20 March 2012

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 ten months ended 31 December 2011. The Company has this morning also announced a conditional Placing to raise US$48.7 million.

Highlights During and Post Period:

- Placing completed April 2011, raising US$140 million (net) – to execute exploration programme
- Increased gross mean un-risked prospective resource potential from 13.9 billion barrels to 20.0 billion barrels (12.5 billion barrels net to Chariot)
- Prospect and lead inventory increased from 12 prospects and 6 leads to 15 prospects and 16 leads
- Farm-out agreement signed with BP Plc. ("BP") in Southern Block 2714A with BP committing to carry Chariot's first exploration well costs and to pay for past costs incurred in exchange for 50% of Chariot's equity interest in the block
- Farm-out agreement signed with Petroleum Geo-Services ASA ("PGS") in Central Blocks 2312A&B and N/2 of 2412A&B with PGS acquiring a 10% equity interest in return for funding 50% of 3,500km² 3D seismic acquisition, which was completed in February 2012
- Petrobras elected to take up operatorship in Block 2714A; well location agreed by all parties
- Appointment of Larry Bottomley as Non-Executive Director
- Drilling Permit received from the Namibian Ministry of Mines and Energy; operational base up and running in Walvis Bay
- Farm-out agreements approved by Namibian Ministry of Mines and Energy, back costs received from BP
- Drilling rig contract signed with A.P. Moller Maersk A/S ("Maersk") for a one well drilling slot on Tapir South (1811/5-1), spud date anticipated early April 2012
- Debt free, with a cash position of US$129.0 million at 31 December 2011 prior to additional farm-in
- Placing for gross proceeds of £30.8 million (approximately US$48.7 million) announced today

Outlook:

- Set to be an operational year for Chariot – spudding of Tapir South expected early April 2012
- Petrobras pursuing drilling rig contract for exploration well Kabeljou-1 on the Nimrod prospect in Southern Block 2714A – spud date expected H2 2012
- Farm-out discussions continue with multiple parties across all licences
- Evaluation of new opportunities progresses
- Further prospective resource update expected post processing and interpretation of 3,500km² 3D seismic acquired over Central Blocks – data-room to open subsequently
- Four to five well exploration programme planned through to end of 2013

Paul Welch, CEO of Chariot commented:

"We have made a great deal of progress throughout the year, positioning the Company for what stands to be a transformational year ahead. We are well financed, further strengthened by the placing announced today, and very excited to be spudding in April only the second well in the Namibe Basin.

We continue to look to develop our existing assets, consider additional farm-in options and evaluate other opportunities as we aggressively pursue our drilling campaign in Namibia and continue to push forward our business development strategy."

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NOTES TO EDITORS

About Chariot

Chariot Oil & Gas Limited (www.chariotoilandgas.com) is an independent oil and gas exploration group. The Group currently holds licences covering eight blocks in Namibia, all of which are offshore. All of these blocks are currently in the exploration phase.

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

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.

Chairman's Statement

Over the last 10 months the Company has worked hard to successfully position itself and ensure that it is fully prepared for the significant developments that the forthcoming year will bring. The team has advanced its technical work, identifying key areas within our prospect and lead inventory to further mature targets for drilling. The addition of two new international Joint Venture partners has not only affirmed the high potential of our blocks but also mitigated our risk and enabled us to evaluate further projects as we seek to develop our portfolio. This, combined with our strong financial position, stands us in good stead as we look to initiate our 4 to 5 well drilling campaign with the spudding of the Tapir South prospect in April of this year.

Continued Portfolio Development

The Company has spent a total of US$108 million to date progressing our highly prospective acreage. Throughout the period, the portfolio has continued to grow with total gross mean un-risked prospective resources now estimated at 20.0 billion barrels with 15 prospects and 16 leads – 11 of which were identified in the Central Blocks following the reprocessing and reinterpretation of previous data sets. This is a significant value enhancement of our portfolio that has been achieved through the ongoing disciplined and systematic efforts of our technical team.

Through additional geological and seismic work, the Company has been able to increase its portfolio as well as de-risk certain prospects such as Tapir South, now poised to be spudded in April 2012, and to develop other well targets. The continued development and better understanding of our portfolio as well as the subsequent de-risking of our prospects will only improve further, with the processing and interpretation of the extensive 3,500km² of seismic data acquired over our Central Blocks in February. These results are due to be announced at the end of 2012.

The world class quality of our assets and prospects was endorsed during the period under review through a successful fundraising in April which resulted in net cash received of US$140 million. At the same time the Company completed farm-in partnerships with PGS and BP in August and furthermore secured the approval from the Ministry of Mines and Energy for the First Renewal Phase of the Central Blocks and Southern Blocks 2714A where Chariot was able to retain 100% of its acreage. In addition to this, the election of Petrobras to take up Operatorship and its commitment to an exploration well later this year in Block 2714A demonstrates its confidence in our prospective resources.

Successful Farm-out Agreements

With the introduction of a second major partner and subsequent support from one of the world's leading seismic companies, Chariot witnessed an increase in confidence and interest not only in the potential of its highly prospective acreage but also in firmly placing Namibia as a new frontier region for major oil exploration.

The Company now has two international oil majors farmed into Block 2714A (BP holds 45% of the Block, Petrobras 30% and Chariot 25%); a significant affirmation of the potential within our acreage. All partners have agreed on the well location of the first exploration well, Kabeljou-1, on the Nimrod prospect and Petrobras is currently tendering for a drilling rig. Nimrod is a very large structural prospect, some 500km² in area, which is estimated to contain 4.9 billion barrels of gross un-risked mean prospective resources.

PGS' 10% farm-in into the Central Blocks has funded 50% of the 3,500km² 3D seismic campaign that commenced in December 2011 and completed in February 2012. The survey was designed to cover as many of the recently identified high graded leads as possible with the intention of further expanding the prospect and lead inventory, mitigating risk and maturing further targets for drilling. The data acquired is considered to be of excellent quality and is currently being processed. The Company looks forward to providing a resource update once interpretation is complete. This will then be followed up by a further Competent Person's Report.

Whilst the addition of these farm-in partners is a significant endorsement of Chariot's acreage, it also provides the Company with further funds to concentrate on developing its portfolio and to focus on its longer term drilling campaign.

