



13 December 2017

**Chariot Oil & Gas Limited**

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

**Pre-Close Operational Update**

***Successful year ahead of high impact exploration programme in 2018***

Chariot Oil & Gas Limited (AIM: CHAR), the Atlantic margins focused oil and gas exploration company, today provides an operational update prior to its 31 December year end.

**Overview**

Over the past 12 months Chariot has continued to invest in its portfolio to capitalise on the current low cost environment. The Company has evaluated 3D seismic data acquired in 2016 in Brazil and Namibia, secured a new licence in Morocco and back-in rights in legacy acreage in Namibia, acquired extensive 2D and 3D seismic programmes and completed the transfer of operatorship in the Rabat Deep Permits in Morocco in the lead up to exploration drilling in Q1 2018. Through this extensive work programme, the Chariot in-house subsurface team has developed an inventory of drill-ready prospects with material follow-on potential, and initiated partnering processes in Namibia and Morocco.

The recent industry downturn has created a number of opportunities to capture significant cost reductions. Having previously taken advantage of the low seismic acquisition rates, Chariot is now focusing on the supply and demand dynamics of the deepwater drilling rig market. With rig rates at historic lows, Chariot has initiated a process to analyse how the Company can benefit from this lower cost environment. Utilising the expertise of its newly hired drilling manager, Chariot has conducted a thorough analysis of drilling cost estimates for its key prospects, feeding this data into the current partnering processes. Chariot has launched drilling preparations in Morocco and Namibia through the initiation of Environmental Impact Assessments, long lead items identification and other operational arrangements. Management believes that this preparatory work will enable Chariot to avoid unnecessary delays associated with its plans to drill three wells in the near term and to capitalise on the current low-cost environment for drilling.

Chariot continues to apply strict capital discipline and has reduced its annual cash overhead for the fourth consecutive year. As a result, the Company has a strong cash position in excess of licence commitments and remains debt free.

**Morocco**

In Morocco, Chariot announced the transfer of operatorship to Eni of the Rabat Deep Offshore Exploration Permits I-VI. The Rabat Deep partnership will be drilling the RD-1 well using the Saipem 12000 drillship with spud expected in March 2018. The prospect that this well is targeting, JP-1, has audited gross mean prospective resources of 768mmbbls, which, if successful, will be transformational for the Company. This well will be closely watched by the industry as one of the larger prospects likely to be drilled in the world during

2018. The Rabat Deep Permits have an additional six leads in the same play which have the potential to be de-risked by the RD-1 well.

During the year, Chariot was awarded the Kenitra Offshore Exploration Permit (Chariot, 75% equity and operator), adjacent to the Rabat Deep and Mohammedia licence areas. Chariot also acquired both 2D and 3D seismic data over Kenitra and the adjacent Mohammedia Exploration Permits during 2017 to investigate the extent of the prospectivity in the Lower Cretaceous play. The processing of these data has now been completed, and the Company has started the interpretation programme. The team had previously matured prospects from 3D data acquired by Chariot in 2014, including the JP-2 prospect, which has the potential to be de-risked by the RD-1 well. The Company also identified an inventory of prospects in the shallower Lower Cretaceous play, and is targeting the drilling of Kenitra-1 in H1, 2019, which has a gross mean prospective resource of 464mmbbls as part of a larger portfolio in the Mohammedia and Kenitra permits totalling 1.5 billion barrels in prospective resources. A partnering process has been initiated and drilling preparations have begun.

### **Namibia**

In the Central Blocks (2312 and 2412A) offshore Namibia, Chariot completed the interpretation of the two integrated proprietary 3D seismic surveys of approximately 6,100km<sup>2</sup> in total. In addition to the Central Blocks legacy prospect inventory, the Company has now identified an additional five structural closures and is targeting the drilling of Prospect S in the second half of 2018. Prospect S has audited gross mean prospective resources of 459mmbbls which is part of a portfolio of prospects with a resource in excess of 2.5 billion barrels. The partnering process has been initiated and drilling preparations are underway.

Also in Namibia, following withdrawal from the Southern Blocks (2714A and 2714B), Chariot secured an option to back-in for 10% equity at no cost after exploration drilling in return for which the Company will facilitate the partnering programme that will be led by NAMCOR, the Namibian State Oil company.

### **Brazil**

In Brazil, Chariot has completed the evaluation of the proprietary 3D seismic data across the four Chariot concessions and identified a large structural prospect with multiple targets which will be the subject of an independent audit of resource potential. Once this is completed, the partnering programme on these blocks will be launched in H1 2018.

The Company continues to evaluate new venture opportunities to further enhance the value of its portfolio on a case by case basis.

### **Larry Bottomley, CEO, commented:**

*“We have continued to make significant progress throughout the year, refreshing and de-risking the portfolio by securing a new licence, delivering an innovative option based on Chariot’s reputation for partnering and continuing to mature all parts of the portfolio through the acquisition of new data and the evaluation of data acquired in 2016. We have also continued to apply rigorous portfolio management and capital discipline, leaving us in a very strong financial position going forward.*”

*Over the last two years, Chariot has been able to capitalise on the low cost base for seismic acquisition and processing, and has consequently been able to mature its portfolio and build a drilling inventory of potentially transformational prospects. This readjustment of costs following the oil price fall of 2014 has now affected*

*the drilling market, and the Company is looking to capitalise on drilling costs as successfully as we delivered in our seismic campaigns.*

*Looking ahead, we are focused on delivering three exploration wells in the near-term and have established an in-house drilling team to deliver this programme safely, efficiently and cost-effectively.*

*Whilst we have seen some improvement in market conditions, we remain vigilant and conservative in our forecasting to ensure we remain well-positioned to deliver on our plans.”*

This announcement contains inside information for the purposes of Article 7 of Regulation 596/2014.

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## **NOTES TO EDITORS**

### **ABOUT CHARIOT**

Chariot Oil & Gas Limited is an independent oil and gas exploration group. It holds licences covering two blocks in Namibia, three blocks in Morocco and four blocks in the Barreirinhas Basin offshore Brazil. All of these blocks are currently in the exploration phase.

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