**	(54)
Foreign exchange gain/(loss)	189	(19,757)
Net finance gain/(expense)	**286**	**(17,772)**

8 Investment

The Company's directly (*) and indirectly (**) held subsidiary undertakings at 28th February 2010 are:

Subsidiary undertaking	**Principal activity**	**Country of incorporation**	**Percentage of ordinary share capital held**
Enigma Oil and Gas Exploration (Pty) Limited **	Oil and Gas exploration	Namibia	100%
Chariot Oil and Gas Investments (Namibia) Limited*	Holding Company	Guernsey	100%
Chariot Oil and Gas Statistics Limited * (1)	Services Company	UK	100%
Enigma Petroleo Y Gas N.V **	Holding Company	Dutch Antilles	100%

(1): Chariot Oil and Gas Statistics Limited was acquired on 3rd December 2009.

9 Taxation

The Company is tax resident in Guernsey, where corporate profits are taxed at zero percent.

No taxation charge arises in Namibia as the Namibia subsidiary has recorded a taxable loss for the period.

Factors affecting the tax charge for the current period

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in Guernsey applied to profits for the year are as follows:

	Year ended 28 February 2010	Year ended 28 February 2009
	US$'000	**US$'000**
Tax reconciliation		
Loss on ordinary activities for the year before tax	**(3,126)**	(28,570)
Loss on ordinary activities at the standard rate of corporation tax in Guernsey of 0% (2009 - 0%)	**-**	-
Difference in tax rates in local jurisdictions at the applicable tax rate of 35% (2009 – 35%)	**(1,366)**	(241)
Disallowable expenses	**-**	1
Deferred tax effect not recognised	**1,366**	240
Total taxation charge	**-**	**-**

9 Taxation (continued)

Deferred tax not recognised in respect of losses carried forward in Namibia total US$1,120,909 (2009 - US$498,576). The Company had tax losses carried forward on which no deferred tax asset is recognised. Deferred tax assets were not recognised as there is uncertainty regarding the timing of future profits against which these assets could be utilised.

Namibian Taxation and royalties

Normal Taxation

The petroleum income tax is payable annually at a rate of 35% of the taxable income received by or accrued to any person from a license area in connection with exploration, development or production operations in that area. Each license area is assessed separately and losses in one cannot be set off against profits in another.

Additional Profits Tax

In addition to the above tax, annually there will be paid an Additional Profits Tax (“APT”). APT shall be payable at the end of each tax year on each petroleum license area and determined on the basis of the rate of return on the project. It is levied on the project's net cash receipt, the after tax net cash flow achieved above certain defined tiers of threshold rate of return on the project. The first tier rate of APT is 25%.

10 Loss per share

The calculation of basic loss per ordinary share is based on a loss of US$3,126,000 (2009 - loss of US$28,570,000) and on 141,173,471 ordinary shares (2009 - 132,261,953), being the weighted average number of ordinary shares in issue during the year. Potentially dilutive options are detailed in note 20, however these are anti-dilutive as the Group reported a loss for the year consequently a separate diluted loss per share has not been presented.

11 Exploration and appraisal costs by Cost Pool

	Namibia Onshore	**Namibia Offshore**	**Total**
Cost and Net Book Value	**$US000**	**$US000**	**$US000**
At 1 March 2008	1,970	49,933	51,903
Additions	1,128	37,058	38,186
Impairment charge for the period	(3,098)	**-**	(3,098)
At 1 March 2009	**-**	**86,991**	**86,991**
Additions	**-**	17,630	17,630
Farm in proceeds	**-**	(16,039)	(16,039)
At 28 February 2010	**-**	**88,582**	**88,582**

During 2009, after review of the results of the aeromagnetic survey the Directors considered the carrying value of the on-shore assets to be nil, therefore an impairment charge of US$3,098,000 was charged to the income statement in 2009 representing all the costs incurred on the onshore licences to date. This view was taken given the expected recoverable prospects of this licence which was subsequently relinquished.

The Group signed a farm-out agreement with Petrobras for a 50% stake in one of the four licences offshore in Namibia; block 2714A. This agreement included a payment of US$16.04m which has been paid in full.

12 Property, plant and equipment

	Fixtures, fittings and equipment	Fixtures, fittings and equipment
	Year ended 28 February 2010	**Year ended 28 February 2009**
	US$'000	US$'000
	2010	2009
Cost		
At 1 March	**256**	156
Additions	403	100
At 28 February	**659**	256
Depreciation		
At 1 March	47	-
Charge for the year	126 (*)	47
At 28 February	173	47
Net book value	**486**	209

(*): US$115,000 of the depreciation charge relates to oil exploration activities and has been capitalised to exploration and appraisal costs during the year.

