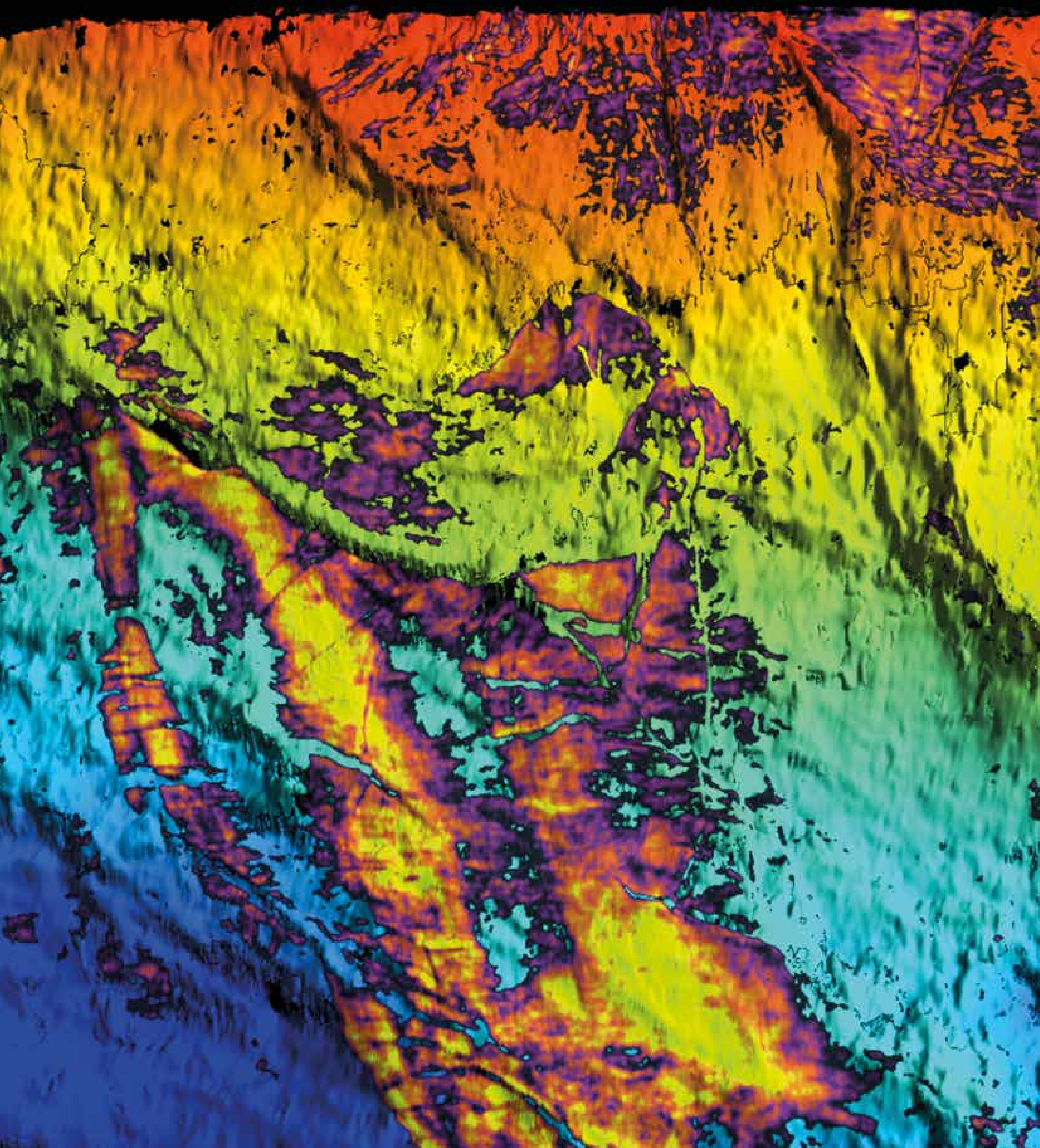
CHARIOT
OIL & GAS

Unlocking Transformational Potential Through Exploration

Chariot Oil & Gas Limited
Annual Report and Accounts 2017



WELCOME TO CHARIOT'S ANNUAL REPORT

Chariot is an independent AIM-listed Atlantic margins oil and gas exploration company focused on creating transformational stakeholder value through the discovery of material accumulations of hydrocarbons.

IN THIS YEAR'S REPORT

WHO WE ARE

We are an independent AIM-listed Atlantic margins oil and gas exploration company.

WHERE WE OPERATE

Our assets are located in the giant potential underexplored regions offshore Namibia, Morocco and Brazil.

Read more
page 16

OUR VISION

We aim to create and realise transformational stakeholder value through the discovery of material accumulations of hydrocarbons.

