23 September 2015

Chariot Oil & Gas Limited

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

Interim Results

Chariot Oil & Gas Limited (AIM: CHAR), the Atlantic margins focused oil and gas exploration company, today announces its unaudited interim results for the six month period ended 30 June 2015.

Highlights during and post period:

Positioning the Portfolio

- Fully funded for all current commitments with sufficient cash (US$45.5m) to pursue additional opportunities
- Licence extension secured in Mauritania - provides time to carry out additional studies to further de-risk prospects prior to drilling
- Fast follower positioning and third party activity continue to provide information and further understanding of the subsurface potential, notably in Morocco and Mauritania
- High margin, deep water assets – remain economically robust even at lower oil prices

Protecting Value

- Strong cash position with ongoing focus on capital discipline – demonstrated by a 50% reduction in Board remuneration from May 2015
- Rejection of AziLat's commercial amendments to the farm-out agreement protects value of Brazilian acreage and negotiating position for other assets

De-risking

- Partnering discussions on-going across the portfolio
- Woodside election not to increase equity in Morocco frees Chariot to open acreage to wider market – dataroom open
- Continued technical evaluation:
    - Resource Update in Morocco, Competent Persons Report ("CPR") on 3D seismic confirms prospectivity with gross mean prospective resources of 768mmbbls evaluated for JP-1 prospect and several other prospects with significant follow-on potential highlighted
    - Resource Update of C-19, Mauritania, confirmed four giant prospects ranging from single target to multi-stacked prospects
    - Seabed coring acquisition completed in Morocco and Mauritania – analysis ongoing
    - Environmental Impact Assessment ("EIA") submitted and awaiting approval prior to initiating 3D seismic programme, Brazil
    - 1,700 line km of 2D seismic data acquired offshore Central Blocks, Namibia, infilling existing grid of data; Pre Stack Time Migration ("PSTM") received and interpretation underway

    - All commitments satisfied in Southern Blocks, Namibia; processing of 2D data underway with Pre Stack Depth Migration ("PSDM") expected in November 2015

Capitalising on the Business Environment

- 3D seismic contract signed in Brazil locking in current low cost of acquisition
- Ongoing evaluation of new venture opportunities to balance and broaden the portfolio; analysis and discussions continue

Outlook

Morocco & Mauritania:

- Continue partnering processes with aim of securing a drilling partner on priority prospects
- Analyse seabed coring results to further understand the petroleum systems and hydrocarbon migration

Brazil:

- Continue partnering process with aim of securing a partner for 3D seismic programme
- Initiate ~1,000km^2 of 3D acquisition following EIA approval

Namibia:

- Evaluate the 2D seismic in region to identify and design the optimum area for 3D acquisition programmes
- Continue partnering processes to secure either a drilling partner on Prospect B or a seismic partner

New Ventures

- Continue to seek value accretive assets that will diversify the portfolio to broaden and balance the risk profile

Larry Bottomley, CEO of Chariot commented:

"*The current business environment is one that is creating both challenges and opportunities. Within these market conditions we have adapted our strategy to look to protect our business whilst continuing to de-risk and develop our assets, with our underlying goal still being to create transformational value for shareholders.*

Whilst negotiations, technical evaluations and new venture analysis take time, we as a team are maintaining our focus with our clear strategy and objectives. Through our strategic positioning, strong cash balance and high margin assets we believe Chariot remains an attractive investment opportunity and we continue to look to progress the Company towards realising its potential."

Analyst Conference Call and Webcast

A conference call for research analysts will be held at 08.30am (BST) today. A recording of this conference call will be available on Chariot's website as soon as possible.

Private Investor Event

Management will also be hosting an event for private investors at 10.00am (BST) today, further details of which are on the Company website: http://www.chariotoilandgas.com/index.php/investors/events-and-financial-calendar/

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Chief Executive's Review

The past year has seen fundamental changes within the global oil and gas sector, the impacts of which have been felt and continue to affect the entire industry. Within this changing environment Chariot has continued to focus on developing its assets and delivering on its strategy whilst seeking to both manage risk and create value over the longer term. It has focused on four key areas in order to maintain its ability to prosper in current market conditions.

