20 March 2013

Chariot Oil & Gas Limited

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

Final Results

Chariot Oil & Gas Limited (AIM:CHAR), an independent Africa focused oil and gas exploration company, today announces its audited final results for the twelve months ended 31 December 2012.

Highlights During and Post Period:

Namibia

- Farm-out agreements with BP and PGS (now held by AziNam, an associate company of PGS) approved by Namibian Ministry of Mines and Energy - back costs received
- Completed and safely operated drilling of Tapir South well in Northern Area – well plugged and abandoned as dry – Zamba prospect now a priority target
- Drilling of Kabeljou-1 well in Southern Area, completed in partnership with Petrobras (Operator) and BP – well plugged and abandoned as dry but subsequent well analyses by Chariot have strengthened case for significant new play in Southern Area
- Completed 3,500km^2 3D seismic acquisition, processing and interpretation in Central Area – 2 petroleum systems with 19 targets identified
- Resource update on Zamba prospect, gross mean prospective resources of 375mmbls identified
- Partnering programme in Northern Area initiated

Mauritania

- Acquired Block C19 offshore Mauritania – balanced risk portfolio with acreage located in a proven petroleum region with multiple play types
- Expedited exploration programme – completed 3,500km^2 3D seismic survey within 7 months of gazettal
- 3 canyon head leads identified from legacy 2D seismic data

Morocco

- Acquired Loukos, Casablanca/Safi and Rabat Deep licences offshore Morocco – an emerging petroleum province – further mitigating risk profile with multiple target potential
- Identified a lead in Rabat Deep from legacy 2D data with gross mean prospective resource estimate of 400mmbbls

Corporate

- Placing in March 2012 raised US$48.7m (gross)
- Board changes in December 2012 – Larry Bottomley appointed CEO; Philip Loader appointed Non-Executive Chairman; Mark Reid, CFO, appointed Executive Director; George Canjar

appointed Senior Independent Non-Executive Director
- Cash position of US$68.3 million at 31 December 2012

Outlook:

- Debt free with all contractual commitments fully funded through to end of 2014
- Kabeljou-1 well analysis to be completed by Petrobras end of March 2013, forward plan for Namibian Southern Block 2714A to be decided subsequently, expected 2Q 2013
- Partnering process to be initiated on Namibian Central Area prospects in 3Q 2013
- 3D seismic data from Block C19, Mauritania to be processed and ready for interpretation in 4Q 2013, resource update expected 1Q 2014
- Third party drilling activity will further assist in prospect selection
- 3D seismic acquisition to be designed for Namibian Southern Area 2714B, intended to commence in 2014
- 3D seismic acquisition survey to be designed for Morocco following resource update from reprocessing of 11,000 km of legacy 2D seismic data
- Evaluation of new ventures, will continue to seek value add opportunities
- Drilling planned offshore Namibia, Mauritania and Morocco in 2014, 2015 and 2016 respectively, subject to partner participation and rig availability

Larry Bottomley, Chief Executive, commented:

*"*The last year has been one of significant operational and exploration development for Chariot. While the results of the drilling campaign were very disappointing, the participation in 2 wells, accumulation of 7,000km^2 of 3D seismic and early entry into two new regions reflects the ability of the Chariot team and its commitment to taking the Company forward. Over the coming year, we will continue to develop our portfolio and manage risk whilst applying capital discipline throughout all of our projects.

"The Company is fully funded to carry out its work programme for 2013 as well as undertake all of its contractual commitments to the end of 2014. Third party drilling in neighbouring acreage to all of our areas of exploration will contribute to the development of the understanding of the petroleum systems in these regions and assist in the maturation of our prospect portfolio."

For further information please contact:

Chariot Oil & Gas Limited Larry Bottomley, CEO	**+44 (0)20 7318 0450**
RBC Capital Markets (Joint Broker and NOMAD) Martin Eales, Pierre Schreuder	**+44 (0)20 7653 4000**
Jefferies International Limited (Joint Broker) Chris Zeal, Jamie Buckland	**+44 (0)20 7029 8000**
FTI Consulting Ben Brewerton, Natalia Erikssen	**+44 (0)20 7831 3113**

Chairman's Statement

It is with pleasure that I report on the Company's year-end results, my first as Chairman – the position of which I was delighted to accept in December 2012.

The past year was an operational one for Chariot and we fulfilled a number of our strategic and exploration objectives. We completed the acquisition, processing and interpretation of our 3,500km² seismic programme in the Central area of Namibia; participated in two wells offshore Namibia; secured significant acreage positions in two new regions of interest; and completed the acquisition of a 3,500km² survey offshore Mauritania. Whilst the results of the Namibian drilling campaign were disappointing, this activity has enabled us to improve our understanding of the petroleum geology within Namibia and this will inform our forward programme. We have also been able to position ourselves as an early entrant into areas which we believe have the potential for giant opportunities.

Frontier Explorer - Namibia

Chariot has been at the forefront of exploration activity offshore Namibia. Only 11 exploration wells have been drilled offshore Namibia to date, just four of which were in deep water on a coastline over 1,000km in length. In April to mid-May 2012, the Company successfully operated, safely and within budget, the Tapir South deep water well in its Northern Area, which reflected positively on the capability of the Chariot team. Following the completion of BP's farm-in to Southern Block 2714A, Chariot participated in a second well, Kabeljou-1, which was drilled in late July to early September. Whilst the wells were unsuccessful and plugged and abandoned, the information and knowledge we have now gained provides significant insight to the additional prospectivity within our acreage.

Leading up to and concurrent with drilling, Chariot acquired, processed and interpreted substantial amounts of seismic data. As a result, Chariot now holds the most extensive deep water well database and what we believe to be the second largest 3D seismic database in the country which is invaluable to the continued development of our Namibian portfolio.

Broadening the portfolio and managing risk

In addition to this exploration activity, we have also broadened and diversified our portfolio through the acquisition of Block C19 offshore Mauritania and the Loukos, Casablanca/Safi and Rabat Deep licences offshore Morocco.

We have continued to build on our ability to identify underexplored, highly prospective regions and access significant acreage positions within these areas prior to other competitors and in advance of incurring high costs of entry and high premium agreements. Mauritania and Morocco are of specific interest to Chariot as they are both relatively immature from an exploration perspective but have proven petroleum systems. This is where we see the greatest opportunity for transformational growth.

The entry and participation of several major oil companies within both Mauritania and Morocco in recent months highlights Chariot's capacity to successfully execute this component of its strategy. The increased industry interest endorses both regions as highly prospective whilst indicating an appetite for increasing exploration activity, the results of which will continue to enhance the geological understanding of these basins and also our assets.

These acquisitions also contribute to balancing the risk profile of Chariot's portfolio. Namibia is a frontier hydrocarbon province with very early stage exploration; Morocco is an emerging hydrocarbon province, however our acreage is located adjacent to historic oil production and gas condensate discoveries, and in

Mauritania we have moved into an area which is a proven hydrocarbon province with current production. We also now have a range of exploration maturity within our asset base and have constructed a continuous pipeline of activity in the coming years.

