Interim Results

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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 2011.

Highlights during and post period:

- US$140 million (net) placing completed, significantly strengthening balance sheet
- Gross unrisked prospective resources increased to 16.1 billion barrels ("Bbbls") (8.9 Bbbls net to Chariot), subsequently verified by updated CPR from Netherland Sewell Associates Inc. ("NSAI")
- Farm-out agreement signed with BP Plc ("BP") in Block 2714A with BP committing to carry Chariot's exploration well costs and also paying past costs incurred in exchange for 50% of Chariot's equity in the block
- Farm-out agreement signed with Petroleum Geo Services ASA ("PGS") in Central Blocks with PGS acquiring a 10% equity interest by funding 50% of planned 3D seismic programme
- First Renewal Phase granted on Central Blocks and Southern Block 2714A with full acreage retained
- Petrobras elected to take up operatorship in Block 2714A
- Larry Bottomley appointed as Non-Executive Director

Outlook

- Farm-out discussions progressing with multiple parties in the Company's other licence areas
- Drill rig contract negotiations continuing
- Drilling locations identified - 4-5 well programme planned through to end 2013
- The Company is debt free and held cash balances pre-farm out of US$139.6m at 31 August 2011 (US$9.2m at 28 February 2011)

Paul Welch, CEO of Chariot, commented:

"We have continued to make significant progress over the period, successfully completing a fundraise and securing two further farm-outs as well as furthering our exploration work across all blocks. With three major partners on board we feel we have strong endorsement of our portfolio and Namibia's potential to become an important hydrocarbon province. With finances secured we continue to pursue our corporate objectives aggressively whilst seeking to maintain the best value for shareholders and believe that 2012 will be a critical year in the Company's growth and development."

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Chief Executive's Review

It is with pleasure that I present the interim results for the period ended 31 August 2011, during which time we have continued to strengthen our position both financially and technically. The fundraising completed in April, raising US$140 million net of expenses, put us in a strong financial position relative to our planned work programme. That strong position was enhanced by our farm-out agreements with both BP and PGS and we were very pleased to welcome them as joint venture partners in August 2011. These farm-outs were notable endorsements of our prospectivity and were important for us corporately as we have now secured three major partners (including Petrobras) to participate in the future development of our assets, mitigating our risk and releasing funds for other exploration and appraisal activities.

BP has farmed into 50% of Chariot's equity in Block 2714A, committing to carry Chariot's cost of drilling the first exploration well as well as funding a portion of past costs incurred. BP is one of the world's largest integrated energy companies and it is a great credit to our technical work and the area's potential to have attracted them to enter a new country and explore this area with us, alongside Petrobras.

Whilst the Central Blocks are the least mature of our portfolio, PGS's acquisition of a 10% interest in these licences through funding 50% of the planned 3D seismic acquisition programme not only reflects the increasing industry interest in Namibia but has also accelerated our exploration within this area. This 3D programme will be invaluable in identifying drillable targets in this acreage, and is scheduled to commence next month.

Our geological and geophysical ("G & G") work has continued across our portfolio leading to the increase in our resource potential - now totalling 16.1 Bbbls of gross unrisked prospective resources - and taking our inventory to 15 prospects and 5 leads. This latest increase was primarily due to further technical work undertaken on updated seismic attribute analysis and mapping of deeper target horizons in Block 2714A and we were pleased to get further independent verification of our volume potential from NSAI. This G & G work importantly has also enhanced our chance of success over key prospects and identified drilling locations within our Northern and Southern Blocks as well as defining further areas of interest within the Central Blocks.

We were very pleased to receive formal approval to enter into the First Renewal Phase from the Ministry of Mines and Energy in Namibia for our Central Blocks and Southern Block 2714A and retain the full acreage in these blocks - it being customary to relinquish 50% of the area on renewal. This was due to the extensive work programmes that we have completed to date, and we will continue to substantially exceed the required investment with our upcoming drilling and seismic plans. This Renewal phase commenced on 31 August 2011 and will last for a period of two years. At the same time, Petrobras elected to take up operatorship in Block 2714A which was formally approved by the Ministry on 14 October 2011.

It was a great pleasure to welcome Larry Bottomley to the Board as Non-Executive Director. His track record of building exploration and production businesses and his knowledge and experience in Namibia will be of huge value to us going forward.