Financial Review

The Group remains debt free and as at 31 December 2011 it held cash balances of US$129.0 million (US$9.2 million as at 28 February 2011). The successful fundraising in April 2011, whereby US$140 million (net) was raised, places Chariot in a very strong position to achieve its current strategic objectives and we have further strengthened our cash position by announcing a placing for gross proceeds of approximately US$48.7 million today.

The BP farm-out on Block 2714A and the PGS farm-out on the Central Blocks have had a significantly positive impact on the Group's cash resources. In terms of 2714A, BP has paid a significant majority of Chariot's back costs in relation to the licence and will also meet Chariot's obligations in relation to the drilling of the first well on the Block.

The PGS farm-out has also resulted in significant cost savings for the Group in terms of the 3D seismic acquisition programme with PGS funding 50% of the cost of the programme.

During the 10 month period to the 31 December 2011, the Company incurred losses of US$9.2 million (Year to 28 February 2011: US$7.3 million) with other administrative expenses accounting for US$5.6 million (Year to 28 February 2011: US$5.0 million), of this loss. Excluding foreign exchange losses of US$2.1 million and share based payments of US$2.4 million, the loss for the period reduces to US$4.7 million (Year to 28 February 2011: US$4.9 million).

The US$140 million funds raised in April 2011 were received in Sterling and the majority was converted into US Dollars at the time of the fundraising. However, the Group continues to hold Sterling balances to cover its foreseeable costs in that currency and due to the strengthening of Sterling against the US Dollar during the period under review, the loss for the period includes the foreign exchange loss of US$2.1 million (Year to 28 February 2011: gain of US$15,000) discussed above.

Capitalised exploration costs for the ten month period ended 31 December 2011 amounted to US$15.3 million (Year to 28 February 2011: US$4.1 million), a large portion of which related to the 3,500km² 3D seismic acquisition programme with PGS which was carried out on the Central Blocks and which was completed in February 2012. The balance of the material exploration expenditure incurred in the period relates to the preparation and planning for the Company's upcoming drilling campaign.

The Group changed its accounting reference date from 29 February to 31 December to ensure that its reporting date is more aligned with its industry peer group.

Board and Management Changes

We were pleased to welcome Larry Bottomley to the Board as a Non-Executive Director in September. Larry has been working in the oil and gas industry for over 30 years and has a wealth of experience in frontier exploration and a significant understanding of the hydrocarbon potential of Namibia.

I would also like to take this opportunity to welcome Robert Mwanachilenga, who joined us post period end in our Namibian office as Country Manager. Robert is a Petroleum Engineer with 20 years of international experience in the oil and gas industry. Prior to joining Chariot he worked for the National Petroleum Corporation of Namibia (NAMCOR), as Acting Managing Director, having also held positions in the Company as Engineering Manager and Development Engineer. We very much look forward to working with Robert whose in- depth knowledge of Namibia and industry experience will be instrumental as we continue to develop our Namibian assets.

Conclusion

The period under review has seen the Company prepare itself for an extensive drilling campaign offshore Namibia. The Company is in a position of strength, with a strong balance sheet, high quality Joint Venture partnerships and a good understanding of the technical merits of the hydrocarbon potential of the country. I would like to thank all staff and contractors for their efforts in achieving this and thank the Ministry of Mines and Energy Namibia and the Government of Namibia for their continued support throughout. Should the results of our exploration wells be positive, Chariot looks forward to becoming an integral part of the economic growth of Namibia that will inevitably follow.

Adonis Pouroulis

Chairman

Chief Executive's Review

Chariot stands at a pivotal stage of its development as we move into the drilling phase of our exploration programme – the results of which have the potential to be transformational for the Company and for Namibia. The team has continued to explore and maximise the prospectivity of our assets in preparation for the operational year ahead in which we will continue to develop our portfolio and balance risk through further farm-out agreements and new business opportunities whilst concurrently completing our Namibian 4-5 exploration well programme through to the end of 2013.

Exploration Progress – An Operational Year Ahead

The period under review saw significant improvement in our exploration progress, working towards mitigating risk and funding further projects to develop our assets, culminating in the successful procurement of a drilling rig contract with A. P. Moller Maersk A/S ("Maersk") for a one well drilling slot on the Tapir South prospect commencing next month using the Maersk Deliverer drilling rig.

The Maersk Deliverer is an ultra deepwater semi-submersible drilling rig, ideal for the planned total vertical depth subsea level (5,100m) of Tapir South. It is anticipated that the rig will arrive on location, 80km offshore Namibia, at the end of March 2012 and that the drilling of the Tapir South prospect will commence shortly thereafter. This is only the second well to be drilled in the Namibe basin and its results could see Namibia become a significant oil province.

Following the drilling of Tapir South, a second well, Kabeljou-1 is anticipated to be spudded in H2 2012. This will be operated by Petrobras and the Chariot cost of the well being carried by BP. With the well location agreed by all partners, Petrobras is currently ordering long lead items and setting up a support base in Luderitz Bay whilst concurrently tendering for a suitable drilling rig. Kabeljou-1 is located on the Nimrod prospect in a water depth of 350 metres with an anticipated total depth of 3,350 metres. The prospect has a 24% Chance of Success and gross un-risked mean prospective resources of 4.9 billion barrels – making the potential outcome of this well extremely exciting.

Following the results of Tapir South, Kabeljou-1 and the evaluation of the 3,500km² of seismic data recently acquired in the Central Blocks, the Company will look to drill the third well in the programme. This will be a crucial time for the Company as we stand on the verge of seeing the high potential of our assets realised.

Farm-Out Development

In August Chariot signed two farm-in contracts, one with BP (50% of Chariot's equity in 2714A, one well carry and back costs) and the other with PGS (10% Central Blocks, 50% of costs of 3,500km² seismic acquisition). Throughout the year the Company has continued to meet with high calibre companies who have shown significant interest in our data across all of our licence areas and negotiations remain on-going. Since opening the data room, further West African oil discoveries have been made near to our acreage, such as that of Cobalt International Energy's Cameia-1 well in southern Angola, which is on trend with our Northern Licence Blocks and appears to share analogous features with our prospects. This has sparked further interest in our Northern prospects and we thus continue in our negotiations and will update the market with any material developments when they occur. The funds raised in the Placing announced today ensure that we are in a very strong position when negotiating farm-out terms.