Governance

There were a number of changes to our Board in December 2012 with Larry Bottomley appointed as Chief Executive Officer of the Company, myself as Non-Executive Chairman and Adonis Pouroulis moving to Non-Executive Director. Paul Welch and James Burgess stepped down from the Board, Heindrich Ndume became a Non-Executive Director and we welcomed Mark Reid to the Board as Chief Financial Officer. Alongside this re-organisation, an independent Corporate Governance committee was created which consists of the Independent Directors and is chaired by George Canjar who is now the Senior Independent Non-Executive Director. The Company, where practicable, is dedicated to ensuring that it maintains the strictest corporate governance standards and this new committee allows for a healthy combination of key experience and independence necessary to continue to ensure clarity and transparency in all decision making.

Regional relationships

Chariot considers its working relationships to be of utmost importance and key to long term success. The Company has developed and continues to maintain close working relationships with the Governments and Ministries in all the countries in which we operate and it is a pleasure to work alongside them. This cooperation ensures our operations can be carried out smoothly and I would like to thank the Governments and Ministry of Mines and Energy of Namibia, Mauritania and Morocco, as well as the State Oil Companies NAMCOR, SMH and ONYHM for their continued support which is invaluable to Chariot's progress.

Financial Review

The Group is debt free and held cash balances of US$68.3m at 31 December 2012 (31 December 2011: US$129.0m).

The Group incurred a loss of US$88.6m for the year ended 31 December 2012 (Ten months ended 31 December 2011: US$9.2m) which included an impairment charge of US$80.8m for the Tapir South well.

Share based payments charges of US$1.8m for the year ended 31 December 2012 were lower than the US$2.4m for the ten months ended 31 December 2011 primarily due to fewer unvested share awards being in existence during the year.

Other administrative expenses at US$7.5m for the year ended 31 December 2012 were higher than the US$5.6m for the ten months ended 31 December 2011 primarily due to a shorter accounting period to 31 December 2011 and organisational restructuring costs incurred during the year ended 31 December 2012.

Finance income for the year ended 31 December 2012 comprises interest on cash balances of US$0.9m (Ten months ended 31 December 2011: US$0.9m) and exchange gains on foreign currency cash balances of US$0.7m (Ten months ended 31 December 2011: US$Nil). In the ten months ended 31 December 2011 an exchange loss on foreign currency cash balances of US$2.1m was included in finance expense.

Capitalised exploration costs in the year of US$128.6m (31 December 2011: US$15.4m) were funded by existing cash, US$48.7m gross share placing proceeds received in March 2012, the receipt of the BP farm-out cash relating to back costs and working capital movements.

Chariot is fully funded to carry out our stated work programme through to the end of 2013 and all contractual commitments in all of our licences are funded through to 2014.

Conclusion

This past year has seen the Company take some bold steps forward which have served to further develop our asset base on a number of levels. We now have a strong foothold in three very interesting geological provinces for oil and gas exploration and have created a portfolio that contains a variety of regional plays; exploration success in any of these regions has the potential to deliver transformational value to the stakeholders in Chariot. We look forward to continuing our work and taking these assets through the value curve.

Philip Loader
Chairman
19 March 2013

Chief Executive's Review

The Company accumulated a significant amount of data during the last year. The well information from our Namibian drilling campaign, although unsuccessful, has materially improved our understanding of the petroleum systems in Namibia, and the extensive 3D seismic data in the Namibian Central blocks has led to the description of the giant potential that exists in this area. The additional assets in offshore Mauritania and Morocco included legacy data which allowed the Company to acquire an extensive 3D seismic programme in Mauritania. The improvement in understanding that these datasets have resulted in, and the broadening of the Chariot portfolio, means this has been a very interesting and exciting time to become CEO of Chariot. I look forward to progressing the exploration portfolio which will expose our shareholders to giant potential in the success case.

Growth through exploration – Chariot's strategy

The goal of the Company is to create transformational value through the discovery of material accumulations of hydrocarbons. In order to achieve this growth through exploration, the Company will take large equity positions in the early phases of exploration in new or emerging hydrocarbon provinces. To mitigate risk, we will develop these assets through levered partnering, portfolio diversity and the application of technology, all elements of which are evident in our current asset base. This approach ensures that the Company applies capital discipline throughout its projects.

Levered Partnering

As mentioned above, the Company aims to manage risk by leveraging all of its equity positions and securing partnerships to share in the costs and rewards of exploration going forward. This not only provides industry validation as to the quality of an asset, but it also means that we are able to use the additional capital, through the recovery of back costs, and payment of seismic or drilling contributions, to build the portfolio in other areas. We executed this successfully in the farm-out of block 2714A to Petrobras, which covered the costs of 3D seismic in the block, and BP which carried the majority of Chariot's costs on the Kabeljou-1 well.

Continuing with this methodology, the Company will be looking to execute the partnering process in its Namibian Northern and Central Areas this year. A data room has already opened for the Zamba prospect in the Northern Area and, should the partnering process be successful, the Company will be looking to drill this 375mmbbls gross mean prospective resource prospect in 2014.

In order to achieve the best optionality for the Company and to minimise its exposure to risk, Chariot considers it critical to ensure that its prospects are assessed and evaluated to the best of the Company's abilities prior to farm-out. In the Central Area, third party drilling activity will be taking place in adjoining acreage during 1H of this year on similar prospects to some of those within our acreage. As such, the Company considers it prudent to await these drilling results in order to inform our prospect selection. The data room for the Central Blocks, therefore, is anticipated to open in 3Q this year and, should the Company be successful in the partnering process, it will be looking to drill in 2014, subject to rig availability.

The Company also has the intention to partner in Mauritania and Morocco prior to drilling: in Mauritania following the interpretation of its 3,500km^2 seismic programme which is expected at year end 2013; and then in Morocco after reprocessing and interpreting its legacy 2D data across all blocks and subsequent design of any follow-on 3D seismic programme that may be required to fully describe the potential and secure favourable commercial terms.

Building on our work to date and moving forward

In terms of our upcoming activity, we have multiple value triggers within our longer term exploration programme and, within the nearer term, there will be regional third party news flow which will provide important information for the Company to incorporate into the understanding of the various petroleum systems and the development of its portfolio.

Whilst there is no drilling planned this year, the team will be carrying out a significant amount of work in order to prepare its various assets for their next stages of development. This will include:

- 11,000 km of 2D reprocessing and interpretation offshore Morocco, which will result in a prospective resource update in 3Q 2013 and be followed by the design of a 3D seismic programme
- receipt of the Pre Stack Depth Migration (PSDM) of the 3,500km^2 of 3D seismic data acquired offshore Mauritania with a subsequent resource update and initiation of partnering programme in 1H 2014
- the partnering process initiation in the Central Area offshore Namibia in 3Q 2013, already underway for the Northern Area
- the final evaluation of Kabeljou-1 well and forward plan for Southern Block 2714A to be agreed with our partners in 2Q 2013
- the planning of 3D seismic acquisition in the Southern Area in 4Q 2013, intended to commence in 2014, further to the identification of an interesting new play in this region

All this additional work will serve to de-risk and mature our portfolio towards partnering and drilling.