13 Trade and other receivables

	28 February 2010	**28 February 2009**
	US$'000	**US$'000**
Other receivables and prepayments	**723**	122

	28 February 2010	**28 February 2009**
	US$'000	**US$'000**
Amounts due:		
Under three months	350	53
Between 3 and 6 months	-	57
Over 6 months	373	12
	723	122

14 Cash and cash equivalents

	28 February 2010	**28 February 2009**
Analysis by currency	**US$'000**	**US$'000**
Sterling balance	279	2,665
Namibian dollar balance	42	7
Restricted cash balance (sterling)	-	4,630
US dollar balance	15,905	21,548
	16,226	28,850

The restricted cash balance in 2009 relates to funds placed by the Group in a jointly managed deposit account to provide Wavefield Inseis (the service provider for the 3D seismic data acquisition) settlement of their monthly invoices. Funds were released upon approval of periodic invoices with the bank mandated to accept payment instructions only on signature receipt from both a group director and the service provider. The full amount shown as restricted cash above was released to settle final payments relating to the completion of the seismic acquisition within 30 days of the prior year's balance sheet date.

15 Trade and other payables

	28 February 2010	28 February 2009
	US$'000	**US$'000**
Trade payables	139	6,696
Accruals	279	1,676
Amounts due to related parties	62	-
	480	8,372

	28 February 2010	28 February 2009
	US$'000	**US$'000**
Amounts payable		
Under 3 months	480	5,429
Between 3 and six months	**-**	2,943
After 6 months	**-**	-
	480	8,372

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

16 Share capital

Authorised	**Authorised**			
	28 February 2010	**28 February 2010**	28 February 2009	28 February 2009
	Number	**US$'000**	Number	US$'000
Ordinary shares of US$0.02 (1p) each	**400,000,000**	**2,984**	400,000,000	2,984

	Allotted, called up and fully paid			
	28 February 2010	**28 February 2010**	28 February 2009	28 February 2009
	Number	**US$'000**	Number	US$'000
Ordinary shares of US$0.02 (1p) each	**141,173,471**	**2,802**	141,173,471	2,802

The shares have a nominal value of 1p. The share capital has therefore been translated at the historic rate of US$:GBP of 1.995

Details of the ordinary shares issued to date up to 28th February 2010 are given in the table below:

Date	**Description**	**Price US$**	**No of shares**
1 March 2008	Opening Balance		100,000,000
19 May 2008	Placing of shares to provide working capital	2.58	34,615,000
19 May 2008	Conversion of loan notes	1.29	846,154
19 May 2008	Conversion of loan notes	1.29	5,712,317
At 28 February 2009 and 2010			141,173,471

17 Capital commitments

At the balance sheet date the Group had entered into capital commitments of US$1.05 million (2009 - US$7.1 million)

18 Related party transactions

The group has entered into various transactions in which ICM, Westward and Protech are interested parties. ICM, Protech and Westward own 0%, 15.1% and 16.2% (2009:18%, 16.2% and 15.9% respectively) of the issue ordinary shares. Norman Leighton, whom held office during the year, is a Director of ICM. Adonis Pouroulis, one of the Directors, is one of a number of potential beneficiaries of the trust that owns Westward. Robert Sinclair, one of the Directors, is a Director of Westward. Protech is wholly owned by Heindrich Ndume, one of the Directors.

Details of directors and key management personnel related party transactions are detailed below. The key management personnel are considered to be the Directors, see note 6 for details of their remuneration.

- No funding was provided by Westward to pay exploration costs on behalf of Enigma during the year (2009 - US$1.7 million).

- No funding was provided by ICM during the year (2009 US$1.4 million).

- Westward Investments Limited, a Company of which Mr Robert Sinclair is a Director and is owned by a discretionary trust of which Mr Adonis Pouroulis is one of a number of beneficiaries, provides services and facilities for the Group and received fees totalling approximately US$69,200 for the period. (2009 – US$10,581). There were no fees outstanding at the year end (2009 - Nil).

- J&K Property Investments Limited a Company owned as to 50 per cent by James Burgess and of which he is a Director, provided services and facilities for the Group in the prior year and received fees totalling US$14,437 in 2009. There were no fees outstanding at the end of 2009.

- Pursuant to an agreement dated 1 October, 2007, Artemis Trustees Limited, a Company of which Mr Robert Sinclair is a Director and ultimately a shareholder, was appointed by the Company to provide administration secretarial services. Fees are chargeable on a time spent basis, calculated by reference to the time, work type and skills involved in providing the services. The fees paid for the period totalled US$177,145 (2009 - US$303,009) The amount outstanding at the year end was US$15,224 (2009 - US$26,111).