Opportunities Evaluation

Throughout the period, the technical team has continued to evaluate and analyse numerous new business opportunities with the intention of finding an African asset of suitable fit within the Chariot portfolio. In doing so, we aim to balance the Company's risk at the same time as developing Chariot's broader involvement in Africa. We are currently in discussions regarding a number of carefully considered assets and we look forward to reporting our progress in due course.

Operating in Namibia

It is a pleasure working alongside the Namibian Government and Ministry of Mines and Energy Namibia who have supported the Company into its First Renewal Phase. We would like to thank both bodies for their continued support and their cooperation in the development of our operational bases in Walvis and Luderitz Bay as the Company moves into the drilling phase.

Chariot has continued to monitor its effect on the environment, carrying out appropriate Environmental Impact Assessments as well as devising an Environmental Management Plan in preparation for drilling. Chariot also looks to ensure that local Namibian companies are employed in a variety of ways – from technical services to logistics, to catering. As we move deeper into 2012 the number of local partnerships will continue to increase and, should we encounter success, we will be able to offer further job opportunities, providing educational and economic support to the country.

Looking Forward

I would like to thank our staff and all those that have been associated with the Company's progress over the last ten months for their consistent hard work and our shareholders for their continued support. This is a very exciting time for the Company at the commencement of our 4-5 well drilling programme, the outcome of which could see Namibia become an important hydrocarbon province, and Chariot a significant independent African oil explorer and producer.

Paul Welch

CEO

Exploration Overview

Highly Prospective Acreage

The Chariot acreage position comprises 8 large blocks held within 4 licences that encompass an area of 30,504km² offshore Namibia – the 3rd largest holder in country, and 11th largest in the whole of offshore West Africa. The blocks are grouped in 3 sets, each located in a separate basin with distinctive geological characteristics. Each basin is recognised to have huge hydrocarbon potential and the company is on the brink of determining that potential with the onset of its drilling campaign. Success in either of the first wells will mark the transition of Namibia from a frontier region to a lucrative oil province.

West Africa – Still Africa's Main Under-Explored Oil Play

The South Atlantic Margin of Africa has many common elements of geology through the various basins along it, as well as many shared characteristics with the South American Atlantic margin from which it separated in Early Cretaceous times. Exploration has focussed traditionally on the prolific salt basins and the Niger Delta with limited success outside of these areas until recent exploration, driven by 3D seismic and new play thinking, demonstrated large potential along the Transform Margin (Ghana to Sierra Leone) and similarly on the South American equivalent margin. This successful exploration effort, going north of the Salt basins, has not yet been matched by an equivalent effort going south of the salt basins where Namibia lies over the largest segment of highly under-explored Atlantic margin. Chariot's two pending wells will be only the second and third exploration wells ever drilled in Namibia with the key benefit of 3D seismic control.

Amongst the key shared characteristics of the Atlantic margin basins are source rocks; the Cenomanian – Turonian interval charges many of the largest discoveries along the margin and is developed in excellent, oil prone facies over the area of the 1811 Blocks. Similarly, Lower Cretaceous synrift and basal "Drift" sequence source rocks are responsible for major oil accumulations along the margin and are indicated or proven to exist in the Namibian basins. A key contributing factor to the large size and prolific capability of many African oil fields is the good quality of the sandstone reservoirs. The extensive, cratonic hinterland of Africa is a good provenance for clean sands and wells offshore Namibia have encountered good thick sands in a range of depositional environments from Aeolian to deltaic sand sheets to deep marine turbidite fans and channels. Seals are typically marine shales. Older sandstone reservoirs can be degraded by clays but despite their age, deeply buried reservoirs such as the Kudu Field can be highly permeable even at a depth of over 4km.

Chariot Leading the Way

Chariot, through its wholly owned subsidiary Enigma Oil & Gas Exploration (Pty) Limited, entered Namibia in 2007 and since then has conducted the largest seismic survey in country to date comprising of 8,000km² of 3D seismic, in addition to previous 2D seismic surveys. The use of 3D seismic evaluation is a primary tool for the effective de-risking of prospects prior to drilling but, to date, has only been used to guide one exploration well drilled in Namibia. With the benefit of our seismic dataset Chariot has been able to identify robust structural and stratigraphic traps building a portfolio of 15 prospects and 16 leads with total estimated mean un-risked resource potential of over 20.0 billion barrels of oil. With some 15 targets ready to drill we look forward to the spud this year of our first two wells on the Tapir South (Northern Blocks) and Nimrod (Southern Blocks) prospects.

Anticipated Outcome

In our prospect areas the mapped source rock kitchens are all in the oil window and at, or near to, their maximum maturity present day. This means that we expect to find a liquid charge to our traps with oil being the expected phase in the event of a discovery. It is important to note that whilst the Kudu Field discovery was one of dry gas, it is located within the Orange Delta where the rift source rock has been buried to a depth of

more than 5km, resulting in it being highly overcooked and gas generating. Chariot's acreage, however, lies north of this area and contains a much shallower charge kitchen which sits in the oil window.

All of our prospects, if successful, are expected to be commercial and likely to be developed rapidly bringing both Namibia and Chariot into the realm of significant oil producers.

Northern Blocks

The Northern Blocks 1811A&B (100% Chariot) cover an area of 5,481km² and are located to the north of the Walvis Ridge in the Namibe Basin which is unquestionably conjugate to the oil producing Santos basin in Brazil. Chariot has identified four prospects and two leads within the blocks and estimates these to contain a potential mean un-risked prospective resource volume of 2.8 billion barrels of oil.

Within the 1,500km² 3D seismic survey that Chariot completed in 2010, the Company has identified a large ridge called the Tapir 'trend' with three culminations forming three prospects, each commercial in its own right. The ridge is formed by a rotated fault block over which are draped deep marine sediments containing mid Cretaceous source rocks at the base passing up into multiple turbidite sandstone reservoirs at several mapped levels interbedded with deep marine shale reservoirs. On the rotated fault block itself, Apto-Albian carbonates form an additional target. These underlie a horizon that appears to correspond to a level where mobile salt was present.