Read more
page 06

Please visit our website for more information:
www.chariotoilandgas.com

CORPORATE HIGHLIGHTS

Robust Financial Positioning

- Debt free with a cash balance of US$15.2 million as at 31 December 2017
- No remaining commitments across the entirety of the portfolio
- Placing raised an additional US$16.5 million (net) in Q1 2018

Giant Scale Drilling Campaign Initiated

- Drilling campaign initiated in Q1 2018 at zero cost with the Rabat Deep 1 exploration well, Rabat Deep, Morocco, following completion of Farm-Out Agreement with Eni
  - No hydrocarbon accumulation was encountered but a thick top seal and tight, fractured carbonates in the primary Jurassic target were penetrated
- Chariot funded to operate a further giant potential well in Q4 2018
  - Ocean Rig Poseidon drill ship contracted for one firm and one optional well with Prospect S, Namibia, (459mmbbls gross mean prospective resources) anticipated to spud Q4 2018
- Potential for an additional two wells in the near term, each offering the opportunity for transformational value to the Company and significant follow on potential

Staying Ahead in a Cyclical Market

- Rigorous tendering processes carried out to fulfil 2D and 3D seismic commitments at significantly reduced prices
- Drilling Manager hired to undertake drilling preparations in the current low-cost environment

Focused Portfolio Management

- New Venture licence secured in Kenitra Offshore, Morocco and innovative option negotiated in Southern Blocks, Namibia
- Continued to high grade and progress the Company's diverse and giant scale prospect inventory through the acquisition and processing of substantial 2D and 3D seismic campaigns
- Drilling preparations underway in Namibia and Morocco
- Partnering strategy continues

OUTLOOK 2018

- Target to drill a second well, Prospect S (Namibia), in Q4 2018 with the potential for an additional two wells in the near term
- Maintain stability and a position of strength by continuing to pursue the de-risking strategy:
  - Use in-house technical capabilities to continue to mature the current portfolio and develop a conveyor belt of giant drilling opportunities and material value triggers
  - Additional partnering to enable the acceleration of drilling of the current and follow-on portfolio
  - Applying capital discipline throughout the business
- Capitalise on the current business environment
- Continue to leverage knowledge of the Atlantic margins to access additional highly prospective new ventures to lock in follow on potential and opportunities beyond the current objectives

Read more

For more information on our Corporate Highlights throughout this year see the following pages:

See Chief Executive Officer's Review
page 10

See Chief Financial Officer's Report
page 14

See Operations Overview
page 16

AT A GLANCE

BUILDING A BALANCED PORTFOLIO OF GIANT POTENTIAL ASSETS

Chariot has secured significant acreage positions in highly prospective underexplored new and emerging hydrocarbon provinces within the Atlantic Margins.

OUR UNIQUE SELLING POINT

1. **High impact Atlantic Margins explorer**
2. **Clear and focused risk management strategy**
3. **Experienced in-house team focused on maximising value**

Read more about our investment case
page 04

OUR STRATEGIC PRIORITIES

Access

De-risk

Drill

OUR VALUES

1. **A culture built on accountability, engagement and a focus on risk management**
2. **Relationships nurtured through communication, co-operation, and respect**
3. **A responsible and sustainable attitude towards the environment, health and safety and our stakeholders**