- Chromex Mining PLC, a Company of which Mr James Burgess & Robert Sinclair are a Directors , provides services and facilities for the Group and received fees totalling approximately US$29,597 for the period. (2009 – US$21,521) The amount outstanding at the year end was US$10,496 (2009: nil)

- Aladar Resources Limited a Company of which Mr Kevin Broger is a Director and majority owner, provided services and facilities for the Group and received fees totalling approximately US$67,463 for the period. (2009 – US$31,723) There were no fees outstanding at the year end (2009 - nil)

- Fintragh Trading and Consulting Limited, a Company of which Peter Kidney is a Director provided professional services for the Group and received fees totalling approximately US$178,919 (2009: nil). There was US$24,947 outstanding at the year end (2009 - nil)

18 Related party transactions (continued)

- By deed of assignment dated 7 May 2008, the Company consented to the assignment by BMO to Sirius Investment Management LLP Incorporated of warrants exercisable over a number of Ordinary Shares calculated by dividing US$63,924 (£44,556) by 50 per cent of thePlacing Price. No further warrants were issued to Sirius Investment Management LLP during this year.

19 Financial instruments

The Board of Directors determine, as required, the degree to which it is appropriate to use financial instruments or other hedging contracts or techniques to mitigate risk. Throughout the year ending 28 February 2010 no trading in financial instruments was undertaken (2009 – Nil).

There is no material difference between the book value and fair value of the Group cash balances, short term receivables and payables.

Market risk

Market risk arises from the Group's use of interest bearing and foreign currency financial instruments. It is the risk that future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), and foreign exchange rates (currency risk). Throughout the period the Group has held surplus funds on deposit, principally with its main bankers Barclays, on fixed short-term deposits covering periods of one week to three months monitoring rates of return whilst assuring the ability to meeting working capital requirements.

The Directors have not disclosed interest rate sensitivity analysis on the Groups financial assets and liabilities at the year end as the risk is not deemed to be material.

The Group's treasury policy is that all significant cash balances are held in the parent company. Therefore the market risk is not deemed significant in any of the subsidiary undertakings.

Currency risk

The Group has very limited currency exposure in respect of items denominated in foreign currencies comprising:

- Transactional exposure in respect of operating costs and capital expenditure incurred in currencies other than the functional currency of operations.

This risk is managed with funds being held principally in US Dollars to recognise the trading currency of the industry with a limited balance maintained in sterling and Namibian dollars to meet ongoing corporate and overhead commitments.

At the year end, the Group had cash balances of US$16.2m as detailed in note 14.

Other than the non US$ cash balances descried in note 14 no other financial instrument is denominated in a currency other than US Dollars. A 10% adverse movement in exchange rates would lead to an increase in the foreign exchange loss of US$32,100 and a 10% favourable movement in exchange rates would lead to a corresponding reduction, the effect on net assets would be the same as the effect on profits. (2009 - US$250,500)

Restricted cash balances are detailed in note 14.

Capital

The Company considers its capital to comprise its ordinary share capital, share premium and retained earnings as well as the share based payments reserve ("Other reserve").

19 Financial instruments continued

In managing its capital, the Group's primary objective is to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. The Group has met its work program commitments and with the receipt of the farm in proceeds, the Group currently holds sufficient capital to meet its ongoing needs for the next twelve months.

Liquidity risk

The Group's practice is to regularly review cash needs and to place excess funds on fixed term deposits for periods not exceeding three months with an institution that are top band rated by Standard & Poors.

The Group has sufficient funds to continue operations for the forthcoming year and has no perceived liquidity risk.

20 Share based payments

Share Option Scheme

During the year, the Company operated the Chariot Oil & Gas Share Option Plan ("Share Option Scheme").The Company recognised total expenses (all of which related to equity settled share-based payment transactions) under the plan of:

	28 February 2010	**28 February 2009**
	US$'000	**US$'000**
Share Option Scheme	145	2,641

The Option Plan provides for an exercise price equal to the closing market price of the Company shares on the date of the grant. The options expire if they remain unexercised after the exercise period has lapsed. For options valued using the Black-Scholes model there are no market performance conditions or other vesting conditions attributed to the options.

The following table sets out details of all outstanding options granted under the Share Option Scheme.

	28 February 2010	28 February 2009
	Options Number	Options Number
Outstanding at beginning of year	**1,840,000**	-
Granted during the year	4,000,000	1,840,000
Forfeited during the year (*)	(300,000)	-
Outstanding at the end of the year	**5,540,000**	1,840,000

(*): these options relate to those that were forfeited by a Director who resigned during the year.