Alongside this activity, there will be several significant drilling programmes taking place this year in close proximity to our licences which have the potential to de-risk our prospects. HRT will be testing the deeper petroleum systems with 3 wells in Namibia. This activity will provide important information in the de-risking and targeting of prospects in the Central Blocks as well as help to outline the 3D seismic design of 2714B. In Mauritania, Tullow, Dana and Petronas will be commencing a 4 well drilling programme, 2 of which we believe will have read through potential into our Block. In Morocco, the drilling campaigns of Cairn and Kosmos will also provide near term activity that will inform the potential of both proven and new play systems which extend into Chariot acreage.

The Chariot team

Our in house team has a track record of successful partnering and securing industry funding, as evidenced by our farm-outs with Petrobras, BP and AziNam and we also have a proven ability to acquire exploration acreage ahead of our competitors. Our exploration team has extensive experience worldwide, having been involved in exploration operations in 31 different countries worldwide, including Namibia, Mauritania and Morocco. The team has been involved in over 40 discoveries to date, 14 of which were major. We are looking to replicate this success with Chariot.

New Ventures

Over the last 12 months we have doubled our acreage and we will continue to seek to add further opportunities to our asset base. We follow a stringent methodology in order to assess potential acreage and will continue to use this going forward. As noted, the focus is on regions that are underexplored but have working petroleum systems, though we will also consider niche opportunities that will provide the Company with competitive advantage.

Looking Forward

We consider Chariot's portfolio to hold giant prospectivity which has the potential to create transformational value. The Company is dedicated to delivering on its strategy and will be using the significant data accumulated this year to develop its asset portfolio. The Company will seek to balance risk through the validation and support of third party leveraged partnerships which in turn will enable the Company to guard its capital and continue to build the exploration portfolio. There are multiple value triggers that will occur during the course of the year with regional third party drilling activity providing read through to the Chariot portfolio as well as developments within our own programme. The Company will seek partners to support the continuation of its drilling campaign offshore Namibia in 2014, the commencement of drilling offshore Mauritania in 2015 and in Morocco in 2016.

With careful planning, an exceptional team and high quality acreage the Company intends to capitalise on our early mover position and to maximise value from our assets. I would like to thank our shareholders for their continued support and the Chariot team for their ongoing hard work. I look forward to reporting on our progress over the coming months.

Larry Bottomley
Chief Executive Officer
19 March 2013

Review of Operations

Namibia:

Chariot was one of the first oil and gas explorers to secure its licence areas offshore Namibia. As a result of this early entrance, Chariot holds a significant acreage position totalling 30,504km² (gross) and its four licences are strategically located across three geologically distinct basins.

Northern Area

Chariot holds a 100% interest in Blocks 1811A & B in the Northern Area.

Chariot drilled and successfully operated the Tapir South well in April to mid-May 2012. This drilling targeted two reservoir systems. The lower reservoir was encountered with good quality thick sands but the upper reservoir was poorly developed. The shallower source kitchen to the south was insufficiently mature to generate hydrocarbons, while the deeper source kitchen was clearly ineffective as Tapir South had no significant hydrocarbons. The well was plugged and abandoned.

Following the completion of the Tapir South well, Chariot undertook a petrophysical and seismic processing project to identify where oil charged sands might exist and, with the benefit of the calibration data from the well, seismic attributes have been revealed supporting the case for hydrocarbon charge into Tapir North. This is a stratigraphic trap and there is concern regarding seal failure updip to the east but leakage in this direction provides charge access to the adjacent Zamba prospect, the ultimate trap for migrating hydrocarbons. Zamba is a large four-way dip closure, interpreted to have a karstified carbonate target, with a salt seal and which is on trend and analogous with recent Angolan discoveries.

As a result of the post-well analysis, the Zamba prospect is now a priority target. The prospective resource volume has been reworked for the Zamba main prospect, with gross mean unrisked potential resources of 375mmbbls, with an upside of 540mmbbls should the wider Zamba complex, which would combine a variety of reservoirs within the area, be successful.

Forward Plan: The partnering process has been initiated in the Northern Area and updates on this will be provided as appropriate. Should this be successful, the Company plans to drill this prospect with a partner in 2014.

Central Area

Chariot holds a 90% interest and operatorship in the Central Area and is partnered by AziNam (10% interest) following the transfer of this interest from PGS to its associate company.

In the Central Area, the 3,500km² of 3D seismic data has been mapped and interpreted and the prospect and lead inventory initially defined from 2D data has been updated to reflect the new features and attributes that have been identified further to this work.

The Central area has two petroleum systems – a structurally deeper system which has synrift and deep marine source rocks that could potentially charge reservoirs interpreted as shallow water facies (reef and shelf edge plays); and a structurally shallower system, with deep water facies including a deep water source rock that has the potential to charge into clastic systems in basin floor fans and canyons that sit directly above this source system. Chariot has undertaken an evaluation of this area and has identified 19 targets that fall in 13 prospect areas in these two petroleum systems.

The prospective resources associated with these targets range from 150mmbbls – 1.1 billion barrels ("Bbbls"). The principal prospect in the deeper petroleum system has a gross mean prospective resource of 1.1Bbbls; and the main prospect in the shallower petroleum system has a gross mean prospective resource of 571mmbbls.

Forward Plan: Await the outcome of third party drilling in the area as this activity will target these source and reservoir systems and will therefore have a significant impact on which prospect is selected for drilling. Once these third party results are understood, Chariot intends to initiate a partnering process, secure a partner and if that is successful potentially drill in this area in 2014.

Southern Area

Chariot holds a 25% interest in 2714A (Petrobras 30% and operatorship, BP 45%) and a 100% equity in 2714B.

In the Southern area of Namibia, Chariot participated in the Kabeljou-1 well in late July to early September 2012 which drilled a large four-way dip closure and encountered poor to fair reservoirs in the target interval. No commercial hydrocarbons were found but significant shows were encountered above the section in the shallower source rocks that exist within the area. Chariot's analysis of the well results has highlighted significant potential and prospectivity of a shallower play in block 2714B which is supported by seismic facies which show characteristics of canyon head reservoirs. A 3D seismic survey is being planned to understand this potential in greater detail.

Forward Plan: Third party drilling in the area will be important as this will provide information on the effectiveness of the source in the deeper petroleum system and the charge risk on deeper, onlap traps that occur in 2714B below the canyon heads. Further to the results of the drilling, Chariot will determine whether to focus the 3D programme on the canyon heads only or whether to extend the survey to cover the deeper onlap play.

Final evaluation of the well results from the Kabeljou-1 well is still underway by Petrobras and an update to the prospect inventory in 2714A is pending further to the completion of this work which is expected at the end of March 2013. An update on the well evaluation results will be provided in due course followed by the forward plan as agreed with the partners in the block, expected in 2Q 2013.