WHERE WE OPERATE

Namibia

Drill-ready Inventory
Prospective Resources

459mmbbls*
469mmbbls*

Frontier region

Morocco

Drill-ready Inventory
Prospective Resources

464mmbbls**

Emerging region

Brazil

Drill-ready Inventory
Prospective Resources

911mmbbls*

Frontier region

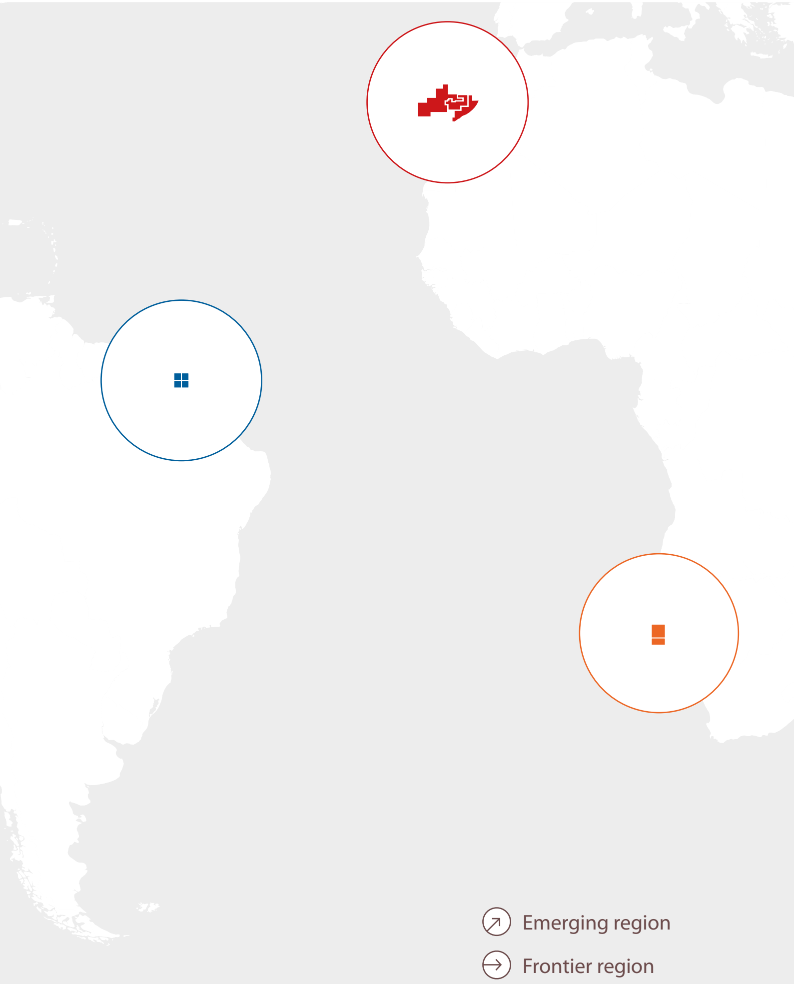
Read more about our operations
page 16

* Netherland Sewell and Associates Inc. ("NSAI") estimate of gross mean prospective resources.
** Internal Chariot estimate.

NEAR-TERM TRIGGERS

Country	Licence	1H 2018	2H 2018
Namibia No remaining commitments	Central Blocks PEL-71 65%	Well Partnering	Drilling Prospect S 459mmbbls***
Morocco No remaining commitments	Kenitra 75%		Well Partnering
Morocco No remaining commitments	Mohammedia 75%		
Brazil No remaining commitments	BAR-M-292/3 BAR-M-313/4 100%		Well Partnering
New Ventures	100%		

* Subject to partnering.
** Subject to partnering and dependent on outcome of adjacent drilling.
*** NSAI estimate of Gross Mean Prospective Resource.
**** Internal Chariot estimate of Gross Mean Prospective Resource.

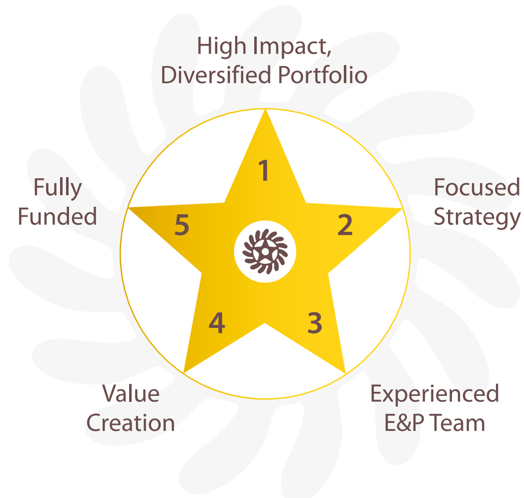


1H 2019	2H 2019	1H 2020
Drilling** Prospect W 284mmbbls***		
Drilling* Kenitra-1 464mmbbls****		
Well Partnering	Drilling** LKP-1a 350mmbbls***	
		Drilling** Prospect 1 911mmbbls***
Evaluation of New Venture Opportunities		

WHAT SETS US APART

Chariot represents an opportunity to invest in the underexplored but highly prospective regions of the Atlantic margins that sit outside of the traditional, more densely explored parts of the fairway.

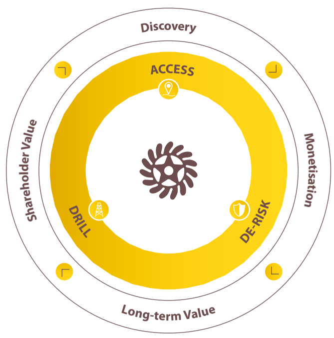
Read more on our investment case
page 04



POSITIONED FOR GROWTH

Through implementing Chariot's de-risking strategy and applying the expertise of its in-house team it has identified giant scale, high margin drill ready prospects offering transformational material upside in the success case and downside protection through partnering and technical de-risking.

Business Model and Strategy
page 06



- Chariot to be exposed to the drilling of a further two giant potential wells in the next 18 months*
- Success in either of these wells has the potential to create transformational value
- Any success de-risks material running room in each licence
- Route to successful delivery is through Chariot's rigorous partnering process – enabling acceleration of drilling the follow-on portfolio in the success case
- Funded to capitalise on the current sector environment
- Ongoing evaluation of potential opportunities to broaden and balance the risk profile
- Seeking to create transformational value and generate sustainable growth over the longer term.