Position the Portfolio

At the heart of Chariot's investment case is its high impact portfolio. Chariot holds large, operated positions in giant potential frontier and emerging hydrocarbon provinces, which encompass a number of basins that contain both proven and yet to be proven plays. To attract investment in such provinces, Governments offer attractive commercial terms as is the case in all of Chariot's acreage and, through its careful operatorship and good relations with its partners and ministries, the Company has successfully renewed licences and gained extensions where necessary to ensure that it has the time to fully evaluate its work programmes prior to entering drilling periods.

As a result of its licence acquisitions and continued efforts to maintain its strong asset position, the Company has developed a deep water high margin asset base which offers robust economics that can be transformational even at low oil prices. The giant potential identified within each of its licence areas means that, in the event of a discovery, the breakeven costs are competitive. Chariot has conducted its own analysis using its Netherland Sewell and Associates ("NSAI") approved figures and tested its exploration portfolio against the current oil price and the commerciality threshold, resulting in a range between an estimated break-even cost of US$23/bbl to US$43/bbl, similar to other deep water West African and US plays. These figures were calculated using service costs from when the oil price was around $100/bbl so would be even more viable in today's environment. Whilst these are internal estimates and should be used only as a guide, they provide a benchmark relative to other exploration assets around the world and emphasise the relative commercial attractiveness of Chariot's portfolio.

Protect Value

Balance sheet strength is a current competitive advantage for the Company and protecting the cash position is paramount in the current climate. The team continues to focus on its capital discipline, as evidenced by the significant reduction in the Board remuneration announced in May 2015, and its aspiration for zero cost exploration. As operator of the licences, Chariot has significant control of its investment scale and timing and as a result of the extensive work programmes completed to date, there are low or no commitments outstanding.

Protecting the value of the portfolio is an important pillar of this strategy, hence Chariot's decision not to accept the amended terms of its agreed farm-out with AziLat in its Brazilian acreage in May 2015. Whilst Chariot is cognisant of the changes in the business environment that can make partnering challenging, it is also careful to ensure that the value of its acreage is reflected in its agreements and will continue to strive to deliver this.

Partner to Drill

Chariot requires partners to drill for hydrocarbons. The portfolio of giant potential, high margin assets is attractive to supermajors, majors and large independents, but the principal discriminating factor in successfully partnering is the quality of the technical description and the level of the pre-drill irreducible risk. As a consequence, reducing risk is a key focus and the Company continues to apply its de-risking strategy in a number of ways.

The high quality technical work that continues across all of Chariot's assets is a fundamental part of this risk description. Basin analysis, petroleum systems and play fairway description, extensive proprietary seismic acquisition with state-of-the-art processing combined with integrated evaluations and interpretation are all tools the Company utilises to describe prospectivity in the way that our potential partners would do themselves.

Chariot also looks to benefit from third-party activity within our selected basins. Drilling in the deep water is high cost and high risk, and the industry looks to de-risk the prospects as far as possible to ensure the best chance of success from any investment. As a fast follower, Chariot has the ability to benefit from invaluable information provided by third party activity, without impact on its own balance sheet. For example, successful drilling offshore Mauritania and Senegal this year has provided encouraging detail on the regional prospectivity and more drilling is scheduled to prove up further potential. In both instances, Chariot has experienced a significant increase in interest from potential partners following these successes. Third party information is also incorporated into Chariot's technical work within each region and helps to further de-risk potential drilling candidates prior to significant investment.

While remaining aware of the current business environment, the combination of balance sheet strength, low commitments, time on licences, quality of technical description and reducing pre-drill risk, in basins that are delivering success, puts Chariot in a strong position to attract partners. Through partnering at the seismic and drilling stages, the Company not only secures funds and reduces the cost of its exploration programme, but it also gains important independent validation of the assets.

Capitalise on the Business Environment

The lower oil price has had an impact on the industry's cost base. Capitalising on this trend, Chariot has been able to realise competitively priced seismic programmes in Namibia and Brazil, and seabed coring programmes in Morocco and Mauritania. Chariot will continue to apply capital discipline through rigorous tendering and contracting procedures to maximise its exploration investments.

Broadening and balancing the risk profile of the portfolio remains important to maintain a conveyor belt of opportunities, and the team continues to evaluate a number of new ventures in this regard. There is a focused mandate for this, with the team looking to add tangible value by securing assets, at the right valuation, that fit into the Chariot portfolio.

