CHARIOT OIL & GAS

Interim Results

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Immediate Release **05 November 2010**

Chariot Oil & Gas Limited

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

Interim Results

Chariot Oil & Gas Limited (AIM: CHAR) an independent oil and gas exploration group, today announces its unaudited interim results for the period ended 31 August 2010.

Highlights during period:

- Increase in gross mean unrisked prospective resources from 5.2 to 8.5 billion barrels with additional Central block volumes
- Processed 3D seismic received for both the Northern (1811 A&B) and Southern (2714 A&B) blocks
- Renewal phase granted for blocks 1811 A&B and 2714A
- Number of dataroom attendees exceeds expectations
- George Canjar and Philip Loader appointed as Non-Executive Directors

Post Period Highlights:

- Gross mean unrisked prospective resources further increased to 10.1 billion barrels (8.2 billion barrels net to Chariot)
- Independent CPR by Netherland, Sewell & Associates verifies resource potential
- Chariot determines an Expected Monetary Value ("EMV") of £4.6 billion (P50) - corresponding to £5.98/bbl (US$9.27/bbl) per net risked bbl
- Adonis Pouroulis appointed as Non-Executive Chairman
- Further development of hydrocarbon charge story
- Second dataroom opened in London to accommodate all interested parties

Paul Welch, CEO of Chariot commented:
"I am very pleased to present Chariot's latest interim results and provide an update on our progress and plans. We are moving into an exciting phase of the Company's development cycle - the coming year is one of great potential where we hope to further transform the Company by continuing to de-risk our portfolio and capitalise on our position in what we consider to be one of the last frontiers in oil exploration. Our work to date has continued to support our belief in the prospectivity of offshore Namibia and we look forward to proving this up further over the coming months."

There will be an analysts' presentation at Buchanan's offices at 9.30am today. A webcast of today's presentation to investors will be available on the website www.chariotoilandgas.com later today.

For further information please contact:

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Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

Chief Executive's Review

It is a pleasure to present Chariot's interims for the period ended 31 August 2010. The work undertaken in the past six months has continued to enhance the prospectivity of our portfolio and we are delighted with the responses that we have had in both our dataroom from potential industry partners and from the investor community as a result. We were very happy to receive the Competent Person's Report from Netherland, Sewell and Associates Inc. (NSAI) post period end which corroborated our previously reported mean resource volumes and highlighted the potential for offshore Namibia to become a significant hydrocarbon province. The report also enabled us to determine an Expected Monetary Value of £4.6 billion (P50) which corresponds to £5.98/bbl (US$9.27/bbl) per net risked bbl. This was the first time we have provided a representative value for our assets and served to further underpin our investment case.

We were also very pleased to welcome both George Canjar and Philip Loader to the Board recently, along with the move of Adonis Pouroulis to the position as Non-Executive Chairman. We have a strong team in place to take the Company through its next phase of development.

Exploration progress and plans

During the period under review, we received the processed seismic information for the 3D programmes acquired in the Northern and Southern blocks. Following interpretation of this data, we announced a further resource upgrade from the previously reported 8.5 billion barrels to a gross mean unrisked volume of 10.1 billion barrels (8.2 billion bbls net to Chariot), with an inventory of 11 prospects and 6 leads. As noted above, these volumes were later validated by the CPR we received from NSAI in October 2010. In addition we also reported mean risked resource potential volumes of 1.13 billion bbls (0.85 billion bbls net to Chariot).

The new 3D seismic data sets are very encouraging to our exploration efforts. Both data sets show evidence of Direct Hydrocarbon Indicators (DHI's) and further work is currently being done to quantify the significance of these responses. When this work is concluded an update of the individual prospect risking will be completed. A great deal of work has been done by Chariot on the hydrocarbon source for the identified prospects. As a result the charge history of the basins indicate that Chariot's licences are situated within the oil window at multiple sourcing horizons. The prospect portfolio includes several large structural traps and combination structural/stratigraphic closures all of which are expected to be oil prone. As stated above, the acquired seismic data combines evidence of these large structures along with direct hydrocarbon indicators.

In the Northern blocks, 1811A&B, the First Renewal Phase commenced on 27 October 2010. Within this phase, which runs until 26 October 2012, Chariot has committed to perform further 3D seismic interpretations, economic evaluation, determine well location and design, and subsequently rig procurement. Current activity also includes evaluating the extent of source rock and kitchen mapping as well as further building the inventory both on a reserves and risking basis.