Mauritania:

Mauritania is already a proven oil producing region with multiple discoveries made to date, further field developments are planned in the area and several wells are scheduled for drilling by other industry players this year.

Chariot holds a 90% interest and operatorship in Block C19 which spans 12,175km^2 (gross) offshore Mauritania. The Company is partnered with Société Mauritanienne des Hydrocarbures (SMH), the National Oil Company of Mauritania, which will participate with a 10% carried interest.

Licence overview

In Mauritania, Chariot's Block C19 is located in an established oil producing region and whilst relatively still immature, holds giant play potential. The producing Chinguetti field to the south demonstrates that a petroleum system exists within this region and Block C19 is located 40km north west of an oil discovery in the Aigrette well. Within the Block itself there are extensive natural slicks indicating oil seepage and two wells have been drilled, both of which had good oil shows. On the legacy 2D data, Chariot has identified three deepwater fan and canyon head plays which are analogous to the nearby Banda and Tiof fields, with Banda having reported resources in the region of 300mmboe.

A Jurassic arch runs through the central part of Block C19 and to the south and north of this are depocentres in which Cretaceous, Lower Tertiary and Upper Tertiary fan systems have been deposited. These fan systems are proven effective with the discoveries to the south in both Cretaceous and Upper Tertiary fans and occur in the southern part of Chariot's acreage, with three canyon head leads (as mentioned above), identified on the legacy 2D seismic data. These leads and play types have been targeted by the 3,500km^2 3D survey undertaken in the south-western area of the block, the acquisition of which was completed in January 2013. The final volumes of the Pre-Stack Depth Migration on this data is expected in November 2013 which will result in a resource update in 1Q 2014.

In Mauritania there will also be extensive third-party drilling activity during the course of this year and specific wells will target turbidite reservoirs that make up potential targets in Block C19. Further drilling is planned in 2014 in the ultra deepwater area which will also have some read through into the Chariot portfolio.

Forward Plan: Chariot has already received industry interest in its Mauritanian acreage and a partnering process will be initiated for drilling as soon as possible. Should this process be successful, it is anticipated that drilling will commence in 2015.

Morocco:

Following its entry into Mauritania, Chariot further expanded its asset base with the acquisition of a 75% interest and operatorship in blocks Loukos, Casablanca / Safi and Rabat Deep offshore Morocco which together span 16,207km^2 (gross). Morocco is an area of increasing interest to the oil and gas industry not only from a geologic perspective, but also through its competitive fiscal terms, supportive regulatory framework and excellent state oil company, ONHYM, with whom Chariot is partnered.

Licence overview

In its offshore Moroccan licences, Chariot's blocks are located near to historic onshore oil production, current onshore gas production and oil and gas condensate discoveries both onshore and offshore. The northern margin of Morocco is also thought to be geologically analogous to the conjugate Nova Scotia basin where significant discoveries have been made and where super majors are currently undertaking extensive exploration programmes. Chariot secured acreage in the northern part of Morocco prior to the entry of a number of other industry players and, whilst the Moroccan margin is relatively underexplored, the multiple play fairways and giant potential that Chariot has identified within its licences from 2D data are supported by success in the conjugate basin.

The Rabat Deep, Casablanca and Loukos licences are located over a Palaeozoic basin on which sits a Jurassic carbonate platform and an outboard Cretaceous deepwater basin. As a consequence, there are Palaeozoic plays, Jurassic carbonate plays and Cretaceous clastic plays. A biogenic gas play within the Pliocene foredeep to the Atlas fold belt is also present. The source rock in the Jurassic is modelled to be oil generating in Rabat Deep; there are extensive slicks and seeps on the block and seismic direct hydrocarbon indicators on the legacy 2D seismic data. To the north of the Loukos block, there are thermogenic gas discoveries both offshore and onshore and immediately to the east is the Pliocene biogenic gas play that is currently in production. Some 60km to the east of the Chariot acreage are Jurassic oil fields that were produced in the late '50s and '60s. These were sourced from the Jurassic and reservoired in the Jurassic and demonstrate that the hydrocarbon system works.

As in Namibia and Mauritania, there is a lot of third party activity that will be occurring in Morocco during the course of this year. A number of wells are expected by these third parties, and this drilling will target the Cretaceous deepwater systems and the Jurassic carbonate play that will have a read through to our Jurassic carbonate lead. The Jurassic carbonate bank lead identified in Rabat Deep covers an area of 107 km^2 and currently has a gross mean prospective resource estimate of 392mmbbls.

Forward Plan: Reprocess and interpret the 11,000km of legacy 2D data which will inform the understanding of the hydrocarbon systems and allow Chariot to design a 3D programme in 3Q this year before going to tender. The acquisition of this seismic is intended for 1Q 2014, leading to partnering and potential drilling in 2015.

Matthew Taylor
Director of Exploration
19 March 2013

Chariot Oil & Gas Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2012

	Notes	Year ended 31 December 2012 US$000	Ten months ended 31 December 2011 US$000
Share based payments	20	(1,793)	(2,382)
Impairment of exploration asset	11	(80,853)	-
Other administrative expenses		(7,476)	(5,554)
Total operating expenses		(90,122)	(7,936)
Loss from operations	**4**	**(90,122)**	**(7,936)**
Finance income	7	1,561	886
Finance expense	7	-	(2,109)
Loss for the period before taxation		**(88,561)**	**(9,159)**
Tax expense	9	-	-
Loss for the period and total comprehensive loss for the period attributable to equity owners of the parent		**(88,561)**	**(9,159)**
Loss per ordinary share attributable to the equity holders of the parent – basic and diluted	**10**	**US$(0.45)**	**US$(0.05)**

All amounts relate to continuing activities.

The notes on pages 16 to 29 form part of these financial statements.

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2012

	Share capital US$000	Share premium US$000	Contributed equity US$000	Share based payment reserve US$000	Foreign exchange reserve US$000	Retained deficit US$000	Total attributable to equity holders of the parent US$000
As at 1 March 2011	**2,857**	**135,360**	**796**	**3,278**	**(1,241)**	**(38,345)**	**102,705**
Total comprehensive loss for the period	-	-	-	-	-	(9,159)	(9,159)
Issue of capital	595	146,410	-	-	-	-	147,005
Issue costs	-	(6,262)	-	-	-	-	(6,262)
Share based payments	-	-	-	2,382	-	-	2,382
Transfer of reserves due to issue of LTIPS	5	377	-	(382)	-	-	-
Transfer of reserves due to exercised options	-	-	-	(889)	-	889	-
As at 31 December 2011	**3,457**	**275,885**	**796**	**4,389**	**(1,241)**	**(46,615)**	**236,671**
Total comprehensive loss for the year	-	-	-	-	-	(88,561)	(88,561)
Issue of capital	287	48,450	-	-	-	-	48,737
Issue costs	-	(1,994)	-	-	-	-	(1,994)
Share based payments	-	-	-	1,793	-	-	1,793
Transfer of reserves due to issue of LTIPS	14	1,327	-	(1,341)	-	-	-
As at 31 December 2012	**3,758**	**323,668**	**796**	**4,841**	**(1,241)**	**(135,176)**	**196,646**

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.
Contribution equity	Amount representing equity contributed by the shareholders.
Share based payments reserve	Amount representing the cumulative charge recognised under IFRS2 in respect of share options and LTIP schemes.
Retained deficit	Cumulative net gains and losses recognised in the financial statements.
Foreign exchange Reserve	Foreign exchange differences arising on translating into the reporting currency.