Drilling Update and Plans

With regard to a drilling update, it remains our intention to commence drilling of an exploration well on the Tapir prospect in the Northern licence area as soon as possible and discussions continue with regard to signing a rig contract. We have been targeting a Q4 spud date and have completed all the independent steps we can to enable this. Chariot will be drill ready as of 1 December as all our long lead items have been ordered and all the necessary contracts have been signed. The permitting process is ongoing and is expected to be complete by the end of November. However, as we noted previously, the market for deepwater rigs has tightened markedly, making it more challenging to secure an appropriate rig without paying a high premium. Whilst we continue to consider various options available to us and pursue these aggressively, we are looking to secure a suitable rig with acceptable commercial terms. We continue to work to expedite this process and updates will be released as soon as possible.

Our longer term objective is to drill 4-5 exploration wells by the end of 2013, with wells to be spudded on the Tapir, Nimrod and Zamba prospects and a target in the Central Blocks which will be identified by the planned 3D seismic acquisition. A fifth well will be determined based on initial drilling results.

Further Farm-Out Discussions Continuing

Concurrent to the rig contract negotiations, discussions continue with multiple parties with regard to further potential farm-out agreements in our other licence areas. There has been a lot of activity in our dataroom over the past months with many repeat visits. We have been very pleased with the responses received, and continue to consider those opportunities which we feel will provide the greatest value for the Company and shareholders, with several parties still to revert.It is too early to commit to a timeframe for reaching agreement on a further farm-out but updates in this regard will also be released as soon as possible.

2714A Update

As mentioned above, Petrobras elected to take up operatorship of Block 2714A at the time of entering the First Renewal Phase and this was formally approved by the Ministry on 14 October 2011. Further to this approval, Petrobras has immediately commenced activities within Namibia to set up a presence in country and establish itself as operator of the next phase. The timing of the drilling of the Nimrod prospect is subject to partner approval and whilst we are confident that drilling will occur in 2012, a specific date is still to be agreed with Petrobras and BP, both requiring time to set up operations in country. Whilst this will result in a shift from our originally anticipated spud of Q1 2012, importantly Chariot now has two major deepwater partners funding this first well and participating going forward. This is significant as they have the capacity to rapidly appraise and expedite the development of any discovery made. We continue to liaise closely with them on a technical level with Nimrod being the priority for all parties.

3D Seismic Programme to Commence

The 3D "Geostreamer" seismic acquisition programme is to commence across the Central Blocks on 4 November 2011 and is expected to take approximately 90 days. This programme has been extended to 3,500km² to cover more targets as additional areas of interest have been identified on the recently reprocessed 2D seismic data.

New Ventures

Whilst the focus has very much been on the farm-out process and development of our drilling and seismic plans over the past year, now that these are well advanced, our new venture evaluations will increase as we continue to seek to add further value to our asset base. Our remit remains within Africa and we have a number of projects of interest that are under consideration.

Financial Results

The Company is debt free and held cash balances of US$139.6m at 31 August 2011 (US$9.2m at 28 February 2011), prior to the impact of the recent farm-out agreements.

The Company incurred a loss of $4.3m for the six months ended 31 August 2011 (2010: $2.4m). However, excluding foreign exchange losses and share based payments, the loss was US$2.49m (2010: US$1.77m). Administrative expenses for the period were US$3.04m (2010: US$1.80m), the increased spend being the result of strengthening both the technical and administration teams and adding operational staff.

The Group holds Sterling balances to cover its foreseeable costs in that currency. Due to Sterling weakening against the US$ during the period under review, the results show a foreign exchange loss of $763,000 (2010: gain of $35,000) when translating the Sterling balances into US$ at the balance sheet date.

The funds raised in April - US$140.3m (net of costs) - were raised in Sterling and the majority of these were converted into US$ at the time of the fundraising.

Capitalised exploration costs for the six months totalled US$3.7m (2010 - US$2.9m). In addition, a further US$2.9m has been spent on long lead items for the Block 1811 drilling campaign, which are included in Inventory. The other large spend has been on the Central Blocks, in relation to the 3D seismic acquisition programme.

The BP farm-out on Block 2714A and the PGS farm-out on the Central Blocks will have a significant positive impact on the Group's cash resources. In terms of 2714A, under the terms of the farm-out agreement, BP is paying a pro rata share of the Group's back costs in relation to the licence and will take over all of our budgeted financial obligations in relation to the drilling of the first well on the block.

Due to the Company's change of accounting reference date, the next reporting period will be from 1 March 2011 to 31 December 2011.