In the Central blocks, 2312A&B and the Northern halves of 2412A&B, evaluation of source rock and kitchen mapping has been completed. Work is planned to mature the leads identified to date into prospects and management is currently considering a 3D seismic acquisition programme across the areas of specific interest in order to effect this. The First Renewal Phase commences on the 31 August 2011 for these licences.

In the Southern block, 2714A, Chariot continues to work closely with Petrobras. Sedimentological and geochemical analyses along with petroleum basin modelling efforts are underway. The First Renewal Phase commences on 31 August 2011 for this licence too.

In the other Southern block, 2714B, Chariot also entered the First Renewal Phase on 27 October 2010 and as with the North, has commitments to perform further 3D seismic interpretation, economic evaluation, determine well location and design, and subsequently rig procurement.

We had to relinquish some of our acreage position post period, in order to move into the First Renewal Phase for blocks 1811A&B and 2714B. Chariot now holds 30,503km² which is the second largest position offshore Namibia (after the Namibian State Oil Company, Namcor). Our resource volumes remained unchanged as this did not affect our prospect and lead inventory. We were pleased to receive approval to move into the next phase so quickly and we continue to enjoy a good working relationship with the Namibian government.

In summary, we are continuing with our aggressive exploration programmes across all blocks and as we have stated, it remains our objective to drill as soon as possible

CPR

We announced the results of the CPR on 28 October 2010. In compiling the report, NSAI undertook a geologic risk assessment on the 11 prospects and 6 leads inventory as identified by Chariot and conducted an independent review of the individual prospect and lead risking. NSAI's risking was slightly improved from Chariot's own risking in that the average Probabilities of Success increased. We continue to conduct 3D seismic analysis, and as NSAI stated, the results of this analysis may further reduce prospect risk. The results of this are expected to be completed during the 4th Quarter of 2010. As we noted previously, it is a testament to the work that has been undertaken to date that resource figures similar to Chariot's own calculations were generated by a third party, underscoring both the credibility of our in house technical team and the significant value held within the Company's licence areas.

Dataroom Update

As previously announced, we have invited a select number of potential partners to review technical information on the Company's assets with a view to agreeing a farm in contract on one or more of the Company's projects. The dataroom visits have been going very well with excellent levels of interest from a range of blue chip companies. Due to unprecedented demand the dataroom schedule has been extended by 3 additional weeks and is now fully booked until the end of November. As well as scheduling new entrants, repeat visits have required that a second dataroom be opened in our London offices to accommodate all interested parties. As a result of this response, it is unlikely that a farm-in agreement will be concluded in the final quarter of the year so timing on this is expected to shift into early 2011. The feedback continues to be positive and management is delighted with the responses received to date.

Balancing the risk portfolio

Chariot has continued to seek other nearer term development opportunities in order to balance the risk profile and bring cashflow into the portfolio. Work has progressed in this regard, with the Chariot technical and commercial team having reviewed numerous opportunities and a number of prospects continue to be evaluated. Africa remains the focus of this objective and the Company will update the market as required.

Financial results

The Company incurred an operating loss excluding share based payments of US$1.74m (2009 - US$1.49) for the six months ended 31 August 2010. The administrative expenses were US$1.76m (2009 - US$1.82m) for the period.

Capitalised exploration costs for the six months totalled US$2.9m which is primarily related to the processing and interpretation of 3D seismic data.

The Company is debt free and held cash balances of US$13.36m at 31 August 2010 (US$16.2m at 28 February 2010).

The receivable due from Petrobras in relation to the recharge of costs was US$0.67m as at 31 August 2010. As at 29 October 2010, the Group had received US$0.52m of this balance.

Looking forward

I, along with the Chariot team, look to the coming year with confidence. We look forward to reporting on a number of developments as outlined above as we seek to further define and enhance the value we believe is present within our offshore Namibia asset portfolio.

Paul Welch
CEO
04 November 2010

INDEPENDENT REVIEW REPORT TO CHARIOT OIL & GAS LIMITED

Introduction

We have been engaged by the company to review the condensed set of unaudited financial statements in the half-yearly financial report for the six months ended 31 August 2010 which comprises the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated cash flow statement and consolidated statement of changes in equity, together with the related explanatory notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the set of financial statements.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the set of financial statements in the half-yearly financial report for the six months ended 31 August 2010 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

BDO LLP
Chartered Accountants and Registered Auditors
London
United Kingdom
Date: xx November 2010

BDO LLP is a limited liability partnership in England and Wales (with registered number OC305127)

Chariot Oil & Gas Limited
Consolidated Statement of Comprehensive Income for the six months ended 31 August 2010