The notes on pages 16 to 29 form part of these financial statements.

Consolidated Statement of Financial Position as at 31 December 2012

	Notes	31 December 2012 US$000	31 December 2011 US$000
Non-current assets			
Exploration and appraisal costs	11	136,639	88,889
Property, plant and equipment	12	882	221
Total non-current assets		**137,521**	**89,110**
Current assets			
Trade and other receivables	13	2,922	20,465
Inventory	14	7,153	4,678
Cash and cash equivalents	15	68,257	128,990
Total current assets		**78,332**	**154,133**
Total assets		**215,853**	**243,243**
Current liabilities			
Trade and other payables	16	19,207	6,572
Total current liabilities		**19,207**	**6,572**
Total liabilities		**19,207**	**6,572**
Net assets		**196,646**	**236,671**
Capital and reserves attributable to equity holders of the parent			
Share capital	17	3,758	3,457
Share premium		323,668	275,885
Contributed equity		796	796
Share based payment reserve		4,841	4,389
Foreign exchange reserve		(1,241)	(1,241)
Retained deficit		(135,176)	(46,615)
Total equity		**196,646**	**236,671**

The notes on pages 16 to 29 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 19 March 2013.

Philip Loader
Chairman

Consolidated Cash Flow Statement for the Year Ended 31 December 2012

	Year ended 31 December 2012 US$000	Ten months ended 31 December 2011 US$000
Operating activities		
Loss for the period before taxation	(88,561)	(9,159)
Adjustments for:		
Finance income	(1,561)	(886)
Finance expense	-	2,109
Depreciation	187	171
Gain on sale of property, plant and equipment	-	(5)
Share based payments	1,793	2,382
Impairment of exploration asset	80,853	-
Net cash outflow from operating activities before changes in working capital	**(7,289)**	**(5,388)**
Increase in trade and other receivables	(1,614)	(720)
Increase in trade and other payables	1,625	347
Increase in inventories	(2,475)	(4,678)
Net cash outflow from operating activities	**(9,753)**	**(10,439)**
Investing activities		
Finance income	885	886
Payments in respect of property, plant and equipment	(848)	(19)
Farm-in proceeds	33,379	-
Payments in respect of intangible assets	(131,815)	(9,324)
Proceeds from disposal of property, plant and equipment	-	30
Net cash outflow used in investing activities	**(98,399)**	**(8,427)**
Financing activities		
Issue of ordinary share capital	48,737	147,005
Issue costs	(1,994)	(6,262)
Net cash inflow from financing activities	**46,743**	**140,743**
Net (decrease) / increase in cash and cash equivalents in the period	**(61,409)**	121,877
Cash and cash equivalents at start of the period	**128,990**	**9,222**
Effect of foreign exchange rate changes on cash and cash equivalent	676	(2,109)
Cash and cash equivalents at end of the period	**68,257**	**128,990**

The notes on pages 16 to 29 form part of these financial statements.

Notes forming part of the financial statements for the year ended 31 December 2012

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 PO Box 282, Regency Court, Glategny Esplanade, St Peter Port, Guernsey, GY1 3RH. The Group's administrative and 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.

2 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations, as issued by the International Accounting Standards Board (IASB), as adopted by the European Union.

In accordance with the provisions of section 244 of the Companies (Guernsey) Law 2008, the Group has chosen to only report the Group's consolidated position hence separate Company only financial statements are not presented.

The financial statements are prepared under the historical cost accounting convention on a going concern basis.

In the comparative period the Group changed its financial year end for administration purposes from 28 February to 31 December giving rise to a 10 month period. As a result financial information for the income statement and cash flow movements are not directly comparable.

Going concern

The Directors are of the opinion that the Group has adequate financial resources to enable it to undertake its planned programme of exploration and appraisal activities over the forthcoming twelve months.

New Accounting Standards

The Group has adopted the following amendment which is effective for the first time this year. The adoption of this amendment has had no material effect on the Group's accounting policies.

International Accounting Standards (IAS/IFRS)	**Effective period commencing on or after**
IAS 12 Amendment – Recovery of Underlying Assets	1 January 2012

Certain new standards, amendments to standards and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning after 1 January 2013 or later periods to which the Group has decided not to adopt early when early adoption is available. The implementation of these standards and amendments is expected to have no material effect on the Group's accounting policies. These are:

International Accounting Standards (IAS/IFRS)	Effective period commencing on or after
IFRS 7 Amendment – Transfer of Financial Asset	1 July 2012
IFRS 1 Amendment – Severe hyperinflation and removal of fixed dates	1 July 2012
IAS 1 Amendment – Presentation of Items of Other Comprehensive Income	1 July 2012
IFRS 10 – Consolidated Financial Statements	1 January 2013
IFRS 11 - Joint Arrangements	1 January 2013
IFRS 12 - Disclosure of Interests in Other Entities	1 January 2013
IFRS 13 - Fair Value Measurement	1 January 2013
IAS 27 - Separate Financial Statements	1 January 2013
IAS 28 - Investments in Associates and Joint Ventures	1 January 2013
IAS 19 – Employee Benefits	1 January 2013
IFRS 7 Amendment – Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
IFRS 1* Amendment – Government Loans	1 January 2013
Improvements to IFRS (2009-2011 Cycle)	1 January 2013
IFRS 10, 11 and 12* Amendments – Transition Guidance	1 January 2013
IFRIC 20 - Interpretation – Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
IAS 32 Amendment – Offsetting Financial Assets and Financial Liabilities	1 January 2014
IFRS 10,12 and IAS 27* Amendments – Investment Entities	1 January 2014
IFRS 9* - Financial Instruments	1 January 2015

* Not yet endorsed by the European Union

Exploration and appraisal costs

All expenditure relating to the acquisition, exploration, appraisal and development of oil and gas interests, including an appropriate share of directly attributable overheads, is capitalised within cost pools.

The Board regularly reviews the carrying values of each cost pool and writes down capitalised expenditure to levels it considers to be recoverable. Costs pools are determined on the basis of geological principles. The Group currently has five cost pools being Northern, Central and Southern Blocks in Namibia, Mauritania and Morocco. In addition where exploration wells have been drilled, consideration of the drilling results is made for the purposes of impairment of the specific well costs. If the results sufficiently enhance the understanding of the reservoir and its characteristics it may be carried forward when there is an intention to continue exploration and drill further wells on that target.