Chariot is currently working towards drilling the Tapir South prospect which has a 25% Chance of Success and a mean un-risked prospective resource potential of 604 million barrels of oil. On this prospect, multiple four way dip closures that contain deep marine channel sandstone geometries which are adjacent to a well defined oil charge kitchen have been identified. A drilling rig contract has been signed and spud date agreed for early April 2012. The well trajectory is planned for a TVDss of 5100m with multiple reservoir targets. It is expected that minor overpressure will be present, based on offset wells, and that the oil, if discovered, will be at the 'light' phase. In the event of success, the results of this well will significantly increase the Chance of Success on the other prospects in the area as well as additional leads.

2012 Target: Having drilled Tapir South Q2, analyse results and commence potential appraisal work on discovery in 2013

Central Blocks

The Central Blocks 2312A&B and the Northern halves of 2412A&B (90% Chariot, 10% PGS) are located within the Luderitz and Walvis Basins and cover an area of 16,801km². They lie adjacent to a shelf area with proven thick deltaic sands and current seismic mapping indicates that they have been reworked via canyon systems into the Central Blocks themselves. At this point the sands seem to be deposited as large submarine fan and channel complexes in the Upper Cretaceous section, likely to be interbedded with deep marine shales that form a good seal.

At present the Company has identified 14 leads and gross mean un-risked prospective resource volumes of 8.2 billion barrels of oil in this licence area. These blocks are the least mature in terms of exploration in the Company's profile, with current estimates derived from 2D seismic data. This will be reassessed following the processing and interpretation of a 3,500km² survey that was carried out at the end of 2011/beginning of 2012 and is likely to provide increased prospective resource volumes and additional drilling targets.

This 3D seismic acquisition was carried out in conjunction with PGS using 3D Geostreamer technology. It covered the north eastern areas of the blocks following the reinterpretation and reprocessing of 3,000km of 2D seismic data which identified 11 new leads within this area that occur in several different target intervals within both structural and stratigraphic traps. These include analogues to the Nimrod feature identified in the Southern Blocks as well as an indication that two source rock levels are mature for oil generation. In directing the 3D survey over this area the Company anticipates having the best chance of delivering multiple drillable

prospects. With no salt layer in this region the 3D data quality is considered to be excellent, with high clarity capable of indicating the type of fluids contained within the objective horizons.

2012 Target: Process and interpret 3,500km² of 3D seismic data H2 2012, provide interim target definition and resource update in Q4 2012 followed by a detailed interpretation and CPR early 2013

Southern Blocks

Chariot's Southern Blocks 2714A&B cover 8,222km² and are situated in the Orange Basin. Chariot holds 25% of Block 2714A with Petrobras (30% and Operator) and BP (45%) as partners and 100% of Block 2714B. The Company has identified gross mean un-risked prospective resources of 9.0 billion barrels of oil within the combined Blocks with 11 prospects positioned over three objective horizons.

A 'mega-structure' prospect, Nimrod, which is estimated to contain 4.9 billion barrels of oil, is of particular interest in this licence area and is the location for the Southern Blocks' first exploration well, Kabeljou-1 - expected to be drilled in H2 2012. Due to a presence of a Direct Hydrocarbon Indicator ("DHI") over the large closure area which supports the presence of both charge and trap, the prospect has a Chance of Success of 24%. The main target of Kabeljou-1 is Albian deltaic sandstones that are identified by a correlation to the nearest well in which excellent quality reservoir is present. Two separate sands appear to be present, both with a DHI in the Albian level and additionally there is a deeper Barremian sandstone target in a structural trap which will also be penetrated with Kabeljou-1.

Further mapped prospects have been identified at the Albian target level and at a deeper horizon level, believed to be Barremian in age. The age and stratigraphic trap geometry of these prospects at this deeper level are similar to the Kudu Field which demonstrates the validity of the play. Importantly the kitchen for these prospects in 2714A is much shallower than for the Kudu field and oil is the expected charge rather than gas. These prospects look to be attractive follow-on targets in the event of success with the Kabeljou-1 well.

2012 Target: Drill Kabeljou-1 exploration well on Nimrod prospect H2 2012, analyse results and commence potential appraisal work in 2013

Matthew Taylor

Director of Exploration

Consolidated Statement of Comprehensive Income
for the period ended 31 December 2011

	Note	Period ended 31 December 2011	Year ended 28 February 2011
		US$'000	**US$'000**
Share based payments		(2,382)	(2,379)
Other administrative expenses		(5,554)	(4,982)
Total administrative expenses		**(7,936)**	**(7,361)**
Loss from operations	**4**	**(7,936)**	**(7,361)**
Finance (costs)/ income	**7**	(1,223)	67
Loss for the period/year before taxation		**(9,159)**	**(7,294)**
Taxation expense	**9**	**-**	**-**
Loss for the period/year attributable to the equity holders of the parent		**(9,159)**	**(7,294)**
Other comprehensive income:			
Total comprehensive income attributable to the equity holders of the parent		**(9,159)**	**(7,294)**
Loss per ordinary share attributable to the equity holders of the parent – Basic and diluted	**10**	**US$(0.05)**	**US$(0.05)**
All amounts relate to continuing activities.			
The notes on pages 15 to 32 form part of these financial statements.			

Consolidated statement of changes in equity
for the period ended 31 December 2011

	Share capital	Share premium	Contribution Equity	Share based payments reserve	Foreign Exchange reserve	Retained deficit	Total attributable to equity holders or the parent
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
As at 28 February 2010	**2,802**	**133,209**	**-**	**4,956**	**(1,241)**	**(34,189)**	**105,537**
Total comprehensive income for the year	-	-	-	-	-	(7,294)	(7,294)
Issue of capital	55	2,151	-	-	-	-	2,206
Share based payments	-	-	796	1,583	-		2,379
Transfer of reserves due to lapsed warrants and options	-	-	-	(1,505)	-	1,505	-
Transfer of reserves due to exercised warrants and options	-	-	-	(1,756)		1,633	(123)
As at 28 February 2011	**2,857**	**135,360**	**796**	**3,278**	**(1,241)**	**(38,345)**	**102,705**
Total comprehensive income 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**

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 earnings	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 15 to 32 form part of these financial statements.