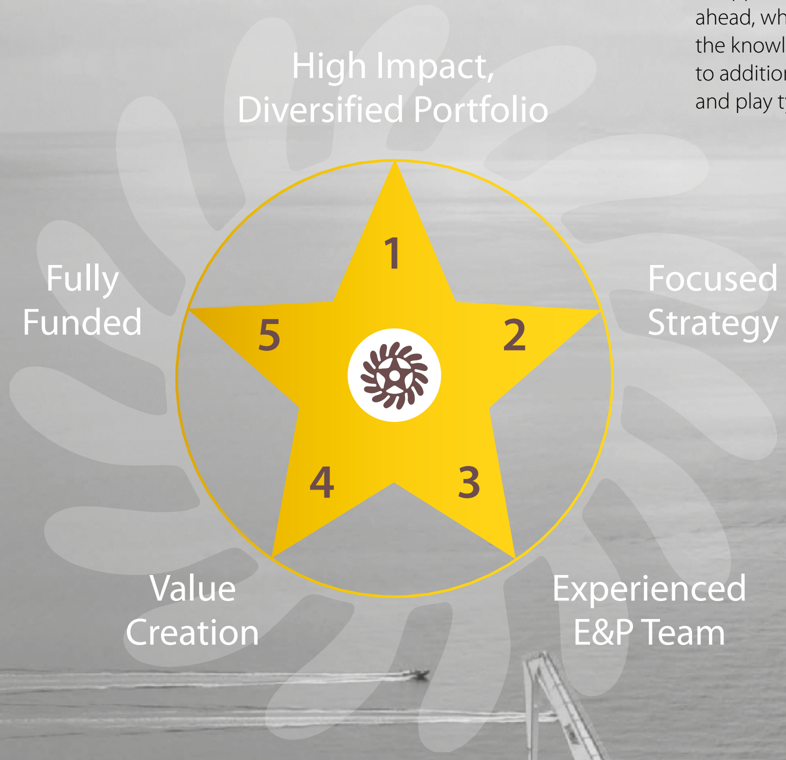
* Subject to partnering.

POSITIONED FOR GROWTH

Chariot represents an opportunity to invest in the underexplored but highly prospective regions of the Atlantic margins that sit outside of the traditional, more densely explored parts of the fairway.

Through implementing its de-risking strategy and applying the expertise of its in-house team Chariot has identified giant scale, high margin drill ready prospects offering transformational material upside in the success case and downside protection through partnering and technical de-risking.

With a strong funding position and no remaining commitments across its operated portfolio Chariot initiated a three well drilling campaign in Q1 2018. Whilst the drilling results of the Rabat Deep 1 well were disappointing, we look forward to additional drilling in the year ahead, where Chariot's high impact portfolio will be tested in the knowledge that, with its wider focus, we have exposure to additional drilling opportunities across a variety of basins and play types.



"Investing in the underexplored but highly prospective regions of the Atlantic margins; creating value through the application of the latest technology; mitigating risk through partnering and capital discipline; and looking to deliver long term value to stakeholders through drilling a diverse, giant potential prospect inventory."

1 High Impact, Diversified Portfolio

- Inventory of drill-ready assets in the new and emerging basins of Namibia, Morocco and Brazil
- Portfolio of a Major in scale combined with the nimbleness of an Independent
- Exploring for Giants – an extensive portfolio of prospects and leads with the potential for creating transformational value
- A range of play types and investment opportunities – Priority drilling candidates all have material follow-on targets and running room in the success case
- Water depths range from 350m-1,650m in basins with benign metocean conditions and normal pressure/temperature regimes – lower deepwater exploration and development costs expected
- Material scale, excellent commercial terms and lower costs result in high margin assets with robust economics

2 Clear and Focused Risk Management Strategy

- Portfolio diversity combined with focus on known geology
- Expert in-house sub-surface team with state-of-the-art technology
- Endorsement and risk-sharing through partnering
- Active portfolio management focused on quality
- Strong balance sheet with track record and continued focus of capital discipline
- Not a one-trick pony: targeting 3 company-making wells in the near-term from a portfolio in 3 countries, 4 plays, 5 licence areas

3 Experienced E&P Team

- With a combined knowledge base of over 200 years on the Atlantic Margins Chariot has one of the best understandings of this geology amongst our peer group
- We have operating capability throughout the exploration value chain – Drilling Manager, David Brecknock joined the team in anticipation of safe, efficient and cost-effective drilling operations in the year ahead
- This is complemented by financial and commercial team members expert in negotiating excellent contract rates and terms

4 Value Creation

- Chariot's in-house technical team identifies and accesses early stage, giant potential exploration opportunities in new and emerging basins
- It de-risks these assets through the application of the latest technology and looks to secure partners at each investment phase whilst also retaining material equity within the licence
- From this the Company has created a pipeline of high margin, de-risked giant potential drilling opportunities.
- Explore – Discover – Sell. On delivering drilling success, Chariot intends to return transformational shareholder value through the early monetisation of discoveries whilst also investing in continuing the value cycle

5 Fully Funded

- A robust balance sheet with US$15.2 million as at 31 December 2017 and no debt
- Completed farm-out in Rabat Deep, Morocco resulted in zero cost exploration well
- Placing and open offer raised an additional net US$16.5 million post period providing funding for a second well and strengthened negotiating position in partnering processes
- No remaining commitments across the entirety of the portfolio
- Capital discipline placed at the centre of our business:
  - Reduction in Annual Cash overheads for the fourth consecutive year – now less than half of what they were when current management first came to the helm at US$4.2m (US$9.4m 2013)
  - Back costs received from partners
  - Continued impact of the 50% Board salary decrease in 2015 as well as the Company restructure of 2016

A MARKET LEADING STRATEGY

Our Vision

Chariot's goal is to create transformational stakeholder value through the discovery of material accumulations of hydrocarbons.

An Experienced Team

Chariot's in-house technical team identifies and accesses early stage, giant potential exploration opportunities in new and emerging basins.