Looking Forward

I would like to thank the Chariot team for their hard work over the period and our shareholders, the Namibian Ministry of Mines and Energy and the Namibian Government for their continued support.

I believe that Chariot continues to offer significant upside potential - whilst market conditions have been difficult recently, the fundamentals of our business remain strong and the coming years stand to be transformational for both our Company and Namibia as a country. I look forward to reporting on further progress over the coming months.

Paul Welch
CEO
21 October 2011

Chariot Oil & Gas Limited Consolidated Statement of Comprehensive Income for the six months ended 31 August 2011

	Notes	**Six months ended 31 August 2011**	Six months ended 31 August 2010	Year ended 28 February 2011
		US$000	US$000	US$000
		Unaudited	Unaudited	Audited
Other administrative expenses		(3,043)	(1,797)	(2,394)
Share based payments expensed		(1,074)	(618)	(4,967)
Total administrative expenses		(4,117)	(2,415)	(7,361)
Loss from operations		(4,117)	(2,415)	(7,361)
Finance income		552	24	52
Finance (expense) / gain		(763)	35	15
Loss before taxation		**(4,328)**	**(2,356)**	(7,294)
Tax expense		-	-	-
Loss for the financial period attributable to the equity holders of the parent		**(4,328)**	**(2,356)**	(7,294)
Other comprehensive income		552	24	52
Total comprehensive income for the financial period attributable to equity holders of the parent		**(4,328)**	**(2,356)**	(7,294)
Basic and diluted loss per ordinary share	3	(US$0.02)	(US$0.02)	US$(0.05)

Chariot Oil & Gas Limited
Consolidated Statement of Financial Position as at 31st August 2011

	Notes	**31 August 2011**	31 August 2010	28 February 2011
		US$000	US$000	US$000
		Unaudited	Unaudited	Audited
Assets				
Non- current assets				
Intangible assets	4	96,358	91,173	92,661
Property, plant and equipment		373	416	399
		96,731	**91,589**	**93,060**
Current Assets				
Trade and other receivables		1,766	1,018	1,041
Inventory		2,918	-	-

Cash and cash equivalents		139,588	13,355	9,222
		144,272	**14,373**	**10,263**
Total assets		**241,003**	**105,962**	**103,323**
Liabilities				
Current Liabilities				
Trade and other payables		1,122	538	618
Total Liabilities		**1,122**	**538**	**618**
Total Net Assets		**239,881**	**105,424**	**102,705**
Equity				
Share capital	5	3,448	2,849	2,857
Share premium		275,490	134,787	135,360
Share based payment reserve	6	4,061	2,607	3,278
Contributed equity		796	-	796
Exchange reserve		(1,241)	(1,241)	(1,241)
Retained earnings		(42,673)	(33,578)	(38,345)
Total Equity		**239,881**	**105,424**	**102,705**

All amounts are attributable to the equity shareholders

Chariot Oil & Gas Limited
Consolidated Cash Flow Statement - six months ended 31 August 2011

	Six months ended 31 August 2011	Six months ended 31 August 2010	Year ended 28 February 2011
	US$000	US$000	US$000
	Unaudited	Unaudited	Audited
Operating activities			
Loss for the year before taxation	(4,328)	(2,356)	(7,294)
Add back:			
Finance income	(552)	(24)	(52)
Foreign exchange differences	763	(35)	(15)
Share based payment expense	1,074	618	2,379
Depreciation	38	28	61
Net cash outflow from operating activities before changes in working capital	**(3,005)**	(1,769)	(4,921)
Increase in trade and other receivables	(725)	(295)	(318)
Increase / (decrease) in trade and other payables	504	(98)	138
Net cash outflow used in operating activities	**(3,226)**	(2,162)	(5,101)
Investing activities			
Finance income	552	24	52
Payments in respect of property, plant and equipment	(12)	(26)	(148)
Payments in respect of intangible assets	(6,615)	(2,367)	(3,906)
Cash outflow used in investing activities	**(6,075)**	(2,369)	(4,002)
Financing activities			
Issue of ordinary share capital	146,692	1,625	2,084
Issue costs	(6,262)	-	-
Net cash inflow from financing activities	**140,430**	1,625	2,084
Net increase/(decrease) in cash and cash equivalents in the period	**130,366**	(2,906)	(7,019)
Cash and cash equivalents at start of the period	**9,222**	16,226	16,226
Effect of foreign exchange rate changes	(763)	35	15
Cash and cash equivalents at end of the period	**139,588**	13,355	9,222