Where farm in transactions occur which include elements of cash consideration, for amongst other things the re-imbursement of past costs, this cash consideration should be credited to the relevant accounts within the cost pools where the farm in assets were located. Any amounts of farm in cash consideration in excess of the value of the historic costs in the cost pools should be treated as a credit to the Statement of Comprehensive Income.

Inventories

The Group's share of any material and equipment inventories is accounted for at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Taxation

Income tax expense represents the sum of the current tax and deferred tax charge for the period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that have been enacted or substantially enacted and are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Foreign currencies

Transactions in foreign currencies are translated into US Dollars at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into US Dollars at the closing rates at the reporting date and the exchange differences are included in the statement of comprehensive income. The functional and presentational currency of the parent and all group companies is the US Dollar.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or fair value on acquisition less depreciation and impairment. Depreciation is provided on a straight line basis at rates calculated to write off the cost less the estimated residual value of each asset over its expected useful economic life. The residual value is the estimated amount that would currently be obtained from disposal of the asset if the asset were already of the age and in the condition expected at the end of its useful life.

Property, plant and equipment are depreciated using the straight line method over their estimated useful lives over a range of 2.5 – 5 years.

The carrying value of property, plant and equipment is assessed annually and any impairment charge is charged to the statement of comprehensive income.

Operating Leases

Rent paid on operating leases is charged to the statement of comprehensive income statement on a straight line basis over the term of the lease.

Share based payments

Where equity settled share options are awarded to employees or Directors, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated income statement over the remaining vesting period.

Where shares already in existence have been given to employees by shareholders, the fair value of the shares transferred is charged to the consolidated statement of comprehensive income and recognised in reserves as Contribution Equity.

Basis of consolidation

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between the group companies are therefore eliminated in full.

Financial instruments

The Group's financial assets consist of a bank current account or short term deposits at variable interest rates and other receivables. Any interest earned is accrued and classified as finance income. Trade and other receivables are stated initially at fair value and subsequently at amortised cost.

The Group's financial liabilities consist of trade and other payables. The trade and other payables are stated initially at fair value and subsequently at amortised cost.

Jointly controlled operations

Jointly controlled operations are those in which the Group has certain contractual agreements with other participants to engage in joint activities that do not create an entity carrying on a trade or business on its own. The Group includes its share of assets, liabilities, and cash flows in joint arrangements, measured in accordance with the terms of each arrangement, which is usually pro rata to the Group's interest in the jointly controlled operations. The Group conducts its exploration, development and production activities jointly with other companies in this way.

Critical accounting estimates and judgements

The Group makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may deviate from these estimates and assumptions. If these estimates and assumptions are significantly over or under stated, this could cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The areas where this could impact the Group are:

i. Recoverability of intangible assets

Expenditure is capitalised as intangible assets by reference to appropriate cost pools, and is assessed for impairment when circumstances suggest that the carrying amount may exceed its recoverable value. This assessment involves judgement as to: (i) the likely future commerciality of the asset and when such commerciality should be determined; (ii) future revenues and costs pertaining to any asset based on proved plus probable, prospective and contingent resources; and (iii) the discount rate to be applied to such revenues and costs for the purpose of deriving a recoverable value.

ii. Treatment of farm-in transactions

All farm-in transactions are reflected in these financial statements in line with the accounting policy on Exploration and Appraisal Costs. Farm-in transactions are recognised in the financial statements if they are legally complete during the period under review or, if all key commercial terms are agreed and legal completion is only subject to administrative approvals which are obtained within the post balance sheet period or are expected to be obtained within a reasonable timeframe thereafter.

iii. Share based payments

In order to calculate the charge for share-based compensation as required by IFRS 2, the Group makes estimates principally relating to the assumptions used in its option-pricing model as set out in note 20.

3 Segmental analysis

The Group has two reportable segments being exploration of oil and gas and head office costs. The operating results of each of these segments are regularly reviewed by the Board of Directors in order to make decisions about the allocation of resources and assess their performance.

31 December 2012

	Exploration of Oil and Gas	**Head Office**	**Total**
	US$000	**US$000**	**US$000**
Share based payment	-	(1,793)	(1,793)
Administrative expenses	(539)	(6,937)	(7,476)
Impairment of exploration asset	(80,853)	-	(80,853)
Finance income	-	1,561	1,561
Loss after taxation	(81,392)	(7,169)	(88,561)
Additions to non-current assets	128,603	848	129,451
Total assets	146,224	69,629	215,853
Total liabilities	(16,701)	(2,506)	(19,207)
Net assets	129,523	67,123	196,646

31 December 2011

	Exploration of Oil and Gas	**Head Office**	**Total**
	US$000	**US$000**	**US$000**
Share based payment	-	(2,382)	(2,382)
Administrative expenses	(777)	(4,777)	(5,554)
Net finance expense	-	(1,223)	(1,223)
Loss after taxation	(777)	(8,382)	(9,159)
Additions to non-current assets	15,376	19	15,395
Total assets	113,449	129,794	243,243
Total liabilities	(5,105)	(1,467)	(6,572)

Net assets	108,344	128,327	236,671

4 Loss from operations

	31 December 2012	31 December 2011
	US$'000	US$'000
Loss from operations is stated after charging:		
Impairment of exploration asset	80,853	-
Operating lease – office rental	307	211
Depreciation	187	171
Share based payments – share option scheme	337	755
Share based payments – long term incentive scheme	1,456	1,627
Auditors' remuneration:		
Fees payable to the Company's auditors for the audit of the Company's annual accounts	69	69
Audit of the Company's subsidiaries pursuant to legislation	17	17
Fees payable to the Company's auditors for the review of the Company's interim accounts	11	-
Total payable	**97**	**86**

5 Leases commitments

	31 December 2012	31 December 2011
	US$'000	US$'000
Not later than one year	298	236
Later than one year and not later than five years	1,754	-
Total	**2,052**	**236**

The leases are operating leases in relation to the offices in the UK, Namibia and Mauritania.

6 Employment costs

Employees	31 December 2012	31 December 2011
	US$'000	US$'000
Wages and salaries	2,924	2,559
Pension costs	167	107
Share based payments	1,463	1,756
Sub-total	**4,554**	**4,422**
Capitalised to exploration costs	(1,216)	(1,093)
Total	**3,338**	**3,329**

Key Management Personnel	31 December 2012	31 December 2011
	US$'000	US$'000
Wages and salaries	1,843	1,416
Pension costs	14	10

Payments in lieu of notice / Compromise payment	846	-
Share based payments	330	626
Sub-total	**3,033**	**2,052**
Capitalised to exploration costs	(517)	(626)
Total	**2,516**	**1,426**

The Directors are the key management personnel of the Group. Details of the Directors' emoluments and interest in shares are shown in the Directors' Remuneration Report.