Read more page 24

Using the Latest Technology

Chariot's team de-risks its assets through the application of the latest appropriate risk reduction technologies.

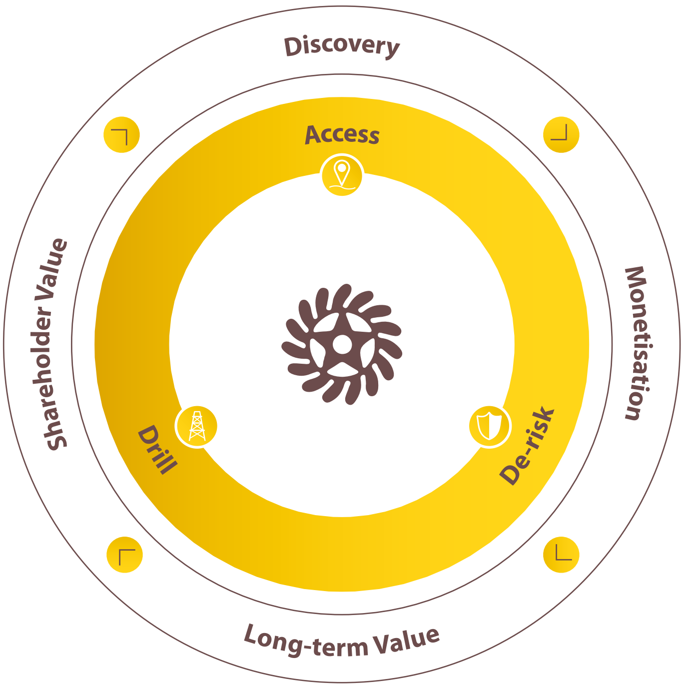
Read more page 16

A Strong Balance Sheet

In adhering to strict capital discipline throughout the business Chariot retains a strong balance sheet with two fully funded wells in 2018, cash exceeding its commitments and no debt.

Read more page 14

What We Do and How We Do It



Access

- Secure large acreage positions in new and emerging basins
- Take operated positions in the early phases to maintain control over destiny
- Build a diversity of basins and plays
- Retain a broad portfolio and risk profile

De-risk

- Position the portfolio as a fast follower
- Apply appropriate risk reduction technologies
- Levered partnering at investment phases
- Maintain portfolio diversity and management
- Maintain capital discipline

Drill

- Build a Drill-ready Inventory: 3 drill-ready prospects in Morocco, 2 in Namibia, 1 in Brazil
- Accelerate the drilling programme: Rabat Deep 1 Q1 2018; Prospect S H2 2018; Kenitra-1* H1 2019
- Return transformational shareholder value by the early monetisation of discoveries

* Subject to partnering.

What We Have Achieved

- Secured large equity positions in high potential, new and emerging basins characterised by flexible work programmes and excellent contract and commercial terms
- Currently operator of all but one licence – with operatorship transferred for drilling
- Acquired a balance of assets in three countries, four plays in five licence areas

- De-risked multiple assets at low cost through seismic partnering and third party drilling
- Levered partnering with major industry players: Eni, Woodside, Cairn, BP and Petrobras
- Actively managed the portfolio with both relinquishments and acquisitions
- Demonstrated capital discipline, reducing annual cash overhead from US$9.4 million in 2013 to US$4.2 million in 2017

- Demonstrated operational capability by successfully operating a deep water well and multiple seismic programmes
- Built a giant-scale drill-ready inventory of high quality opportunities using in-house skills and experience – key to success in farm-outs
- Secured funding for 2018 drilling, with further partnering anticipated for the 2019 programme

Future Targets

Chariot remains on track in its goal of drilling three high impact wells of transformational potential in the near term, with the drilling of the Rabat Deep 1 well by the Rabat Deep partnership complete and preparations underway for the drilling of Prospect S in Q4 of this year and, depending on the outcome and partnering, a further well, either in Namibia or Morocco in H1 2019. In our continued aspiration for risk management and zero cost exploration we will continue to seek a partnership balance in which the technical risk is measured against the cost and its associated prize for the drilling of these prospects.

With no remaining commitments across the portfolio we stand in a robust financial position from which we can look to technically mature our current assets and we will continue to leverage our knowledge of the Atlantic margins to access additional giant potential new ventures, with the aim of offering exposure to a pipeline of high impact drilling opportunities in the long term.

Managing Risks

Through looking to diversify its portfolio and seeking partners to share the technical and financial exposure to assets and applying its geological regional knowledge the Company aims to achieve zero cost reduced risk exposure.

Read more
page 22

Regulation and Responsible Business

Chariot aims to create long term growth and profitability in a sustainable and responsible manner, with respect to the environment, health and safety, and to all its stakeholders

Read more
page 23

Governance

We carry out in-depth technical reviews in accordance with our financial position and portfolio direction at quarterly meetings, and our committees meet regularly to support the delivery of best practice corporate standards in everything we do. This is further supported by our external advisors with whom we retain strong relationships and regular reviews.