Whilst the environment is challenging, Chariot sees this as a time of opportunity for companies that have a robust financial position and are able to take advantage of these market conditions. Importantly the team has a track record of delivering on the strategy, both from previous partnering and its experience in securing new ventures. Discussions and evaluations continue as the Company seeks to capitalise on this.

Operational Update

Morocco (Rabat Deep: Operator 50%, Woodside 25%, ONHYM 25%; no remaining commitments. Loukos, Mohammedia: Operator 75%, ONHYM 25%, no remaining commitments)

In April 2015, Chariot announced that Woodside had elected not to take operatorship and fund the drilling of an exploration well in Rabat Deep in return for an additional 25% equity. Whilst Woodside retains its 25% interest, Chariot, with its 50% holding remains operator and is currently marketing a share of its equity to other interested parties. A dataroom is open and discussions are ongoing. The market will be updated with progress as and when appropriate.

Late in the second quarter, the Company completed the evaluation of the Company's 1,700km^2 3D dataset over the three operated licences. NSAI have subsequently completed a CPR confirming Chariot's view of the materiality of the JP-1 prospect, located in the Rabat Deep offshore permit, assigning a gross mean prospective resource of 768mmbbls of oil to this prospect. This 3D data also highlighted several other prospects ranging between 50 and 289mmbbls within the Jurassic, the Lower Cretaceous in a shallow-water depositional environment, and within the Eocene-Oligocene section that offer significant follow-on potential in the success case. In line with Chariot's continued efforts to de-risk its assets as far as possible prior to drilling, the Company, funded by Woodside in the Rabat Deep permit, has completed a seabed coring programme. The aim of the analysis of these cores will be to assist in age dating rocks that outcrop at seabed and in identifying hydrocarbon migration to best locate a well on the JP-1 prospect.

As a fast follower, Chariot has accumulated important information from wells drilled over the last 18 months in Morocco, which has served to prove that the Jurassic in the offshore can have excellent reservoirs and has confirmed the presence of a light oil charge. However, drilling targeting the Cretaceous in a deep water depositional environment has yet to demonstrate reservoir which is illustrative of the benefit of the fast-follower strategy.

Mauritania (Operator 55%, Cairn 35%, SMHPM 10%.; no remaining commitments.)

In May 2015, Chariot and its partners announced the successful extension of the C-19 licence. This provided additional time to carry out a seabed coring survey which has been acquired. As with Morocco, once the results are received and analysed, these will provide the opportunity to gain an improved understanding of the petroleum systems and hydrocarbon migration to aid in the decision to enter the next period which takes on a drilling commitment.

The Company has also carried out an independent audit with NSAI on its Mauritanian acreage, the results of which supported Chariot's evaluation and highlighted four priority prospects. These range from the single target PA-1 and MA-1 prospects with gross mean prospective resources of 431mmbbls and 588mmbbls respectively and the KT-1 and BFT-1 prospects which are interpreted to comprise stacked deep water sandstone targets located in a combination of structural and stratigraphic trapping geometries in the Cretaceous and overlying Tertiary section. Individual targets in these prospects are estimated by NSAI to contain a range of gross mean prospective resources up to 434mmbbls. A dataroom to secure a drilling partner is currently open and discussions are ongoing. An update will be provided as appropriate.

Recent third party drilling in both Mauritania and Senegal has been encouraging for Chariot's C-19 acreage demonstrating excellent quality Cretaceous reservoirs and a material hydrocarbon charge. These discoveries also confirm the potential for giant-scale accumulations in this part of the Atlantic margin. Further third party drilling due in late 2015 will continue to contribute to the description of the petroleum systems in this region and inform Chariot's understanding of the prospectivity.

Brazil (Operator 100%; 800km^2 3D seismic commitment)

Chariot's Brazilian acreage sits in the Barreirinhas basin which was conjugate to the prolific petroleum systems of Cote d'Ivoire and Ghana during the opening of the Atlantic. As a consequence, this basin experienced significant industry interest and competition in Round 11 with other industry players paying over US$300 million in signature bonuses and committing to 8,000km^2 of 3D seismic data and 9 deep water wells, one adjacent to Chariot's acreage. Chariot secured its four blocks with a US$2 million signature bonus for an 800km^2 3D seismic option and no well in the first period of exploration.