7 Finance income and expense

Finance income	**31 December 2012**	**31 December 2011**
	US$'000	**US$'000**
Bank interest receivable	885	886
Foreign exchange gain	676	-
Total	**1,561**	**886**

Finance expense	**31 December 2012**	**31 December 2011**
	US$'000	**US$'000**
Foreign exchange loss	-	2,109
Total	**-**	**2,109**

8 Investments

The Company's wholly owned subsidiary undertakings at 31 December 2012 and 31 December 2011, excluding dormant entities, were:

Subsidiary undertaking	**Principal activity**	**Country of incorporation**
Chariot Oil & Gas Investments (Namibia) Limited	Holding company	Guernsey
Chariot Oil & Gas Investments (Mauritania) Limited[1]	Oil and gas exploration	Guernsey
Chariot Oil & Gas Investments (Morocco) Limited[1]	Oil and gas exploration	Guernsey
Chariot Oil & Gas Statistics Limited	Service company	UK
Enigma Oil & Gas Exploration (Proprietary) Limited[2]	Oil and gas exploration	Namibia

[1]Incorporated in the year ended 31 December 2012.
[2]Indirect shareholding of the Company.

9 Taxation

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

No taxation charge arises in Namibia or Mauritania as the relevant subsidiaries have recorded taxable losses for the year.

Factors affecting the tax charge for the current year

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

	31 December 2012	**31 December 2011**
	US$'000	**US$'000**
Tax reconciliation		
Loss on ordinary activities for the year before tax	(88,561)	(9,159)
Loss on ordinary activities at the standard rate of corporation tax in Guernsey of 0% (31 December 2011: 0%)	-	-
Difference in tax rates in local jurisdictions at the applicable tax rate of 35% (31 December 2011:35%)	(162)	(230)
Deferred tax effect not recognised	162	230
Total taxation charge	**-**	**-**

The Company had tax losses carried forward on which no deferred tax asset is recognised. Deferred tax not recognised in respect of losses carried forward in Namibia total US$1,957,003 (31 December 2011: US$1,563,387). Deferred tax assets were not recognised as there is uncertainty regarding the timing of future profits against which these assets could be utilised.

10 Loss per share

The calculation of basic loss per ordinary share is based on a loss of US$88,561,000 (31 December 2011: loss of US$9,159,000) and on 196,527,961 ordinary shares (31 December 2011: 177,122,359), being the weighted average number of ordinary shares in issue during the year. Potentially dilutive options are detailed in note 20, however these do not have any dilutive impact 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

	31 December 2012	**31 December 2011**
	US$000	**US$000**
Balance brought forward	**88,889**	**92,661**
Additions	128,603	15,376
Farm-in proceeds	-	(19,148)
Impairment	(80,853)	-
Net book value	**136,639**	**88,889**

As at 31 December 2012 the net book values of the five cost pools are Northern Block offshore Namibia US$33.3m (31 December 2011: US$29.4m), Central Block offshore Namibia US$40.8m (31 December 2011: US$27.8m), Southern Block offshore Namibia US$42.0m (31 December 2011: US$31.7m), Mauritania US$20.3m (31 December 2011: US$nil) and Morocco US$0.2m (31 December 2011: US$nil).

The impairment is in respect of drilling the Tapir South Well in the Northern Block offshore Namibia.

12 Property, plant and equipment

	Fixtures, fittings and equipment	Fixtures, fittings and equipment
	31 December 2012	31 December 2011
	US$'000	US$'000
Cost		
Brought forward	737	805
Additions	848	19
Disposals	-	(87)
Carried forward	1,585	737
Depreciation		
Brought forward	516	406
Charge	187	171
Disposals	-	(61)
Carried forward	703	516
Net book value	**882**	**221**

13 Trade and other receivables

	31 December 2012	31 December 2011
	US$'000	US$'000
Other receivables and prepayments	**2,922**	**20,465**

US$nil (31 December 2011: US$19,148,000) of the other receivables and prepayments balance relates to back costs to be recovered from a farm-in partner.

14 Inventory

	31 December 2012	31 December 2011
	US$'000	US$'000
Wellheads and casing	**7,153**	**4,678**

15 Cash and cash equivalents

	31 December 2012	31 December 2011
Analysis by currency	US$'000	US$'000
US Dollar	61,854	101,872
Sterling	6,274	27,072
Namibian Dollar	94	46
Mauritanian Ouguiya	35	-
	68,257	**128,990**

At 31 December 2012 the US Dollar cash balance contains US$10.0m and US$1.0m of cash deposits that are secured against bank guarantees given in respect of work to be carried out respectively on the Mauritanian and Moroccan licences. In March 2013 US$7.5m of the cash

secured against the bank guarantee in respect of the Mauritanian licence was approved to be released by the Mauritanian Energy Ministry.

16 Trade and other payables

	31 December 2012	31 December 2011
	US$'000	**US$'000**
Trade payables	6,790	2,142
Accruals	12,417	4,430
	19,207	**6,572**

17 Share capital

	Authorised			
	31 December 2012	**31 December 2012**	**31 December 2011**	**31 December 2011**
	Number	**US$'000**	**Number**	**US$'000**
Ordinary shares of 1p each*	**400,000,000**	**7,980**	**400,000,000**	**7,980**

	Allotted, called up and fully paid			
	31 December 2012	**31 December 2012**	**31 December 2011**	**31 December 2011**
	Number	**US$'000**	**Number**	**US$'000**
Ordinary shares of 1p each	**200,641,135**	**3,758**	**181,649,221**	**3,457**

* The authorised and initially allotted and issued share capital on admission (19 May 2008) has been translated at the historic rate of US$:GBP of 1.995. The shares issued since admission have been translated at the date of issue, or in the case of the LTIP, the date of grant.

Details of the ordinary shares issued are in the table below:

Date	**Description**	**Price US$**	**No of shares**
28 February 2011	**Opening Balance**		**144,833,578**
7 March 2011	Issue of shares as part of LTIP	0.56	227,142
1 April 2011	Issue of capital at £2.50	4.08	35,958,376
3 June 2011	Issue of shares as part of LTIP	1.70	85,000
8 August 2011	Issue of shares as part of LTIP	1.95	10,000
1 September 2011	Exercise of options at £0.385	0.63	500,000
29 November 2011	Issue of shares as part of LTIP	2.92	35,125
31 December 2011			**181,649,221**
13 January 2012	Issue of shares as part of LTIP	0.42	187,333
6 February 2012	Issue of shares as part of LTIP	0.45	210,750
7 February 2012	Issue of shares as part of LTIP	4.38	126,450
9 March 2012	Issue of shares as part of LTIP	4.38	35,599
9 March 2012	Issue of shares as part of LTIP	0.57	209,406
20 March 2012	Issue of shares at £1.70 in Placing	2.69	18,110,400
15 June 2012	Issue of shares as part of LTIP	1.70	19,683
20 June 2012	Issue of shares as part of LTIP	1.70	52,488
19 July 2012	Issue of shares as part of LTIP	4.38	7,000

28 November 2012	Issue of shares as part of LTIP	2.92	32,805
31 December 2012			**200,641,135**

18 Related party transactions

- Key management personnel comprises the Directors and details of their remuneration are set out in note 6 and the Directors' Remuneration Report.