Read more
page 28

FOCUSED ON VALUE

"With our continued focus on the de-risking strategy, governed by a diligent team, supportive partners and an effective Board we hope to achieve our goal of discovering material accumulations of hydrocarbons."

George Canjar
Chairman

Chariot's risk management strategy and recent successful equity fundraise means that it is on track and fully funded to drill Prospect S in Namibia in Q4 2018 and continue the development of the Company's broader portfolio.

Overview

While we have seen some recent stabilisation in the oil markets, during 2017 the industry continued to encounter challenging and unpredictable conditions resulting in a reduction in global oil and gas Capex and Opex spending for a third year in succession. Given Chariot's focus on capital preservation and the steps taken in 2015 and 2016 to ensure a robust cash position, the Company was again positioned to utilise these turbulent times to its strategic advantage. Specifically, by investing in the technical development of the Company's assets with the acquisition of substantial 2D and 3D seismic campaigns at the bottom of the oil services market, and in looking to capitalise on unprecedented low rig rates for its near term drilling campaign.

The recent disappointing well result in Rabat Deep demonstrates the importance of the management team's continued determination to build a balanced and sustainable drilling portfolio, offering multiple opportunities for transformational value. Following the transfer of operatorship to Eni in the Rabat Deep acreage where the Rabat Deep 1 well was recently drilled, Chariot had no financial exposure, having achieved its aspiration for zero cost exploration in this region. The current market for partnering is tougher, but this is balanced by a reduction in oil services costs, meaning that Chariot can look to retain a greater equity in its assets at the point of drilling, especially in light of the recent fundraise.

Chariot is now fully funded to operate the drilling of Prospect S in Namibia where partnering programmes and preparations are underway to deliver this high impact well in Q4 2018, with optionality to add another two prospects to the exploration programme, depending on well results and partnering progress. This additional prospectivity was secured in 2016 and 2017 with further new ventures in Morocco as part of the team's focus on risk diversification and aim to lock in additional potential from improved technical understanding of near term drilling. This strategy was also put into effect in Namibia with a back-in option in legacy acreage in the Southern Blocks secured in Q3 2017.

It is with this continued focus on the de-risking strategy, governed by a diligent team, supportive partners and an effective Board that we hope to achieve our goal of discovering material accumulations of hydrocarbons.

Robust Financial Position

The Company ended the year with a robust balance sheet, with no debt and a cash balance of US$15.2 million as at 31 December 2017. This was achieved through the management team's continued efforts to protect the Company's strong cash position, supported by prudent decisions on expenditure, back costs received from its partners, and a reduction in its annual cash overheads for the fourth consecutive year – now less than half of what they were when current management first came to the helm. This, in part, has been possible owing to the continued impact of the 50% Board salary decrease since 2015 as well as the Company restructure of 2016. In maintaining capital discipline at the centre of our business we are able to apply our strategy from a position of fiscal strength and have the optionality to invest in opportunities as they arise.

Our Governance Principles

Taking a Lead
We have focused core commercial, financial and technical capabilities within our team, ensuring the continued growth and forward progress of the Company.

Engaging with Shareholders
Communications with shareholders are given a high priority. We offer regular meetings to institutional investors and annual general meetings to our broader investor community. We also host conference calls following the announcement of interim and final results and at other appropriate times.

Managing Risks
We carry out in-depth technical reviews in accordance with our financial position and portfolio direction at quarterly meetings, and our committees meet regularly to support the delivery of best practice corporate standards in everything we do.

Supporting Management
We have a small and effective Board that provides strong leadership – engaging and challenging both the executive and senior management teams across the business in regular dialogue and face to face meetings.

Successful Placing
Post period we were pleased to receive interest from both institutional and private investors who expressed a desire to make further investment in the Company, and in Q1 2018 a placing and open offer raised an additional net US$16.5 million. We see this as a sign that equity market observers are growing in confidence in the oil and gas sector and view Chariot's resilience in the downturn and future exploration programme as a robust opportunity for growth. Chariot is now funded to operate the drilling of Prospect S, Namibia, in the latter part of this year, which has a gross mean prospective resource of 459mmbbls and a potential upside of 2.2Bnbbls in other prospects within the licence. As a result this investment gives us more fire power in our decision making and commercial strength in negotiations, particularly with regard to capitalising on historically low rig rates and ongoing partnering discussions.

Our Values
Throughout the year and despite a smaller headcount, we have maintained our skills and knowledge base by retaining the core commercial, financial and technical capabilities of our team, ensuring the continued growth and forward progress of the Company. This has been accomplished by having an effective Board that provides strong leadership, engaging and challenging both the executive and senior management teams across the business. We carry out in-depth technical reviews in accordance with our financial position and portfolio direction at quarterly meetings, and our committees meet regularly to support the delivery of best practice corporate standards in everything we do. This is further supported by our external advisors with whom we retain strong relationships and regular reviews.