With Chariot's acreage, the team has identified sufficient burial of the Cenomanian-Turonian source rock for hydrocarbon generation, and the prospectivity is supported by seismic indicating deep water turbidite sands, fan entry points as well as a large roll-over structure.

Following the unsolicited approach and the resulting farm-out agreement with AziLat, the Company announced in May 2015 that this agreement had been terminated, owing to AziLat's request to amend the original commercial terms. Given the substantial prospectivity identified within this acreage and in order to protect the ongoing value of its assets, Chariot considered the proposed amendments unacceptable.

Since this time, the team has continued to re-process and is currently interpreting further legacy 2D seismic datasets. Using this, the Company will continue to seek a partner to participate in its 3D seismic campaign, however, given the Company's strong funding position it will look to pursue its commitment once the submitted EIA has been approved, regardless of partner participation. In order to capitalise on current market conditions, the Company has signed a seismic contract to secure good terms and is prepared to commence the survey as soon as state permissions are granted. It appears that all the operators in the Barreirinhas basin are experiencing delays in this approvals process, which suggests there is a possibility that the 3D seismic programme may be delayed into 2016.

Namibia

Central Blocks (Operator 65%, AziNam 20%; NAMCOR 10%; Ignitus 5%; 1500km^2 3D commitment)
Chariot has repositioned its Namibian acreage to provide the optionality to seek seismic or well partners. Several major oil companies have entered the country on seismic options allowing them to act as fast followers and, for this reason, Chariot has positioned itself in the Central Blocks to provide the optionality to interested parties that may seek further technical development on the licence prior to drilling.

From its fast follower positioning, Chariot has been able to utilise information released from third party drilling which described an excellent source as oil prone, mature and generating a light, sweet oil. This source rock can be directly correlated into Chariot's Central Blocks where it is buried to the same depths and should have experienced the same hydrocarbon maturation.

Within the 3,500km^2 of 3D seismic within the Central Blocks, Prospect B, an upper-slope fan with gross mean prospective resources of 469mmbbls, is drill ready. The upper-slope fans identified within the 3D seismic extend westwards and drape over a regional-scale outboard high. In March 2015, Chariot completed 1,700 line kilometres of 2D seismic acquisition over this high to infill previous grid data to better determine where it focuses its 3D seismic commitment, due to be carried out in 2016. This acquisition aims to develop structural traps to complement the stratigraphic prospects already identified to build an attractive portfolio of targets with demonstrable follow-on potential in the success case.

Using its positioning, Chariot has the flexibility to seek a partner to share in its seismic commitment or to drill its priority prospect. This flexibility is key to Chariot's ability to adapt to circumstances in the current environment which has been reflected in its indicative timelines. The Company has been actively scrutinising potential opportunities in the market and has hosted several discussions throughout 2015 with interested parties. Of these was the potential opportunity to accelerate a well into 2015, however this opportunity did not mature. Chariot will continue to focus on the partnering process in order to de-risk its Namibian acreage as far as possible prior to drilling and updates in this regard will be provided as appropriate.

Southern Blocks (Operator 85%; NAMCOR 10%; Quiver 5%; no remaining commitments)
The Company has satisfied all work commitments in the Southern acreage, and following the receipt of PSDM data in November 2015 will be developing an integrated interpretation with the Company's proprietary datasets. This evaluation will provide essential insight to determine the best positioning for a 3D seismic campaign. A dataroom to secure a partner for the 3D seismic survey will be opened following this evaluation.

An additional three wells are reported to be drilled within the next 12 months offshore Namibia which will bring further understanding to the plays that the Company has identified and is pursuing in both the Central and Southern areas.

Financial Results

The Group is debt free and held a cash balance of US$45.5 million at 30 June 2015 (US$37.5 million at 30 June 2014; US$53.5 million at 31 December 2014).

The Group incurred a loss of US$4.4 million for the six months ended 30 June 2015 (30 June 2014: US$36.1 million). The decrease in the loss between the two periods is primarily due to an impairment charge of US$33.6 million for the Northern Blocks offshore Namibia reflected in the 2014 period.

