

20 December 2013

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, provides a pre-close operational update.

During the year, the Company has adhered to its strategy of managing risk and applying capital discipline whilst continuing to develop and mature its portfolio of high potential assets. In doing this, it continues to work towards its goal of creating transformational stakeholder value through the discovery of material accumulations of hydrocarbons.

Partnering

In keeping with Chariot's aim to manage risk through leveraged partnerships, the Company recovered US\$26 million for the 3D seismic and other back costs on its Mauritanian licence, Block C-19, through partnering with Cairn Energy Plc. This partnership, in which Chariot has maintained operatorship, has not only reduced the Company's risk exposure in the licence but has also provided third party validation of the asset whilst ensuring that the Company holds sufficient equity (55%) to retain material upside following a further partnering process for drilling. The partnership received the final PSDM of its 3,500km² 3D seismic programme in December 2013 and will be interpreting the data throughout Q1 2014. A resource update will follow in Q2 2014, concurrent with the opening of a dataroom to secure a further farm-out on this asset.

In the Namibian Central Blocks, additional information provided by third party drilling was used to develop the Company's current understanding of the region, which is now focused on the prospectivity in the shallower petroleum system, as detailed in the recent resource update and independent audit by Netherland Sewell and Associates. Prospect B, a deep water canyon head, has been identified as the key drilling target with an audited gross mean prospective oil resource of 469mmbbl and a geologic chance of success of 22% with significant follow-on potential identified in additional prospects and leads. A dataroom was opened in September with the aim of securing a partner for drilling. The Company has received an encouraging response from key industry players and an update on progress will be made as appropriate.

Portfolio Diversification

Chariot further broadened its Atlantic margin portfolio with the acquisition of four blocks in the Barreirinhas basin offshore Brazil in August for a minimal signature bonus. This is an additional demonstration of the Company's ability to gain operated, high equity, early entrant positions in underexplored, high potential regions, at low cost. As with all of its acreage, the Company is looking to mature these assets early in the exploration period in order to add value and attract leveraged partnerships for developing the work programme. An Environmental Impact Assessment is in progress which is anticipated to conclude late next year, and a 3D seismic campaign of up to 1,000km², fulfilling the work commitments on the licences, will commence as soon as possible thereafter.

Portfolio Management and Maturation

Across all of its assets, the Company has applied a combination of proven and leading-edge technologies and its technical capabilities to mature its portfolio. It has also used its early mover advantage to learn from third party drilling activity.

Licence extensions were secured in Morocco (Casablanca/Safi and Loukos) and Namibia (2714A and the Central Blocks) to provide the Company appropriate time to integrate the information gained from seismic data, well results and third party drilling activity into its understanding of the portfolio. This

ensured that Chariot could make informed decisions on the forward programme of its licences, while securing the time required to allow for partner participation in the future.

The additional timeframe provided on the Moroccan assets enabled the Company to thoroughly reprocess, interpret and evaluate the region's prospectivity from the legacy 2D seismic data. From this, Chariot chose to relinquish the Casablanca/Safi licence which it deemed too high risk to justify further investment, demonstrating its commitment to the application of capital discipline. In addition, this in depth analysis also enabled the Company to identify the regions that need further evaluation and a 1,300km² 3D seismic survey, spanning areas of specific interest in Rabat Deep and Loukos, has been put out to tender. The aim is to commence these seismic programmes in H1 2014.

With regards to the Southern blocks offshore Namibia, Chariot remains positive about the onlap prospectivity in the deeper petroleum system that it has identified in Block 2714A. Crucially, the Company also used the information provided from the results of the Kabeljou-1 well to determine high potential within the shallower petroleum system of Block 2714B. As a consequence, Chariot applied for and was re-awarded the Block in its entirety in June with a four-year first exploration period. As part of its aggressive exploration campaign, the Company has initiated a 2,000km 2D seismic survey across the block in order to determine specific regions of interest for a subsequent 3D survey which will be designed to identify prospects for drilling.

As detailed previously, the Company will await the planned third party drilling activity in close proximity to its Northern licence offshore Namibia, due to start in Q1 next year, to incorporate the information into its understanding on the Blocks prior to progressing the partnering process in this region. This is in line with Chariot's conservative approach to risk management.

Outlook

Chariot will continue to use its early entry, large equity positions to its advantage during the course of next year. The regions in which Chariot operates are seeing industry interest continue to grow, with numerous drilling campaigns anticipated. From this, Chariot can continue to integrate information provided through its own technical campaigns as well as others, ensuring that it can make the most effective decisions on its forward work programmes and manage its risk accordingly.

With the scope of the current portfolio, and with the requirement of successful partnering, Chariot now has the capacity to participate in at least one potentially transformational exploration well a year for the foreseeable future. In 2014 Chariot aims to secure two partners for drilling, one for Prospect B in the Central Blocks and the second for a prospect offshore Mauritania – the latter to be decided post the 3D seismic interpretation. Drilling will commence, depending on rig availability, as soon as possible thereafter. Concurrently, in its less technically mature assets, the Company will be carrying out additional seismic acquisition, processing and interpretation in order to prepare for partnering to carry the assets through to drilling from 2016 onwards.

Whilst Chariot remains committed to diversifying its risk and adding further high potential exploration opportunities to the portfolio, in the short term the focus will remain on maturing its current assets.

Chariot remains on track with its projected cash forecast and expects its year-end cash balance to be between US\$54 million and US\$56million, subject to foreign exchange movements. Approximately US\$17 million of the year-end cash balance is secured against bank guarantees given in respect of work commitments on Chariot's licences. The remaining liquidity means that the Company is fully funded for all of its current contractual commitments as well as its planned work programme.

Larry Bottomley, Chief Executive of Chariot, said:

"We set out this year to ensure that the Company continued its momentum for developing its portfolio, at the same time as managing its risk and reducing its capital exposure through partnering. We have succeeded on each of these components, demonstrating our ability and commitment to delivering our strategy."

"In the coming year, we will continue to work within this strategic framework to enable us to build towards our long term goal of delivering transformational value to stakeholders. Such value will only be realised by the discovery of material accumulations of hydrocarbons which remains the focus of the Company."

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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'.