Consolidated statement of financial position
at 31 December 2011

	Note	31 December 2011	28 February 2011
		US$'000	**US$'000**
Non-current assets			
Exploration and appraisal costs	11	88,889	92,661
Property, plant and equipment	12	221	399
Total non-current assets		**89,110**	**93,060**
Current assets			
Trade and other receivables	13	20,465	1,041
Inventory	14	4,678	-
Cash and cash equivalents	15	128,990	9,222
Total current assets		**154,133**	**10,263**
Total assets		**243,243**	**103,323**
Current liabilities			
Trade and other payables	16	6,572	618
Total current liabilities		**6,572**	**618**
Total liabilities		**6,572**	**618**
Net assets		**236,671**	**102,705**
Capital and reserves attributable to equity holders of the parent			
Share capital	17	3,457	2,857
Share premium account		275,885	135,360
Contributed equity		796	796
Share based payments reserve		4,389	3,278
Retained deficit		(46,615)	(38,345)
Foreign exchange reserve		(1,241)	(1,241)
Total equity		**236,671**	**102,705**

The financial statements were approved by the Board of Directors and authorised for issue on 19 March 2012

Adonis Pouroulis
Chairman
The notes on pages 15 to 32 form part of these financial statements.

Consolidated cash flow statement
for the period ended 31 December 2011

	Period ended 31 December 2011	Period ended 31 December 2011	Year ended 28 February 2011	Year ended 28 February 2011
	US$'000	**US$'000**	US$'000	US$'000
Loss for the year before taxation		**(9,159)**		(7,294)
Finance income	(886)		(52)	
Depreciation	171		61	
Gain on sale of property plant and equipment	(5)			
Foreign exchange differences	2,109		(15)	
Share based payment expense	2,382		2,379	
		3,771		2,373
Net cash flow from operating activities before changes in working capital		**(5,388)**		(4,921)
Increase in trade and other receivables		**(720)**		(318)
Increase in trade and other payables		**347**		138
Increase in inventories		**(4,678)**		-
Net cash outflow from operating activities		**(10,439)**		(5,101)
Investing activities				
Finance income	886		52	
Payments in respect of property, plant and equipment	(19)		(148)	
Payments in respect of intangible assets	(9,324)		(3,906)	
Proceeds from disposal of property, plant and equipment	30		-	
Cash outflow used in investing activities		**(8,427)**		(4,002)
Financing activities				
Issue of ordinary share capital	147,005		2,084	
Issue costs	(6,262)		-	
Net cash flow from financing activities		**140,743**		2,084
Net increase/(decrease) in cash and cash equivalents in the period/year		**121,877**		(7,019)
Cash and cash equivalents at start of period/ year		**9,222**		16,226
Effect of foreign exchange rate changes on cash and cash equivalents		**(2,109)**		15
Cash and cash equivalents at end of period/year (Note 15)		**128,990**		9,222

The notes on pages 15 to 32 form part of these financial statements.

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.

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

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.

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 following new standards and amendments to standards are mandatory for the first time for the Group from 1 March 2011. Except as noted, the implementation of these standards is not expected to have a material effect on the Group.

2 Accounting policies (continued)

International Accounting Standards (IAS/IFRS)		Effective date
IAS 24 Revised Related Party Disclosures	The structure of definition of a related party has been simplified and inconsistencies eliminated. Illustrative examples have also been added. The entities that are most likely to be affected are those that are part of a group that includes both subsidiaries and associates, and entities with shareholders that are involved with other entities.	1 January 2011
Improvements to IFRSs (2010)	The improvements in this Amendment clarify the requirements of IFRSs and eliminate inconsistencies within and between Standards. The improvements did not have any impact on the current or prior years' financial statements.	1 January 2011

No other IFRS issued and adopted but not yet effective are expected to have an impact on the Group's financial statements.

Standards, amendments and interpretations, which are effective for reporting periods beginning after the date of these financial statements which have not been adopted early are;

Standard	Description	Effective date
IFRS 7	Transfers of financial assets	1 July 2011
IFRS 1	Sever hyperinflation and removal of fixed dates for first time adopters (amendment)	1 July 2011
IAS 12	Deferred Tax: Recovery of Underlying Assets	1 January 2012
IAS 1	Presentation of Items of Other Comprehensive Income	1 July 2012
IFRS 9	Financial Instruments	1 January 2013
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	Financial Instrument Disclosures	1 January 2013
IFRS 32	Financial Instrument Presentation	1 January 2014

The Group has not yet assessed the impact of IFRS 9

The above revised standards, amendments and interpretations are not expected to materially affect the Group's reporting or reported numbers.

Exploration and appraisal costs

2 Accounting policies (continued)

The Group applies the full-cost method of accounting under which 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 intangible assets and writes down capitalised expenditure to levels it considers to be recoverable based on economic modelling of the amounts. Costs pools are determined on the basis of geological principles. The Group currently has three cost pools in its offshore Namibian acreage, Northern, Central and Southern, which are based on three geologically distinct settings.

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. Net realisable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale. 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.

2 Accounting policies (Continued)

Foreign currencies

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the statement of comprehensive income, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation, in which case exchange differences are recognised in other comprehensive income and accumulated in the foreign exchange reserve. .

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss shall also be recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss shall also be recognised in profit or loss.

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.

The Group capitalises the portion of depreciation that relates to tangible fixed assets used in oil exploration activities when capitalised, this depreciation is allocated to exploration and appraisal costs.

Leases

Rent paid on operating leases is charged to the 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, 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.

2 Accounting policies (Continued)

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 equity instruments are granted to persons other than employees, in exchange for goods and services supplied, the consolidated income statement is charged with the fair value of goods and services received. Where the equity instruments are granted for goods and services which are capital in nature, the fair value is charged to the intangible asset value.

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, loans 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. The Group has no derivative liabilities.

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.

2 Accounting policies (Continued)

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

Under the full cost based method of accounting, the Group capitalises exploration costs until it is capable of determining whether its exploration efforts were successful and, if they were successful, whether any impairment charges may be required to bring the net book values of assets in line with their economic values.