This diligence at Board level creates a culture that emanates through the rest of the team. Long term growth and profitability is enhanced when businesses behave in a sustainable and responsible manner, with respect to the environment, health and safety, and to all their stakeholders. In particular, we recognise the importance of the work carried out by and the continued co-operation, correspondence and input of our in-country partners. Regular meetings to share technical and operational developments within each region facilitate communication and processes at all levels – from government to local empowerment partners and service companies. It is thanks to the continued support of these entities, particularly the Governments and Energy Ministries and their respective national oil companies, that Chariot has been able to mature its portfolio and seek partnerships for the next stages of exploration. We look forward to continuing to build on these strong relationships as we enter the drilling phase.

Outlook
We will continue to adhere to our core values as we look to execute the primary objective of creating value for our shareholders by delivering the highest quality exploration opportunities. We believe that we have built a strong platform for long term growth at the same time as offering near term, material value triggers.

Chariot's continued investment in the portfolio during a downturn in the industry means that this year the Company will have been exposed to two giant-scale wells whilst capturing the bottom of the cost cycle for drilling. Although the outcome of the Rabat Deep 1 well in Morocco was disappointing, Chariot's risk management strategy and recent successful equity fundraise means that it is on track and fully funded to drill Prospect S in Namibia in Q4 2018 and continue the development of the Company's broader portfolio in Brazil and its other Moroccan permits.

It is an exciting year ahead but, as always, the Company will continue to apply risk reduction strategies throughout the portfolio due to the high risk – high reward nature of its exploration programme, as well as the unpredictability of the financial and resource markets. With our recently bolstered financial resources, supported by steps we have taken to ready our business for growth, we remain well prepared to capitalise on opportunities as they arise.

George Canjar
Chairman
5 June 2018

STAYING AHEAD

"We look forward to a number of material value triggers in the year ahead, where Chariot's high impact portfolio will be tested in the knowledge that, with its wider portfolio focus, we have secured follow on potential for the success case, and additional high impact drilling opportunities across a variety of basins and play types beyond the current objectives in the broader Atlantic Margin."

Larry Bottomley
Chief Executive Officer

Staying Ahead in a Cyclical Market

- Rigorous tendering processes carried out to fulfil acquisition of 2D and 3D seismic over Mohammedia and Kenitra, Morocco, at significantly reduced prices
- David Brecknock, experienced Drilling Manager, hired to undertake drilling preparations across Namibia and Morocco, with Ocean Rig Poseidon secured for Namibia in the current low-cost environment
- Partnering strategy continues from a position of financial strength and at a commercial advantage with the aim of maximising retention of licence equity and drilling at the optimum point of the cost cycle

Chariot's continued focus over the last 12 months on capital discipline, partnering and portfolio management has culminated in the current drilling programme, targeting some of the world's largest prospects of 2018, with the capacity to transform the Company's value and offer substantial follow on potential in the success case. At the same time, its technical focus ensures the Company continues to mature the rest of the portfolio and its new venture strategy has successfully sought to capitalise on any further information gained from our near term drilling programme to add to our longer term prospect inventory.

The importance of this de-risking strategy is highlighted through the recent disappointing results of the Rabat Deep 1 well, which tested one of the play types, a Jurassic Carbonate, within the Company's wider portfolio focus. Through partnering Chariot was able to participate in this well at no cost. At the same time as using the information gained from this well to de-risk those prospects with similar properties, with a diversified portfolio Chariot can offer exposure to other high impact drilling opportunities which fall across several basins in a number of play types within the Atlantic Margin, and the Company looks forward to the drilling of Prospect S in Namibia during Q4 2018.

Crucially, it is the in-house team that has been able to identify these giant, high margin assets and manage them in a challenging business environment that makes Chariot's offering truly compelling. Using its strategic foresight the Company has invested in the opportunities that have arisen from a lower for longer oil price environment, taking advantage of significant reductions in the seismic market and now having captured the same effect on rig rates. Through this and our recently bolstered funding position, we expect to achieve a balance of equity, technical risk and cost through our ongoing partnering negotiations with the aim of maximising our exposure to the drilling of our near term giant prospects at the optimum point of the cost cycle.

Accelerated Drilling Campaign in a Low Cost Window of Opportunity

In Q1 2018 Chariot participated in the first of three giant potential wells that the Company is aiming to drill over the next 18 months. The Rabat Deep 1 well, targeting the JP-1 prospect in Rabat Deep offshore Morocco, was drilled by the Rabat Deep partnership to a total depth of 3,180m with the Saipem 12000 sixth generation ultra-deepwater drillship. It penetrated a thick top seal and encountered tight, fractured carbonates in the primary target and consequently was plugged and abandoned with the data collected used to calibrate existing data sets to understand the implications on the prospectivity of the surrounding area.

Whilst the outcome of the well is very disappointing, having farmed down the acreage at both the seismic and drilling investment phase, Chariot was able to participate in a potentially transformational well at zero cost to the Company. This may not be achievable across the entirety of the portfolio, but Chariot aims to capitalise on opportunities where it is able, and with the recent successful fundraising it is funded to lock in the current reduction in rig rates which, in response to decreased world-wide exploration activity, are now a quarter of their previous cost. This timing is crucial. With a recently stabilised oil

Successful Placing and Open Offer – What it Means for Chariot

Chariot aims to capitalise on opportunities where it is able, and with the recent successful fundraising it is funded to lock in the current reduction in rig rates which, in response to decreased world-wide exploration activity, are now a quarter of their previous cost.