	Notes	Six months ended 31 August 2010	Six months ended 31 August 2009	Year ended 28 February 2010
		US$000	US$000	US$000
		Unaudited	Unaudited	Audited
Other administrative expenses		(1,762)	(1,823)	(3,028)
Share based payments expensed		(618)	-	(195)
Total administrative expenses		(2,380)	(1,823)	(3,223)
Loss from operations		(2,380)	(1,823)	(3,223)
Finance income		24	331	97
Loss before taxation		**(2,356)**	(1,492)	(3,126)
Tax expense		-	-	-
Loss for the financial period attributable to the equity holders of the parent		**(2,356)**	(1,492)	(3,126)
Other comprehensive income				
Foreign exchange on translation of subsidiaries net assets		-	(403)	(56)
Total comprehensive income for the financial period attributable to equity holders of the parent		**(2,356)**	(1,895)	(3,182)
Basic and diluted loss per ordinary share	3	(US$0.02)	(US $0.01)	US$(0.02)

Chariot Oil & Gas Limited
Consolidated Statement of Financial Position as at 31st August 2010

	Notes	31 August 2010	31 August 2009	28 February 2010
		US$000	**US$000**	US$000
		Unaudited	**Unaudited**	Audited
Assets				
Non- current assets				
Intangible assets	4	91,173	82,981	88,582
Property, plant and equipment		416	309	486
		91,589	**83,290**	**89,068**
Current Assets				
Trade and other receivables		1,018	9,534	723
Cash and cash equivalents		13,355	19,462	16,226
		14,373	**28,996**	**16,949**
Total assets		**105,962**	**112,286**	**106,017**
Liabilities				
Current Liabilities				
Trade and other payables		538	5,658	480
Total Liabilities		**538**	**5,658**	**480**
Total Net Assets		**105,424**	**106,628**	105,537
Equity				
Share capital	5	2,849	2,802	2,802
Share premium		134,787	133,209	133,209
Share based payment reserve	6	2,607	5,128	4,956

Exchange reserve		(1,241)	(1,588)	(1,241)
Retained earnings		(33,578)	(32,923)	(34,189)
Total Equity		**105,424**	**106,628**	**105,537**

All amounts are attributable to the equity shareholders

Chariot Oil & Gas Limited
Consolidated Cash Flow Statement - six months ended 31 August 2010

	Six months ended 31 August 2010	Six months ended 31 August 2009	Year ended 28 February 2010
	US$000	US$000	US$000
	Unaudited	Unaudited	Audited
Operating activities			
Loss for the year before taxation	(2,356)	(1,492)	(3,126)
Add back:			
Finance income	(24)	(73)	(97)
Unrealised foreign exchange differences	(35)	(258)	(189)
Share based payment expense	618	-	195
Depreciation	28	-	11
Net cash outflow from operating activities before changes in working capital	**(1,769)**	**(1,823)**	**(3,206)**
Increase in trade and other receivables	(295)	(143)	(601)
Decrease in trade and other payables	(98)	(168)	(7,892)
Net cash outflow used in operating activities	**(2,162)**	**(2,134)**	**(11,699)**
Investing activities			
Finance income	24	73	97
Payments in respect of property, plant and equipment	(26)	(100)	(403)
Payments in respect of intangible assets	(2,367)	(23,121)	(16,847)
Proceeds in respect of intangible assets	-	16,039	16,039
Cash outflow used in investing activities	**(2,369)**	**(7,109)**	**(1,114)**
Financing activities			
Issue of ordinary share capital	1,625	-	-
Net cash inflow from financing activities	**1,625**	**-**	**-**
Net decrease in cash and cash equivalents in the period	**(2,906)**	**(9,243)**	**(12,813)**
Cash and cash equivalents at start of the period	**16,226**	28,850	28,850
Effect of foreign exchange rate changes	35	(145)	189
Cash and cash equivalents at end of the period	**13,355**	**19,462**	**16,226**

Chariot Oil & Gas Limited

Consolidated statement of changes in equity for the six months ended 31 August 2010

	Share Capital	**Share Premium**	**Share based payment reserve**	**Exchange Reserve**	**Retained Losses**	**Total**
	US$000	US$000	US$000	US$000	US$000	US$000
As at 28 February 2009	**2,802**	**133,209**	**4,405**	**(1,185)**	**(34,431)**	**107,800**
Total comprehensive income for the period	-	-	-	(403)	(1,492)	(1,895)
Share based payments	-	-	723	-	-	723