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. Impairment review

The carrying amounts of the Group's assets are reviewed at each reporting date in accordance with IAS 36: Impairment of Assets and, if there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the higher of its net selling price and its value in use.

Estimates on impairment are limited to an assessment by the Directors of any events or changes in circumstance that would indicate that the carrying value of the asset may not be recoverable.

Any impairment loss arising from the review is charged to administrative expenses whenever the carrying amount of the asset exceeds its recoverable amount.

Share based payments

Directors best estimate of the valuations underlying the share based payments are based on assumptions made by them using updated models previously prepared by external consultants. See note 21 for further details of these assumptions.

3 Segmental analysis

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

December 2011

	Exploration of Oil and Gas	Unallocated	Total
	US$000	**US$000**	**US$000**
Administrative expenses	(777)	(7,159)	(7,936)
Loss after taxation	(777)	(8,382)	(9,159)
Non-current assets	89,004	107	89,110
Total assets	113,449	129,794	243,243
Total liabilities	(5,105)	(1,467)	(6,572)

February 2011

	Exploration of Oil and Gas	Unallocated	Total
	US$000	**US$000**	**US$000**
Administrative expenses	(456)	(6,890)	(7,346)
Loss after taxation	(448)	(6,846)	(7,294)
Non-current assets	92,903	157	93,060
Total assets	93,644	9,679	103,323
Total liabilities	(109)	(5109	(618)

4 Loss from operations

	31 December 2011	28 February 2011
	US$'000	US$'000
Loss from operations is stated after charging/crediting:		
Depreciation	171	61
Share based payments – share option scheme	755	913
Share based payments – long term incentive scheme	1,627	670
Share based payments from a contributed equity	-	796
Professional and consultancy fees	410	930
Auditors' remuneration:		
Fees payable to the Company's auditors for the audit of the Company's annual accounts	69	66
Audit of the Company's subsidiaries pursuant to legislation	36	35
Total payable	**105**	**101**

5 Leases commitments

	31 December 2011	28 February 2011
	US$'000	US$'000
Not later than one year	**236**	**303**
Later than one year and not later than five years	**-**	**202**
Later than five years	**-**	**-**
Total	**236**	**505**

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

6 Employees

	31 December 2011	**28 February 2011**
	US$'000	**US$'000**
Key management personnel remuneration	1,426	1,493
Wages and salaries – staff costs	2,559	2,060
Amounts paid to third parties in respect of Directors' services	137	225
Pension costs	117	91
Total employee costs before non cash items	**4,239**	**3,869**
Share based payments expense (note 21)	2,382	2,379
Total employee costs	**6,621**	**6,248**

Key management personnel are considered to be Directors.

The above employment costs include the following amounts which have been capitalised to exploration costs;

- included in key management personnel remuneration is an amount of US$625,625 (28 February 2011: US$371,625),
- included in wages and salaries is an amount of US$1,055,561 (28 February 2011: US$876,130), and
- included in pension costs is an amount of US$37,164 (28 February 2011: US$22,983).

Total emoluments paid to key management personnel include remuneration and amounts paid to third parties in respect of Directors' services. In the ten months to 31 December 2011 total emoluments paid to key management personnel amounted to US$1,563,000 (28 February 2011: US$1,718,000) of which US$10,000 related to long term benefits (28 February 2011: US$12,000)

Within Share based payments expense, the portion relating to key management personnel amounted to US$625,982 (28 February 2011: US$1,060,793). The 28 February 2011 balance also included US$435,000 which was the value attributable to the transfer of shares from Westward Investment Limited to a director.

7 Finance income and expense

	31 December 2011	**28 February 2011**
	US$'000	US$'000
Bank interest receivable	886	52
Foreign exchange (loss)/gain	(2,109)	15
Net finance (loss)/gain	**(1,223)**	**67**

8 Investments

The Company's directly (*) and indirectly (**) held wholly owned subsidiary undertakings at 31 December 2011 and 28 February 2011 were:

Subsidiary undertaking	**Principal activity**	**Country of incorporation**
Enigma Oil and Gas Exploration (Pty) Limited **	Oil and Gas exploration	Namibia
Chariot Oil and Gas Investments (Namibia) Limited*	Holding Company	Guernsey
Chariot Oil and Gas Statistics Limited *	Services Company	UK
Enigma Petroleo Y Gas N.V **	Holding Company	Dutch Antilles
Enigma Oil and Gas Fourteen (Pty) Ltd **	Holding Company	Namibia
Enigma Oil and Gas Fifteen (Pty) Ltd **	Holding Company	Namibia
Enigma Oil and Gas Nineteen (Pty) Ltd **	Holding Company	Namibia
Enigma Oil and Gas Beta (Pty) Ltd **	Holding Company	Namibia

9 Taxation

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

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

Factors affecting the tax charge for the current period

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

	31 December 2011	**28 February 2011**
	US$'000	**US$'000**
Tax reconciliation		
Loss on ordinary activities for the year before tax	**(9,159)**	(7,294)
Loss on ordinary activities at the standard rate of corporation tax in Guernsey of 0% (February 2011: 0%)	**-**	-
Difference in tax rates in local jurisdictions at the applicable tax rate of 35% (February 2011:35%)	**(230)**	(217)
Deferred tax effect not recognised	**230**	217
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$1,563,387 (February 2011: US$1,509,390). Deferred tax assets were not recognised as there is uncertainty regarding the timing of future profits against which these assets could be utilised.

9 Taxation (continued)

Namibian Taxation and Royalties

Normal Taxation

The petroleum income tax is payable annually at a rate of 35% (February 2011: 35%) of the taxable income received by or accrued to any person from a license area in connection with exploration, development or production operations in that area. Each license area is assessed separately and losses in one cannot be set off against profits in another.

Additional Profits Tax ("APT")

In addition to the above Petroleum Income tax, APT will also be assessed annually. APT is determined on the basis of the rate of return on the project and will be levied on the project's net cash receipt, i.e. the after tax net cash flow achieved above certain defined tiers of threshold rate of return on the project. APT is payable at the end of each tax year on each petroleum license area and the first tier rate of APT is 25%.

