

9 April 2020

Chariot Oil & Gas Limited

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

Strategic Update and Response to Market Conditions

Chariot Oil & Gas Limited (AIM: CHAR) today provides an update on its strategic direction and response to current market uncertainty related to COVID-19 and commodity price weakness.

- **Corporate strategy to focus on monetising near term potential of the Lixus licence and maximising value for investors by developing a Moroccan gas business.**
- **Organisation restructured to deliver this strategy with a continued focus on capital discipline:**
 - **Retain key skills and operational capabilities.**
 - **Board of Directors cash reduction of fees and salaries by 50%, replaced by share awards.**
 - **Organisational and other savings to reduce annual running costs by ca. 45%, from US\$4.5 million to US\$2.5 million.**
- **2019 year-end unaudited cash position of US\$9.6 million, no debt, no remaining work programme commitments.**

Strategy:

Corporate strategy updated to fit with changing market dynamics as the risk profile of investors and the industry has evolved. Elephant scale exploration activity in frontier regions has, aside from a few notable exceptions, fallen out of favour with the market and industry appetite is now focused on the environmental and social impact of energy projects and their governance ("ESG").

Chariot has responded to these changes by refocusing its near-term strategy to develop a Moroccan gas business through the delivery of the Anchois gas development. The project contains significant upside exploration potential and the Company will look to manage the remainder of its portfolio in Morocco, Brazil and Namibia, with a focus on value, quality and fit. The Company recognises that current market conditions may expose value-accretive growth assets with strategic fit and will remain open to such opportunities.

Capital Discipline:

The Company will retain its focused risk and capital management strategies. With unaudited 2019 year-end cash at US\$9.6 million and no remaining work programme commitments, Chariot has no debt and a track record of capital discipline.

The refocused strategy gives the Company the opportunity to restructure the organisation, ensuring the retention of key skills and the operating capability to deliver on Lixus, while the prevailing market conditions makes the preservation of cash an imperative.

Each Director has elected to take 50% of fees or salary as share awards rather than cash. In addition, some staff will be released, others will be moved onto consulting agreements and additional costs will also be reduced or removed from the business. These actions will decrease annual running costs from US\$4.5 million to US\$2.5 million whilst maintaining our experienced, high quality and operationally excellent team who are focused on creating significant value through project delivery.

Lixus and Anchois:

The focus on developing a Moroccan gas business will be to take the material, high-value Anchois gas project through to development and generation of free cash flow. As has been detailed in previous communications, the Anchois gas discovery has a total remaining recoverable resource of 423 Bcf as assessed by Netherland Sewell & Associates Inc. (“NSAI”). The company has performed a PSDM reprocessing project on the legacy 3D seismic data which has materially improved the seismic imaging and depth conversion accuracy and will offer the team a high-quality new dataset to continue to extract more value from the proven and emerging exploration play systems in Lixus. Preliminary assessment of fast-track data from this project has already highlighted additional potential within the Anchois area. For example, this work has identified an additional deeper target, called the “O Sand”, which was not penetrated in the discovery well, for which preliminary Best Estimate (‘2U’) Prospective Resources of 159 Bcf have been estimated by the Chariot technical team. This would thereby increase the total remaining recoverable resource estimate of Anchois to 582 Bcf with the addition of the resources assigned to the O Sand to the NSAI 2C estimates for the discovered A & B Sands and 2U estimate for the undrilled C Sand.

The Anchois discovery has the potential to deliver substantial near-term cash flow and returns to shareholders. The strong industry interest witnessed in the partnering process has reaffirmed the value of the project and Chariot remains committed to risk-sharing through partnering. The Lixus asset has strong ESG credentials – having the capacity to help Morocco transition to a lower carbon economy – and gas projects are now seen by the many companies in the sector as increasingly important in the transition to net-zero carbon. The industry response to partnering has been positive and, while these discussions are experiencing delays due to challenges created by the prevailing conditions, the market will be updated as appropriate.

In addition to Anchois, Lixus has additional running room in the Anchois Satellites and Additional Prospects, which are ideally located to supply the growing Moroccan energy market and its attractive gas pricing. The detailed assessment of the final PSDM reprocessed seismic projects is now underway and further updates on the impacts on existing objects within the Lixus portfolio, and identification of any additional exploration opportunities, will be made in due course.

George Canjar, Chairman commented:

"We are witnessing considerable change in energy markets. The combination of COVID-19, low oil prices and global economies looking to transition to less carbon intensive energy sources, means that companies like ours need to evolve their strategies. This Board decision to refocus the strategy is in response to sector and investor appetite for frontier exploration. However, given the significant potential and quality of the Lixus asset, we are well placed to benefit from the transition to natural gas as an important fuel source in the energy matrix and remain well funded to react to any opportunities that might arise in the current environment.

Reducing the overall cost base of the Company is directly linked to our continued focus on capital discipline, while ensuring that we maintain the capacity to execute our business plan. These changes significantly reduce our annual running costs, but enable us to retain our core expertise, operating capability and ability for project delivery, meaning we are well placed to deliver on our strategy and generate value for shareholders."

Larry Bottomley, CEO commented:

"Lixus is a high-quality asset that has the potential to be of strategic significance to the Kingdom of Morocco. The country has a growing economy and is one of the most attractive places to operate in the world. The partnering process for Lixus has endorsed our excitement for this project, and we remain highly motivated to deliver value from Anchois and the additional potential of the Lixus licence over the coming years.

Finally, I would like to thank our staff for their hard work and dedication, during what has been a difficult time for the industry. I am grateful to the Directors for agreeing to share the burden and we believe that the decision to restructure the business gives us the best possible opportunity to generate returns from this high value asset in due course."

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

Qualified Person Review

This release has been reviewed by Duncan Wallace, Exploration Manager of Chariot, who is a petroleum geologist with over 15 years' experience in petroleum exploration, MSc in Petroleum Geology from Imperial College, is a member of the Petroleum Exploration Society of Great Britain and a Fellow of the Geological Society. Mr Wallace has consented to the inclusion of the technical information in this release in the form and context in which it appears.

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NOTES TO EDITORS

ABOUT CHARIOT

Chariot Oil & Gas Limited is an independent oil and gas company focused on the Atlantic margins. It holds exploration licences covering two blocks in Namibia, three blocks in Morocco and four blocks in the Barreirinhas Basin offshore Brazil.

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'.