Other administrative expenses of US$2.5 million are lower than last year (30 June 2014: US$3.0 million) mainly due to the 50% reduction in Board remuneration from May 2015 combined with other cost savings. Share-based payments charges of US$0.6 million are lower than the US$0.9 million incurred for the six months ended 30 June 2014 due to the vesting of historic awards of employee deferred shares.

Net cash outflow from operating activities before changes in working capital of US$2.3 million is lower than the US$2.8 million for the six months ended 30 June 2014 due to cost savings in other administrative expenses.

Capitalised exploration costs in the period of US$6.3 million (30 June 2014: US$13.9 million) were funded by existing cash, working capital movements and farm-in proceeds.

Outlook

Whilst the current climate remains tough and we continue to see the sector tighten, Chariot believes it is in a strong position and remains focused on the business in hand. Market conditions have made partnering more challenging, but whilst the number of attendees in data rooms is lower, there are new entrants and discussions are underway with interested parties. Plans for further seismic and ongoing geological & geophysical work continue as the Company looks to progress and de-risk its assets and generate prospects for drilling.

Chariot has adapted its strategy in order to ensure that it is able to both survive in and capitalise on the current business environment, and will continue to protect, progress and de-risk the portfolio as it looks to build the business and achieve transformational growth over the longer term. Management views this as an opportunity to leverage its cash position and expertise in order to broaden the portfolio and risk profile. This is aimed at generating a sustainable business model whilst progressing towards drilling. The team is dedicated to delivering on its strategy and looks forward to reporting on its ongoing work and progress.

Larry Bottomley
Chief Executive Officer
22 September 2015

Chariot Oil & Gas Limited
Independent review report to Chariot Oil & Gas Limited

Introduction

We have been engaged by the company to review the set of financial statements in the half-yearly financial report for the six months ended 30 June 2015 which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of financial position, the consolidated cash flow statement and the related notes.

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

Directors' responsibilities

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

Our responsibility

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

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the set of financial statements in the half-yearly financial report for the six months ended 30 June 2015 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

BDO LLP

Chartered Accountants

London

United Kingdom

22 September 2015

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

Chariot Oil & Gas Limited
Consolidated statement of comprehensive income for the six months ended 30 June 2015

	Notes	Six months ended 30 June 2015 US$000 Unaudited	Six months ended 30 June 2014 US$000 Unaudited	Year ended 31 December 2014 US$000 Audited
Share based payments		(607)	(854)	(1,746)
Impairment of exploration asset	4	-	(33,629)	(33,629)
Other administrative expenses		(2,483)	(2,991)	(6,053)
Total operating expenses		(3,090)	(37,474)	(41,428)
Loss from operations		**(3,090)**	**(37,474)**	**(41,428)**
Finance income		704	1,574	1,546
Finance expense		(1,849)	-	(1,580)
Loss for the period before taxation		**(4,235)**	**(35,900)**	**(41,462)**
Tax expense		(154)	(180)	(311)
Loss for the period and total comprehensive loss for the period attributable to equity owners of the parent		**(4,389)**	**(36,080)**	**(41,773)**
Loss per ordinary share attributable to the equity holders of the parent – basic and diluted	**3**	**US$(0.02)**	**US$(0.18)**	**US$(0.19)**

Chariot Oil & Gas Limited

Consolidated statement of changes in equity for the six months ended 30 June 2015

	Share capital US$000	Share premium US$000	Contributed equity US$000	Share based payment reserve US$000	Foreign exchange reserve US$000	Retained deficit US$000	Total attributable to equity holders of the parent US$000
For the six months ended 30 June 2015 (unaudited)							
As at 1 January 2015	**4,779**	**338,348**	**796**	**4,514**	**(1,241)**	**(185,145)**	**162,051**
Loss and total comprehensive loss for the period	-	-	-	-	-	(4,389)	(4,389)
Share based payments	-	-	-	607	-	-	607
As at 30 June 2015	**4,779**	**338,348**	**796**	**5,121**	**(1,241)**	**(189,534)**	**158,269**
For the six months ended 30 June 2014 (unaudited)							
As at 1 January 2014	**3,776**	**324,577**	**796**	**3,874**	**(1,241)**	**(143,372)**	**188,410**
Loss and total comprehensive loss for the period	-	-	-	-	-	(36,080)	(36,080)
Share based payments	-	-	-	854	-	-	854
Transfer of reserves due to issue of LTIPS	6	266	-	(272)	-	-	-
As at 30 June 2014	**3,782**	**324,843**	**796**	**4,456**	**(1,241)**	**(179,452)**	**153,184**