10 Loss per share

The calculation of basic loss per ordinary share is based on a loss of US$9,159,000 (February 2011: loss of US$7,294,000) and on 177,122,359 ordinary shares (February 2011: 144,330,066), being the weighted average number of ordinary shares in issue during the period. Potentially dilutive options are detailed in note 21, however these do not have any dilutive impact as the Group reported a loss for the period consequently a separate diluted loss per share has not been presented.

11 Exploration and appraisal costs

Cost and Net Book Value	**$US000**
At 28 February 2010	**88,582**
Additions	4,079
At 28 February 2011	**92,661**
Additions	15,376
Farm in proceeds	(19,148)
At 31 December 2011	**88,889**

As at 31 December 2011 the net book values of the three cost pools used by the Group are Northern US$29.4 million (28 February 2011: US$25.6 million), Central US$27.8 million (28 February 2011: US$18.6 million) and Southern US$31.7 million (28 February 2011: US$48.5 million).

12 Property, plant and equipment

	Fixtures, fittings and equipment	Fixtures, fittings and equipment
	31 December 2011	28 February 2011
	US$'000	**US$'000**
	2011	**2011**
Cost		
At 1 March	**805**	659
Additions for the period/year	19	148
Disposals for the period/year	(87)	(2)
At 28 February and 31 December 2011	**737**	805
Depreciation		
At 1 March	406	173
Charge for the period/year (*)	171	233
Disposals for the period/year	(61)	-
At 28 February and 31 December 2011	**516**	406
Net book value	**221**	399

(*): US$ Nil (February 2011: US$173,000) of the depreciation charge relates to oil exploration activities and has been capitalised to exploration and appraisal costs during the year.

13 Trade and other receivables

	31 December 2011	28 February 2011
	US$'000	US$'000
Other receivables and prepayments	**20,465**	**1,041**

Maturity analysis of financial assets	31 December 2011	28 February 2011
	US$'000	US$'000
Amounts due:		
Under three months	20,197	629
Between 3 and 6 months	-	-
Over 6 months	95	100
	20,292	**729**

The receivable balance is current and not overdue. US$19,148,000 of the other receivables and prepayments balance relates to back costs to be recovered from a farm-in partner the significant majority of which has been received post the reporting period.

14 Inventory

	31 December 2011	28 February 2011
	US$'000	**US$'000**
Wellheads and casing for drilling campaign	**4,678**	**-**

15 Cash and cash equivalents

	31 December 2011	28 February 2011
Analysis by currency	**US$'000**	**US$'000**
Sterling balance	27,072	955
Namibian dollar balance	46	17
US dollar balance	101,872	8,250
	128,990	**9,222**

16 Trade and other payables

	31 December 2011	28 February 2011
	US$'000	**US$'000**
Trade payables	2,142	350
Accruals	4,430	268
	6,572	**618**

Maturity analysis of financial liabilities	31 December 2011	28 February 2011
	US$'000	**US$'000**
Amounts payable		
Under 3 months	6,572	618
	6,572	**618**

Trade payables and accruals principally comprise amounts outstanding for drilling materials and services and other on-going costs. The carrying value has been assessed as the fair value of the trade and other payables.

Notes forming part of the financial statements
for the period ended 31 December 2011 *(Continued)*

17 Share capital

	Authorised			
	31 December 2011	**31 December 2011**	**28 February 2011**	**28 February 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 2011	**31 December 2011**	**28 February 2011**	**28 February 2011**
	Number	**US$'000**	**Number**	**US$'000**
Ordinary shares of 1p each	**181,649,221**	**3,457**	**144,833,578**	**2,857**

(*): 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 rates ruling on each transaction date.

Details of the ordinary shares issued during the period are given 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
At 31 December 2011			**181,649,221**

18 Capital commitments

At the reporting date the Group had capital commitments relating to the 3D seismic programme on the Central Blocks and the drilling campaign on the Northern Blocks of US$15.8m (28 February 2011: US$Nil)

19 Related party transactions

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

- Westward Investments Limited ("Westward") 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 ten months to 31 December 2011 Westward received administrative services from an employee of Chariot for which Westward incurred fees payable to Chariot of US$10,088 (February 2011: US$23,053). The amount outstanding as at 31 December 2011 is US$983 (28 February 2011: US$5,912).

- Benzu Resources Limited ("Benzu)", is a Company where Adonis Pouroulis is a Director. During the ten months to 31 December 2011 Benzu received administrative services from the same employee of Chariot as detailed in the note above for which Benzu incurred fees payable to Chariot of US$10,088 (February 2011: US$Nil). The amount outstanding as at 31 December 2011 is US$983 (28 February 2011: US$ Nil).

- During the year ended 28 February 2011, Westward Investments Limited transferred 291,667 of the shares it held in the Company to Chariot Oil and Gas employees, including Paul Welch (CEO). This transfer of shares is treated as a capital contribution in the books of the company and was valued at US$796,000.

- Pursuant to an agreement dated 1 October, 2007, Artemis Trustees Limited, a company where which Robert Sinclair is a Director and ultimately a shareholder, was appointed by the Company to provide administration secretarial services. In the ten month period to 31 December 2011 the Company incurred fees relating to these services totalling US$92,045 (February 2011: US$142,651). The amount outstanding as at 31 December 2011 is US$15,816 (February 2011: US$21,117).

- Pella Ventures Limited, a company of which Robert Sinclair is a Director provided administrative services to Chariot. During the ten months to 31 December 2011 the fees payable by the Company totalled US$159,965 (February 2011 – US$Nil). There was no balance payable at the reporting date.

- During the ten months ended 31 December 2011, Helios Oil and Gas Limited, a company where Adonis Pouroulis, Paul Welch and Larry Bottomley are Directors, paid Chariot US$97,442 in relation to the reimbursement of costs incurred by Chariot on its behalf. As at the 31 December 2011 a further US$1,188 of reimbursable costs were still outstanding to Chariot (February 2011 - US$ Nil).

- Chromex Mining PLC, a company where Mr James Burgess and Robert Sinclair were Directors, did not provide any services to the Group during the ten months to 31 December 2011. However, during the year ended 28 February 2011, Chromex provided services and facilities to the Group and received fees for this totalling US$10,496. In the same period Chariot also provided services and facilities to Chromex, and the fees due from Chromex for these services and facilities totalled US$7,196. A receivable for this amount was due to the Group as at 28 February 2011. Chromex however has since been acquired and the new owners are disputing this outstanding balance. Given this, the Group has made full provision against this receivable.