As at 31 August 2009	**2,802**	**133,209**	**5,128**	**(1,588)**	**(32,923)**	**106,628**
Total comprehensive income for the period	**-**	**-**	**-**	**347**	**(1,438)**	**(1,091)**
Share based payments	**-**	**-**	**196**	**-**	**(196)**	**-**
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**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(1,738)**	**(1,738)**
Share based payments	**-**	**-**	**618**	**-**	**(618)**	**-**
Issue of capital	**47**	**1,578**	**-**	**-**	**-**	**1,625**
Transfer of reserves due to lapsed/exercised options and warrants	**-**	**-**	**(2,967)**	**-**	**2,967**	**-**
As at 31 August 2010	**2,849**	**134,787**	**2,607**	**(1,241)**	**(34,301)**	**105,424,**

All amounts are attributable to the equity shareholders

Chariot Oil & Gas Limited

Notes to the Interim Statements for the six months ended 31 August 2010

1. **Accounting policies**

Basis of preparation

The condensed interim financial statements have been prepared using policies based on International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board (IASB) as adopted for use in the EU.

The condensed interim financial information has been prepared using the accounting policies which will be applied in the Group's statutory financial statements for the year ended 28 February 2011. The Group has not adopted IAS 34: Interim financial reporting in the preparation of the interim financial statements.

2. **Financial reporting period**

The condensed interim financial information for the period 1 March 2010 to 31 August 2010 is unaudited. The financial statements incorporate unaudited comparative figures for the interim period 1 March 2009 to 31 August 2009 and the audited financial year to 28 February 2010.

The financial information contained in this interim report does not constitute statutory accounts as defined by section 243-245 of the Companies (Guernsey) Law 2008.

The comparatives for the full year ended 28 February 2010 are not the Group's full statutory accounts for that year. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified; did not contain references to matters to which the auditors drew attention by way of emphasis and did not contain a statement under section 263 (3) of the Companies (Guernsey) Law 2008.

3. **Loss per share**

The calculation of the basic earnings per share is based on the loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

	Six months ended 31 August 2010	Six months ended 31 August 2009	Year ended 28 February 2010
	US$000	US$000	US$000
Loss for the period	(2,356)	(1,492)	(3,126)
Weighted average number of shares	142,352,602	141,173,471	141,173,471
Loss per share, basic and diluted.	**($0.02)**	$(0.01)	$(0.02)

Inclusion of the potential ordinary shares would result in a decrease in the loss per share they are considered to be anti dilutive, as such, a dilutive earnings per share is not included.

4. **Intangible assets**

	At 31 August 2010	At 31 August 2009	At 28 February 2010
	US$000	US$000	US$000
Balance brought forward	**88,582**	86,991	86,991
Additions	2,591	12,029	17,630
Disposal of interest	-	(16,039)	(16,039)
Net book value	**91,173**	**82,981**	**88,582**

5. Share capital

	Allotted, called up and fully paid					
	At 31 August 2010	**At 31 August 2010**	At 31 August 2009	At 31 August 2009	28 February 2010	28 February 2010
	Number	**US$'000**	Number	US$'000	Number	US$'000
Ordinary shares of 1p each	144,330,245	2,849	141,173,471	2,802	141,173,471	2,802

Details of the ordinary shares issued during the 6 month period to 31 August 2010 are given in the table below:

Date	Description	Price US$	No of shares
28 February 2010	Opening Balance		141,173,471
20 May 2010	Exercise of warrants at £0.65	0.94	68,547
27 May 2010	Exercise of warrants at £0.65	0.94	274,191
4 June 2010	Exercise of options at £0.385	0.58	100,000
28 June 2010	Exercise of options at £0.385	0.58	100,000
29 June 2010	Exercise of warrants at £0.30	0.45	2,614,036
At 31 August 2010			**144,330,245**

The shares are legally 1p ordinary shares. The share capital has been translated at the historic rate at the date of issue.

6. Options and Warrants

Share Option Scheme

During the six months ended 31 August 2010, the Company issued 500,000 options, 100,000 options were forfeited and 200,000 options were exercised. The share options outstanding are 5,740,000.

Long term incentive scheme

During the period, 255,000 share awards have been made to employees. The shares will vest in equal installments over a 3 year period and the share price at the date of grant was 109p. The total of all outstanding long term incentive awards is 1,786,427.

Share based payments continued

Warrants

Since the year end, 2,653,281 warrants lapsed and 2,956,774 warrants were exercised. There are no longer any warrants on issue.

7. Post balance sheet events

There are no post balance sheet events to disclose.

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