Chariot Oil & Gas Limited

Consolidated statement of changes in equity for the six months ended 31 August 2011

	Share Capital	**Share Premium**	**Contributed Equity**	**Share based payment reserve**	**Exchange Reserve**	**Retained Losses**	**Total**
	US$000	US$000	US$000	US$000	US$000	US$000	US$000
For the six months ended 31 August 2011							
Balance at 1 March 2011	**2,857**	**135,360**	**796**	**3,278**	**(1,241)**	**(38,345)**	**102,705**
Total comprehensive income for the period	-	-	-		-	(4,328)	**(4,328)**
Share based payments	-	-	-	1,074	-		**1,074**
Issue of capital	591	146,391	-	-	-	-	**146,982**
Issue costs	-	(6,261)	-	-	-	-	**(6,261)**
Transfer of reserves due to issue of LTIPS				(291)			**(291)**
At 31 August 2011	**3,448**	**275,490**	**796**	**4,061**	**(1,241)**	**(42,673)**	**239,881**
For the six months ended 31 August 2010							
Balance at 1 March 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	-
At 31 August 2010	**2,849**	**134,787**	**-**	**2,607**	**(1,241)**	**(33,578)**	**105,424**
For the twelve months ended 28 February 2011							
Balance at 1 March 2010	**2,802**	**133,209**	**-**	**4,956**	**(1,241)**	**(34,189)**	**105,537**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**(7,294)**	**(7,294)**
Share based payments	55	2,151	-	(123)	**-**	**-**	**2,083**
Issue of capital	-	-	796	1,583	**-**		**2,379**
Issue costs	-	-	-	(1,505)	**-**	1,505	-
Transfer of reserves due to lapsed/exercised options and warrants	-	-	-	(1,633)		1,633	-
At 28 February 2011	**2,857**	**135,360**	**796**	**3,278**	**(1,241)**	**(38,345)**	**102,705**

All amounts are attributable to the equity shareholders

Chariot Oil & Gas Limited

Notes to the Interim Statements for the six months ended 31 August 2011

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 were 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 2011 to 31 August 2011 is unaudited. The financial statements incorporate unaudited comparative figures for the interim period 1 March 2010 to 31 August 2010 and the audited financial year to 28 February 2011.

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

The comparatives for the full year ended 28 February 2011 are not the Group's full statutory accounts for that year. 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 2011	Six months ended 31 August 2010	Year ended 28 February 2011

Loss for the period US$'000	(4,328)	(2,356)	(7,294)
Weighted average number of shares	174,458,166	142,352,602	144,330,066
Loss per share, basic and diluted.*	**($0.02)**	**($0.02)**	$(0.05)

*Inclusion of the potential ordinary shares would result in a decrease in the loss per share and, as such, is considered to be anti-dilutive. Consequently a separate diluted loss per share has not been presented.

4. Intangible assets

	At 31 August 2011	At 31 August 2010	At 28 February 2011
	US$000	**US$000**	US$000
Balance brought forward	**92,661**	88,582	**88,582**
Additions	3,697	2,591	4,079
Net book value	**96,358**	**91,173**	**92,661**

5. Share capital

	Allotted, called up and fully paid					
	At 31 August 2011	**At 31 August 2011**	At 31 August 2010	At 31 August 2010	28 February 2011	28 February 2011
	Number	**US$'000**	Number	US$'000	Number	US$'000
Ordinary shares of 1p each	181,614,096	3,448	141,173,471	2,802	144,833,578	2,857

Details of the ordinary shares issued during the 6 month period to 31 August 2011 are given in the table below:

Date	**Description**	**Price US$**	**No of shares**
	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
At 31 August 2011			**181,614,096**

The ordinary shares have a nominal value of 1p. The share capital has been translated at the historic rate at the date of issue, or, in the case of the LTIP, the date of grant.

6. Options and Warrants

Share Option Scheme

During the six months ended 31 August 2011, the Company issued no options and no options were exercised. The share options outstanding are 5,720,000.

Long term incentive scheme

During the period, 254,100 share awards were granted to employees. The shares will vest in equal installments over a 3 year period and the share price at the date of grant was 271p. The total of all outstanding long term incentive awards is 1,606,051.

7. Post balance sheet events

On 1 September, the Company issued and allotted 500,000 new ordinary shares pursuant to the exercise of options at an exercise price of 38.5p.

END

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