For the year ended 31 December 2014 (audited)							
As at 1 January 2014	**3,776**	**324,577**	**796**	**3,874**	**(1,241)**	**(143,372)**	**188,410**
Loss and total comprehensive loss for the year	-	-	-	-	-	(41,773)	(41,773)
Issue of capital	972	13,605	-	-	-	-	14,577
Issue costs	-	(909)	-	-	-	-	(909)
Share based payments	-	-	-	1,746	-	-	1,746
Transfer of reserves due to issue of LTIPS	31	1,075	-	(1,106)	-	-	-
As at 31 December 2014	**4,779**	**338,348**	**796**	**4,514**	**(1,241)**	**(185,145)**	**162,051**

Chariot Oil & Gas Limited
Consolidated statement of financial position as at 30 June 2015

	Notes	30 June 2015 US$000 Unaudited	30 June 2014 US$000 Unaudited	31 December 2014 US$000 Audited
Non-current assets				
Exploration and appraisal costs	4	106,067	108,509	101,251
Property, plant and equipment		204	508	342
Total non-current assets		**106,271**	**109,017**	**101,593**
Current assets				
Trade and other receivables		1,432	1,492	1,681
Inventory		7,462	7,761	7,427
Cash and cash equivalents	5	45,521	37,510	53,482
Total current assets		**54,415**	**46,763**	**62,590**
Total assets		**160,686**	**155,780**	**164,183**
Current liabilities				
Trade and other payables		2,417	2,596	2,132
Total current liabilities		**2,417**	**2,596**	**2,132**
Total liabilities		**2,417**	**2,596**	**2,132**
Net assets		**158,269**	**153,184**	**162,051**
Capital and reserves attributable to equity holders of the parent				
Share capital	6	4,779	3,782	4,779
Share premium		338,348	324,843	338,348
Contributed equity		796	796	796
Share based payment reserve		5,121	4,456	4,514
Foreign exchange reserve		(1,241)	(1,241)	(1,241)
Retained deficit		(189,534)	(179,452)	(185,145)
Total equity		**158,269**	**153,184**	**162,051**

Chariot Oil & Gas Limited
Consolidated cash flow statement for the six months ended 30 June 2015

	Six months ended 30 June 2015 US$000 Unaudited	Six months ended 30 June 2014 US$000 Unaudited	Year ended 31 December 2014 US$000 Audited
Operating activities			
Loss for the period before taxation	(4,235)	(35,900)	(41,462)
Adjustments for:			
Finance income	(704)	(1,574)	(1,546)
Finance expense	1,849	-	1,580
Depreciation	153	164	334
Share based payments	607	854	1,746
Impairment of exploration asset	-	33,629	33,629
Net cash outflow from operating activities before changes in working capital	**(2,330)**	**(2,827)**	**(5,719)**
Decrease/(increase) in trade and other receivables	70	166	(197)
(Decrease)/increase in trade and other payables	(622)	(23)	162
Increase in inventories	(19)	(527)	(92)
Cash outflow from operating activities	**(2,901)**	**(3,211)**	**(5,846)**
Tax payment	(164)	(1,989)	(2,078)
Net cash outflow from operating activities	**(3,065)**	**(5,200)**	**(7,924)**
Investing activities			
Finance income	708	753	1,578
Payments in respect of property, plant and equipment	(15)	(59)	(63)
Farm-in proceeds	1,731	-	10,265
Payments in respect of intangible assets	(5,471)	(15,489)	(19,146)
Net cash outflow used in investing activities	**(3,047)**	**(14,795)**	**(7,366)**
Financing activities			
Issue of ordinary share capital	-	-	14,577
Issue costs	-	-	(909)
Net cash outflow used in financing activities	**-**	**-**	**13,668**
Net decrease in cash and cash equivalents in the period	**(6,112)**	**(19,995)**	**(1,622)**
Cash and cash equivalents at start of the period	**53,482**	**56,684**	**56,684**
Effect of foreign exchange rate changes on cash and cash equivalent	(1,849)	821	(1,580)
Cash and cash equivalents at end of the period	**45,521**	**37,510**	**53,482**

Chariot Oil & Gas Limited

Notes to the Interim Financial Statements for the six months ended 30 June 2015

1. Accounting policies

Basis of preparation

The 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 interim financial information has been prepared using the accounting policies which were applied in the Group's statutory financial statements for the year ended 31 December 2014. The Group has not adopted IAS 34: Interim Financial Reporting in the preparation of the interim financial statements.