- Westward Investments Limited is a company where Robert Sinclair is a Director and which is owned by a discretionary trust of which Adonis Pouroulis is one of a number of beneficiaries. During the year ended 31 December 2012 Westward received administrative services from an employee of Chariot for which Westward incurred fees payable to Chariot of US$15,083 (31 December 2011: US$10,088). The amount outstanding as at 31 December 2012 is US$2,559 (31 December 2011: US$983).

- Benzu Resources Limited, is a company where Adonis Pouroulis is a Director. During the year ended 31 December 2012 Benzu received administrative services from an employee of Chariot for which Benzu incurred fees payable to Chariot of US$15,352 (31 December 2011: US$10,088). The amount outstanding as at 31 December 2012 is US$10,719 (31 December 2011: US$983).

- Pursuant to an agreement dated 1 October, 2007, Artemis Trustees Limited, a company where Robert Sinclair is a Director and ultimately a shareholder, was appointed by the Company to provide administration secretarial services. In the year ended 31 December 2012 the Company incurred fees relating to these services totalling US$21,789 (31 December 2011: US$92,045). The amount outstanding as at 31 December 2012 is US$Nil (31 December 2011: US$15,816).

- Pella Ventures Limited, a company of which Robert Sinclair is a Director provided administrative services to Chariot. During the year ended 31 December 2012 the fees payable by the Company totalled US$Nil (31 December 2011 – US$159,965). The amount outstanding as at 31 December 2012 is US$Nil (31 December 2011: US$Nil).

- During the year ended 31 December 2012, Helios Oil and Gas Limited ("Helios"), a company where Adonis Pouroulis is a Director, paid Chariot US$4,759 (31 December 2011 – US$97,442) in relation to the reimbursement of costs incurred by Chariot on its behalf. In addition Chariot paid Helios US$143,525 (31 December 2011 – US$Nil) in relation to the reimbursement of costs incurred by Helios on its behalf. The amount outstanding from Helios as at 31 December 2012 is US$4,759 (31 December 2011: US$1,188).

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 31 December 2012 no trading in financial instruments was undertaken (31 December 2011 – 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 year the Group has held surplus funds on deposit, principally with its main relationship bank Barclays, on fixed short to medium term deposits covering periods of one month to twelve months. The Group does not undertake any form of speculation on long term interest rates or currency movements, therefore it manages market risk by maintaining a short term investment horizon and placing funds on deposit to optimise short term yields where possible, but moreover to ensure that it always has sufficient cash resources to meet payables and other working capital requirements when necessary. As such market risk is not viewed as a significant risk to the Group. The Directors have not disclosed the impact of interest rate sensitivity analysis on the Groups financial assets and liabilities at the year end as the risk is not deemed to be material.

Currency risk

The Group has very limited currency risk in respect of items denominated in foreign currencies. Currency risk comprises of transactional exposure in respect of operating costs and capital expenditure incurred in currencies other than the functional currency of operations.

This transactional risk is managed by the Group holding the majority of its funds in US Dollars to recognise that US Dollars is the trading currency of the industry, with an appropriate balance maintained in Sterling, Namibian Dollars and Mauritanian Ouguiya to meet other non-US Dollar industry costs and on-going corporate and overhead commitments.

At the year end, the Group had cash balances of US$68.3m (31 December 2011: US$129.0m) as detailed in note 15.

Other than the non-US Dollar cash balances described in note 15, no other financial instrument is denominated in a currency other than US Dollars. A 10% adverse movement in exchange rates would lead to a foreign exchange loss of US$641,000, and a 10% favourable movement in exchange rates would lead to a corresponding gain, the effect on net assets would be the same as the effect on profits (31 December 2011 – US$2,712,500).

Capital

In managing its capital, the Group's primary objective is to maintain a sufficient funding base to enable it to meet its working capital and strategic investment needs. The Group currently holds sufficient capital to meet its on-going needs for at least 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 twelve months with institutions that are rated no lower than A by Standard and Poor's. This process enables the Group to optimise the yield on its cash resources whilst ensuring that it always has sufficient liquidity to meet payables and other working capital requirements when these become due.

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

Credit risk

The Group's policy is to perform appropriate due diligence on any party with whom it intends to enter into a contractual arrangement. Where this involves credit risk, the company will put in place measures that it has assessed as prudent to mitigate the risk of default by the other party. This would consist of instruments such as bank guarantees and letters of credit or charges over assets.

A Group company currently acts as Operator in a Joint Venture relationship on one of the Group's licences and therefore from time to time is owed money from its Joint Venture partner. The Joint Venture partner, which has a 10% interest in the Licence, is an entity which is 48% owed by one of the world's largest and most financially robust seismic and geoscience companies. As such the Group has not put in place any particular Credit Risk measures in this instance as the Directors view the risk of default on any payments due from the Joint Venture partner as being very low.

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:

	31 December 2012	31 December 2011
	US$'000	US$'000
Share Option Scheme	337	755

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.

	31 December 2012	31 December 2011
	Number of Options	Number of Options
Outstanding at beginning of period	**5,400,000**	5,650,000
Granted during the period	**-**	250,000
Exercised during the period	**-**	(500,000)
Outstanding at the end of the period	**5,400,000**	5,400,000
Exercisable at the end of the period	**5,150,000**	3,650,000

The range of the exercise price of share options exercisable at the year-end falls between US$0.40 (25p) – US$2.09 (130p) (2011 – US$0.42 (26p) – US$2.09 (130p)).

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:

Date of grant	**Estimated fair value**	**Share price**	**Exercise price**	**Expected volatility**	**Expected life**	**Risk free rate**	**Expected dividend**
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%
1 June 2010	£0.89	£1.29	£1.15	80%	5 years	4.3%	0%
17 August 2010	£0.71	£1.09	£1.19	80%	5 years	4.3%	0%
1 September 2011	£0.87	£1.29	£1.25	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 ("LTIP")

The Plan provides for the awarding of shares to employees for nil consideration. The award will lapse if an employee leaves employment. The shares will vest in equal installments over a 3 year period.

The Group recognised a charge under the plan for the year to 31 December 2012 of US$1,456,000 (31 December 2011: US$1,627,000).

The following table sets out details of all outstanding share awards under the LTIP:

	31 December 2012	31 December 2011
	Number of awards	**Number of awards**
Outstanding at beginning of period	**1,867,327**	**1,674,094**
Granted during the period	5,347,361	554,100
Shares issued for no consideration during the period	(881,514)	(357,267)
Lapsed during the period	(68,000)	(3,600)
Outstanding at the end of the period	**6,265,174**	**1,867,327**
Exercisable at the end of the period	**130,142**	**433,333**

21 Contingent liabilities

From the 30 December 2011 the Namibian tax authorities introduced a withholding tax of 25% on all services provided by non-Namibian entities which are received and paid for by Namibian residents. As at 31 December 2012, based upon independent legal and tax opinions, the Group has no withholding tax liability. Any subsequent exposure to Namibian withholding tax will be determined by how the relevant legislation evolves in the future and the contracting strategy of the Group, in licences where it operates, and the contracting strategy of its partners, in licences where it does not operate.