



13 February 2014

**Chariot Oil & Gas Limited**

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

**Analyst Day**

**Exploring the Atlantic Margin Petroleum Systems**

**A Review of the Chariot Portfolio**

Chariot Oil & Gas Limited (AIM: CHAR), the Atlantic margins focused oil and gas exploration company, announces that it will be hosting an Analyst Day today for a group of sell-side analysts.

The event will include an in depth overview of Chariot's portfolio, providing detailed information on the Atlantic margin petroleum systems within its acreage, the Company's recent progress and the forward programme.

During the presentation, the Group will cover the topics outlined below:

Strategy and Progress

During the course of last year, Chariot repositioned itself from being a "Play Opener" to a "Fast Follower" within the regions where it holds acreage. This means that, by using its re-awarded and extended licence periods in Namibia, and its long exploration permits offshore Morocco, Mauritania and Brazil, Chariot has been able to continue the maturation of its portfolio whilst learning from the drilling programmes of its nearby neighbours. This repositioning has enhanced the subsurface understanding of the Company's assets, as well as the development of prospectivity and play focus. Offshore Namibia, this approach enabled Chariot to select a drill ready prospect in a proven shallower petroleum system as a result of the incorporation of information from third party drilling. In 2014 further prospects will be drilled by third parties in close proximity to Chariot's assets in Namibia, Morocco and Mauritania. The Company will continue to use its Fast Follower, low cost, early entrant position to integrate the information provided by these drilling campaigns with its own proprietary data in order to work up optimum prospects for drilling.

Morocco

During 2013, the Company reprocessed, and used its in-house technical capabilities, to interpret 11,000km of legacy 2D seismic over its licences offshore Morocco. Whilst this work highlighted the giant prospectivity potential in the Rabat Deep and Loukos acreage, the team also determined that the Casablanca/Safi licence was too high risk to justify further investment and, in line with Chariot's focus on achieving the best balance of risk and return, the team decided to relinquish it. In Q2 2014 a 1,300km<sup>2</sup> 3D seismic campaign is planned for the Company's existing assets offshore Morocco (Loukos and Rabat Deep), in order to mature the identified high potential leads into prospects for drilling with a partner in 2015.

Mauritania

Offshore Mauritania, the team's ability to identify and develop prospectivity on its acreage received third-party endorsement through the farm-out of 35% of its C-19 acreage to Cairn Energy in August 2013. From this, in line with the Company's aspiration to carry out "zero cost" exploration, Chariot received US\$26.0 million for the full cost of its 3,500km<sup>2</sup> 3D seismic programme on the block and additional back costs. A further data room will be opened following the completion of the Company's

interpretation of this 3D seismic acquisition due in Q2 2014. Thereafter Mauritania is expected to be drill ready and the Company will aim to bring in an additional partner for drilling in 2015.

### Namibia

Integration of the Kabeljou-1 well results and third party drilling offshore Namibia enabled the Company to identify significant potential to justify a 2,000km<sup>2</sup> 2D seismic campaign over block 2714B, which was completed in January 2014. Once interpreted, this 2D survey will provide the necessary data to help identify the most appropriate location for a 3D seismic campaign over the highly prospective shallower petroleum system within the block. Subject to securing a drilling partner, the Company will also be looking to test this shallower petroleum system in its Central Blocks which are currently drill ready.

### Brazil

Through the acquisition of four blocks in the Barreirinhas basin offshore Brazil in May 2013, the Group continued its path towards diversifying risk and balancing its portfolio. This basin lies conjugate to the Jubilee discovery in Ghana and is another example of Chariot's ability to access high potential underexplored acreage at a low cost with minimum work commitments. Furthermore, the acquisition of these Brazilian licences introduces the potential of a well in 2016 meaning that, subject to partnering, Chariot's portfolio offers the potential for at least one well per year for the foreseeable future. The Company is currently undertaking an Environmental Impact Assessment with the anticipation of carrying out an 800km<sup>2</sup> 3D seismic programme in 2015. Completing this 3D seismic survey together with the proposed 2014 3D survey offshore Morocco, will mean that Chariot will have fulfilled and exceeded all outstanding commitments across its portfolio.

### Partnering

In line with Chariot's established strategy, the specific timing of drilling remains subject to the completion of farm-outs and accessing the carried funding for these wells. While Chariot is determined to drill its prospects as soon as possible, the securing of partners takes time. On the Central Blocks the farm-out process continues and the market will be updated with its progress as appropriate. As mentioned above, a partnering process will be initiated in the coming months in Mauritania in order to secure a partner for drilling, and further datarooms will also be opened in Morocco and Brazil to accelerate these exploration programmes.

### Funding

The Group remains debt free and as at 31 December 2013 it held cash balances of US\$56.7 million (unaudited) compared with US\$39.9 million (unaudited) as at 30 June 2013 and US\$68.3 million as at 31 December 2012. The successful farm out of Block C-19, Mauritania, to Cairn Energy (Chariot (Operator) 55%, Cairn 35%, SMH 10%), which recovered the costs of the 3,500km<sup>2</sup> 3D seismic programme and other back costs incurred, resulted in the receipt of c.US\$26 million in October 2013. As at 31 December 2013, c.US\$16.7 million of the Company's cash balances were held as security against licence work commitment bank guarantees. As at 31 December 2014, this figure is estimated to be US\$15.6 million.

Net cash utilisation of US\$11.6 million in the year to 31 December 2013 comprised of;

- US\$2.5 million on G&G/seismic processing in Namibia and Morocco;
- US\$2.4 million relating to the acquisition of Chariot's Brazilian licences, the acquisition of associated seismic data and the establishment of the Company's business in country;
- US\$23.1 million in Mauritania on 3D seismic acquisition and processing offset by the receipt of US\$ (26.0) million of farm out proceeds from Cairn Energy;; and
- US\$9.4 million on other G&G and G&A and US\$0.2 million of net finance/foreign exchange charges.

During 2014 Chariot expects to spend c.US\$33 million further developing its portfolio as follows;

- US\$13.0 million acquiring and processing 1,300km<sup>2</sup> of 3D seismic in Morocco. The majority of this is expected to be recovered during 2015 from farm-out back cost receipts;
- US\$5.0m in Namibia, of which US\$3.7 million relates to the acquisition and processing of 2000km of 2D seismic on its Southern Block 2714b;
- US\$4.0 million in Mauritania of which US\$2.3 million relates to the completion of the processing of the 3,500km<sup>2</sup> of 3D seismic and US\$1.7 million relates to capital gain tax on the Cairn Energy farm out;
- US\$1.5 million in Brazil relating to G&G and Environmental Impact Assessment work relating to the upcoming 800km<sup>2</sup> 3D seismic programme; and
- US\$9.5 million on other G&G and G&A throughout the portfolio.

All contractual licence commitments are fully funded through to the end of 2015.

There will be no further new trading information released during the event and a pre-recorded webcast of the Company's corporate presentation will be available on the website from 10.00 am today.

For further information please contact:

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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 eight blocks in Namibia, through its wholly owned subsidiary Enigma Oil & Gas Exploration (Pty) Limited, one block in Mauritania through its wholly owned subsidiary Chariot Oil & Gas Investments (Mauritania) Limited and three blocks in Morocco through its wholly owned subsidiary Chariot Oil & Gas Investments (Morocco) Limited all of which are offshore. The Group's wholly owned subsidiary, Chariot Brasil Petróleo e Gás Ltda, holds four licences in the shallow water offshore Brazil. All of these blocks are currently in the exploration phase.

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