There has been no impact on the Group of any new standards, amendments or interpretations that have become effective in the period. The Group has not early adopted any new standards, amendments or interpretations.

2. Financial reporting period

The interim financial information for the period 1 January 2015 to 30 June 2015 is unaudited but was the subject of an independent review carried out by the Company's auditors, BDO LLP. The financial statements also incorporate the unaudited figures for the interim period 1 January 2014 to 30 June 2014 and the audited figures for the year ended 31 December 2014.

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 figures for the year ended 31 December 2014 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 30 June 2015	**Six months ended 30 June 2014**	**Year ended 31 December 2014**
Loss for the period US$000	(4,389)	(36,080)	(41,773)
Weighted average number of shares	262,294,113	202,043,615	222,449,858
Loss per share, basic and diluted*	**US$(0.02)**	**US$(0.18)**	**US$(0.19)**

*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. Exploration and appraisal costs

	Six months ended 30 June 2015	Six months ended 30 June 2014	Year ended 31 December 2014
	US$000	**US$000**	**US$000**
Balance brought forward	**101,251**	**128,284**	**128,284**
Additions	6,256	13,854	17,287
Farm-in proceeds	(1,440)	-	(10,691)
Impairment	-	(33,629)	(33,629)
Net book value	**106,067**	**108,509**	**101,251**

As at 30 June 2015 the net book values of the five cost pools are Central Blocks offshore Namibia US$44.3m (31 December 2014: US$43.0m), Southern Blocks offshore Namibia US$49.5m (31 December 2014: US$47.3m), Mauritania US$4.4m (31 December 2014: US$3.9m), Morocco US$3.4m (31 December 2014: US$3.2m) and Brazil US$4.5m (31 December 2014: US$3.9m).

Farm-in proceeds are in relation to the farm-out of 25% of the Rabat Deep Offshore permits I-IV, Morocco, to a wholly owned subsidiary of Woodside Petroleum Limited, which completed on 23 December 2014.

Continued portfolio review leading to no application for a licence renewal of 1811A&B resulted in the licence lapsing on 26 October 2014, causing a provision of US$33.6 million against the carrying value of Northern Blocks, Namibia.

5. Cash and cash equivalents

As at 30 June 2015 the cash balance of US$45.5m (31 December 2014: US$53.5m) contains the following cash deposits that are secured against bank guarantees given in respect of exploration work to be carried out:

	30 June 2015	30 June 2014	31 December 2014
	US$000	**US$000**	**US$000**
Brazilian licences	9,093	12,958	10,745
Mauritanian licence	611	500	500
Moroccan licences	1,400	1,900	1,900
Namibian 2714B licence	300	300	300
	11,404	**15,658**	**13,445**

The funds are freely transferrable but alternative collateral would need to be put in place to replace the cash security.

The cash balance of US$45.5 million (31 December 2014: US$53.5 million) does not include US$1.4 million (31 December 2014: US$1.4 million) held in a Brazilian Real denominated escrow bank account relating to a farm-out agreement with a wholly owned subsidiary of AziLat Limted which was terminated on 19 May 2015. At 30 June 2015 the Group did not control or benefit from this escrow cash and the funds were returned to AziLat limited after the reporting period.

6. Share capital

	Allotted, called up and fully paid					
	At 30 June 2015	At 30 June 2015	At 30 June 2014	At 30 June 2014	At 31 December 2014	At 31 December 2014
	Number	US$000	Number	US$000	Number	US$000
Ordinary shares of 1p each	262,294,113	4,779	202,174,664	3,782	262,294,113	4,779

No ordinary shares issued were during the six month period to 30 June 2015.

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.