19 Related party transactions (continued)

- Fintragh Trading and Consulting Limited, a company where Peter Kidney (a former Director of Chariot) was also a former Director, provided professional services for the Group during the year ended 28 February 2011 and received fees totalling approximately US$94,408. No services were provided in the ten months to 31 December 2011.

- Petra Diamonds Limited, a company where Adonis Pouroulis is a Director, utilised office space and facilities during the year ended 28 February 2011 and paid the Company US$21,160. As at 28 February 2011 a debtor balance of US$6,532 was outstanding. Petra Diamonds moved office premises in March 2011 and thus no fees were received from the company for the ten months to 31 December 2011.

20 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 period ending 31 December 2011 no trading in financial instruments was undertaken (28 February 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 period the Group has held surplus funds on deposit, principally with its main relationship bank Barclays, on fixed short-term deposits covering periods of one week to six 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 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 and Namibian dollars to meet other non-US Dollar industry costs and on-going corporate and overhead commitments.

At the period end, the Group had cash balances of US$128.9m (28 February 2011: US$9.2m) as detailed in note 15.

20 Financial instruments continued

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 an increase in the foreign exchange loss of US$2,712,500, and a 10% favourable movement in exchange rates would lead to a corresponding reduction, the effect on net assets would be the same as the effect on profits. (February 2011 – US$29,440)

Capital

The Company considers its capital to comprise its ordinary share capital, share premium and retained deficit as well as the share based payments reserve and the contributed capital reserve.

In managing its capital, the Group's primary objective is to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. The Group has met its work program commitments and with the US$140m fundraising completed during the period, 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 six months with institutions that are rated no lower than A by Standard and Poors. 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 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.

21 Share based payments

Share Option Scheme

During the period, 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 2011	28 February 2011
	US$'000	US$'000
Share Option Scheme	755	913

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

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

	31 December 2011	28 February 2011
	Number of Options	Number of Options
Outstanding at beginning of period/year	**5,720,000**	5,540,000
Granted during the period/year	**250,000**	700,000
Forfeited during the period/year (*)	**-**	(100,000)
Exercised during the period/year	**(500,000)**	(420,000)
Outstanding at the end of the period/year	**5,470,000**	5,720,000
Exercisable at the end of the period/year	**3,720,000**	1,220,000

(*): these options relate to those that were forfeited by a Director who resigned during the year ended 28 February 2011.

The range of the exercise price of share options exercisable at the year-end falls between US$0.38 (0.25p) – US$2.03 (129p), (2011 – US$0.38 (25p) – US$1.98 (130p)).

The weighted average exercise share price at the date of exercise was US$0.82 (53p), using an exchange rate of £=US$ 1.5541 (2011 – US$1.90 (117p), using an exchange rate of £=US$ 1.6265).

21 Share based payments (continued)

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
28 April 2008	£0.98	£1.21	£0.385	32%	10 years	4.94%	0%
27 March 2008	£0.62	£1.21	£1.30	32%	10 years	4.94%	0%
13 November 2009	£0.17	£0.26	£0.26	80%	5 years	4.3%	0%
15 January 2010	£0.19	£0.28	£0.25	80%	5 years	4.3%	0%
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%
01 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. The shares issued during the year have a vesting period of 2 years.

Long term incentive scheme ("LTIP")

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

During the period 554,100 awards were granted to employees, none of whom were Directors of any Group company during the period. 357,267 shares were issued to employee for no consideration as part of the LTIP scheme.

The Group recognised a charge under the plan for the period to 31 December 2011 of US$1,627,000 (February 2011: US$670,000).

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

	31 December 2011	28 February 2011
	Number of awards	Number of awards
Outstanding at 1 March 2011	**1,674,094**	**1,531,427**
Granted during the period/year	554,100	426,000
Shares issued for no consideration during the period/year	(357,267)	(283,333)
Outstanding at the end of the period/year	**1,870,927**	**1,674,094**
Exercisable at the end of the period/year	**433,333**	**227,142**

21 Share based payments

Contribution equity

The Contribution equity component of Share based payments in the 10 months to 31 December 2011 was US$ Nil (28 February 2011: US$796,000).

Warrants

There were no warrants outstanding at 31 December or 28 February 2011. The following table sets out the details of the movement during the year ended 28 February 2011.

	31 December 2011 Number of warrants	28 February 2011 Number of warrants
Outstanding at the beginning of the year	-	5,610,055
Granted during the year		-
Lapsed during the year	-	(2,653,281)
Exercised during the year	-	(2,956,774)
Outstanding at the end of the year	**-**	**-**

22 Contingent liabilities

There were no outstanding contingent liabilities as at 31 December 2011 and 28 February 2011.

23 Post balance sheet events

On 2nd February 2012, the Group received full approval from the Ministry of Mines and Energy in Namibia for its farm-out agreement with BP in block 2714A, which was announced on 8 August 2011. As part of the farm-out agreement, BP has committed to cover a proportion of Chariot's share of the cost of drilling the first exploration well in this block as well as reimbursing Chariot for its past costs incurred. A significant majority of this past cost reimbursement has now been received. The commercial effect of this transaction has been fully reflected in the Financial Statements as at 31st December 2011 in line with the Group's Accounting Policies for i) Significant Accounting Estimates and Judgements and ii) Treatment of Farm-in Transactions.

On 6th March 2012, the Group announced that it had signed a drilling rig contract with A.P. Moller Maersk A/S ("Maersk") for a one well drilling slot using the Maersk Deliverer ultra deepwater semi-submersible rig offshore Namibia. It is currently anticipated that the rig will arrive on location at the end of March 2012 and that the drilling of the Tapir South prospect will commence shortly thereafter.

On 20th March 2012, the Group announced that it was raising a further US$48.7 million (before fees) of cash, by way of a placing of 18,110,400 Ordinary Shares of £0.01 at a price of £1.70 per share. This placing does not require shareholder approval at an Extraordinary General Meeting as it falls within the Directors' authorisation limit approved by shareholders at the Company's Annual General Meeting on 20th July 2011.