The range of the exercise price of share options exercisable at the year-end falls between US$0.38 (25p) - US$1.98 (130p), (2009 - US$0.55 (38.5p) - US$1.87 (130.0p))

The weighted average share price at the date of exercise US$0.39 (26p), using exchange rate of £=$ 1.5224. (2009 - US$1.37 (95p), using exchange rate of £ = $ 1.4347)

The estimated fair values of options which fall under IFRS 2, and the inputs used in the Black-Scholes model to calculate those fair values are as follows:

20 Share based payments (continued)

Date of grant	Estimated fair value	Share price	Exercise price	Expected volatility	Expected life	Risk free rate	Expected dividends
28 April 2008	£0.98	£1.21	£0.385	32%	10 years	4.94%	0%
27 March 2008	£0.62	£1.21	£1.30	32%	10 years	4.94%	0%
13 November 2009	£0.17	£0.26	£0.26	80%	5 years	4.3%	0%
15 January 2010	£0.19	£0.28	£0.25	80%	5 years	4.3%	0%

Expected volatility was determined by calculating the annualised standard deviation of the daily changes in the share price.

Long term incentive scheme

The Plan provides for the awarding of shares to employees. The award will lapse if an employee leaves employment.

During the year 1,531,427 awards were granted to employees, none of whom are Directors of any Group company. The shares will vest in equal instalments over a 3 year period.

Date of grant	**Share price (p) at grant date**
1 December 2009	25.4
15 January 2010	27.38
8 February 2010	33.70
10 February 2010	36.81
Total	

The Company recognised total expenses (all of which related to equity settled share-based payment transactions) under the plan of:

	28 February 2010	**28 February 2009**
	US$'000	**US$'000**
Long term incentive scheme	50	-

Warrants

The following table sets out details of all outstanding warrants.

	28 February 2010	**28 February 2010**	28 February 2009	28 February 2009
	Number of warrants	**Fair Value US$'000**	Number of warrants	Fair Value **US$'000**
Outstanding at beginning of year	2,996,019	1,765	130,224	344
Granted during the year	2,614,036	723	2,865,795	1,421
Outstanding at the end of the year	**5,610,055**	**2,488**	2,996,019	1,765

20 Share based payments (continued)

The range of the exercise price of warrants outstanding at the year-end falls between US$0.46 (30.0p) - US$1.87 (130p), (2009 - US$0.93 (65p) - US$1.87 (130p))

The weighted average share price at the date of exercise is $US0.46 (30p) using exchange rate of £ = US$ 1.5224 (2009: US$1.77 (124p), using exchange rate of £ = US$ 1.4347)

The warrants issued during the year were a part of the fee for the Facilitator of the farm-out agreement with Petrobras and the cost is capitalised within exploration and appraisal cost. In 2009, the warrants were issued to the Company's brokers and the cost set against the share premium account.

Since the year end, 2,653,281 warrants lapsed and 342,738 warrants were exercised therefore at the date of this report 2,614,036 warrants are outstanding.

The estimated fair values of warrants which fall under IFRS 2, and the inputs used in the Black Scholes model to calculate those fair values are as follows:

Date of grant	Estimated fair value	Share price	Exercise price	Expected volatility	Expected life	Risk free rate	Expected dividends
13 February 2008	£1.33	£2.50	£0.65	32%	2.3 years	4.94%	0%
27 March 2008	£0.62	£1.21	£0.65	32%	2.1 years	4.94%	0%
25 April 2008	£0.21	£1.205	£1.30	32%	2.1 years	4.94%	0%
19 May 2009	£0.18	£0.34	£0.30	95%	2 years	1.03%	0%

Expected volatility was determined by calculating the annualised standard deviation of the daily changes in the share price.

For warrants valued using the Black-Scholes model there are no market performance conditions or other vesting conditions attributed to the warrants.

21 Contingent liabilities

There are no outstanding contingent liabilities as at 28 February 2010.

22 Post balance sheet events

On 20 May 2010, pursuant to an assignment of warrants to dated 7th May 2008 Sirius Investment Management LP Incorporated ("Sirius") exercised its entitlement to purchase 68,547 new ordinary shares of 1 pence each in the capital of the Company at a price of 65 pence per share.

On 27 May 2010, pursuant to two Deed of Warrant Grants between the Company and BMO Capital Markets ("BMO") dated 13th February and 27th March 2008 respectively the Company received valid notice on 19th May 2010 from BMO Nesbitt Burns Inc that it intended to exercise its entitlement to purchase 274,191 new ordinary shares of 1 pence each in the capital of the Company at a price of 65 pence per share. Accordingly, the Company has issued and allotted 274,191 new ordinary shares to BMO Nesbitt Burns Inc (following a transfer from BMO further to a Power of Attorney dated 12 May 2009).