This timing is crucial. With a recently stabilised oil price and the reduced cost price environment encouraging more seismic activity, we see signs of a return to exploration from the industry, and with increasing demand for these services, will come increasing prices.

Drilling preparations have therefore commenced for Prospect S in Namibia in anticipation of a Q4 2018 spud and Kenitra-1 in Chariot's operated acreage in Morocco where we expect drilling to commence in H1 2019, depending on drilling outcomes and partnering processes. Management believes that this preparatory work will avoid unnecessary delays, strengthen its position in partnering negotiations and ensure it capitalises on the current low-cost oil services environment.

price and the reduced cost price environment encouraging more seismic activity, we see signs of a return to exploration from the industry, and with increasing demand for these services, will come increasing prices. It is for this reason that we are looking to act now, while this window of opportunity remains open.

Drilling preparations have therefore commenced for Prospect S (audited gross mean prospective resources of 459mmbbls) in Namibia in anticipation of a Q4 2018 spud and Kenitra-1 (gross mean prospective resources of 464mmbbls) in Chariot's operated acreage in Morocco where we are targeting drilling to commence in H1 2019, depending on drilling outcomes and partnering processes. Management believes that this preparatory work will avoid unnecessary delays associated with its plans to drill, strengthen its position in partnering negotiations and ensure it capitalises on the current low-cost oil services environment.

As well as the financial capacity to do this, we now also have the operational skill set with the addition of David Brecknock, Drilling Manager, to the team in October 2017. David has held a variety of drilling operations and management roles, principally in deep-water drilling, with over 20 years of international experience gained with Enterprise, Shell, BG, Devon, Perenco and Ophir. Most recently David led a team which delivered a deep-water exploration well in Cote d'Ivoire for less than US$20 million gross – a well drilled in similar water depth and depth of primary target as Prospect S in Namibia, which we aim to deliver safely and efficiently under his leadership.

Partnering – Getting the Balance Right

Locking in the reduced rig costs is also deemed important to our negotiating position in the ongoing partnering processes on our Namibian and operated Moroccan acreage. The very process of carrying out a dataroom and the potential partnering negotiations that follow provides the third party validation and technical de-risking that the Company looks for to ensure that the potential of the asset is endorsed. The subsequent decisions are based on balancing the asset's associated risk, with the cost and ultimate value of success to Chariot – taking into account external commercial factors such as the current economic environment.

Where seismic was carried out at the peak of the market cycle in 2014 on the Rabat Deep asset, for example, partnering was essential to balance the cost of this and the rig market conditions at the time. The resulting equity left in the asset was representative of the anticipated financial outlay. At the moment, however, with rig rates down from US$650,000/day (2012) to less than US$200,000/day (2017), the costs of the upcoming drilling programme are vastly reduced. As such, and given Chariot's recently strengthened financial position, this balance in the partnering process has shifted allowing the Company to retain larger equity in a low cost well (as anticipated for Prospect S) instead of a smaller equity position in a high cost well.

Opportunities in the Low-cost Environment

Drilling costs at historic lows

- Down by 65% – 75% of the 2014 peak, but expected to increase with a return to exploration
- Rig day rates down from >$650k/day to <$200k/day
- Ayame – 1x ultra-deepwater well offshore Cote d'Ivoire drilled for <$20m (2017) – similar design and target depth to Chariot's wells

Low cost window is expected to close

- Chariot captured the bottom of the seismic market with extensive surveys in Morocco, Namibia and Brazil
- Seismic costs are now recovering from historic lows with growing limitations on streamer availability
- Increasing seismic activity enables additional exploration drilling

Industry return to exploration

- In response to stabilised oil price, reduced cost environment and the challenge of reserve replacement
- First signs of increasing drilling activity in West Africa

"Having captured the bottom of the seismic market with extensive 3D surveys in Namibia and Brazil in 2016, the team continued its rigorous tendering processes in 2017 to acquire and process a further 1,027km^2 of 3D and 2,254km of 2D seismic in its operated Moroccan acreage. With this complete, the Company also aims to take advantage of reduced rig rates, which, in response to decreased world-wide exploration activity, are now a quarter of their previous cost."

It is thus that the Company will continue to look to balance its equity stake and cost in its licences while, at the same time as achieving third party validation and capital discipline, delivering the greatest value possible to its shareholders.

Successful partnering on these near term wells will also offer the potential to liberate funds to extend the current drilling programme. In the Central Blocks in Namibia, for example, with success in Prospect S and with partnering, Chariot will aim to drill the neighbouring Prospect W (284mmbbls gross mean prospective resources) back-to-back and, by using the same rig, to benefit from cost reduction through operational synergy. Similarly, at Kenitra-1, with success and partnering the Company would aim to drill LKP-1a (350 mmbbls gross mean prospective resources) back-to-back in the neighbouring Mohammedia Permits. It is thus that through the strong financial position of the Company and potential additional partnering Chariot could drill up to a further two prospects in the near term.

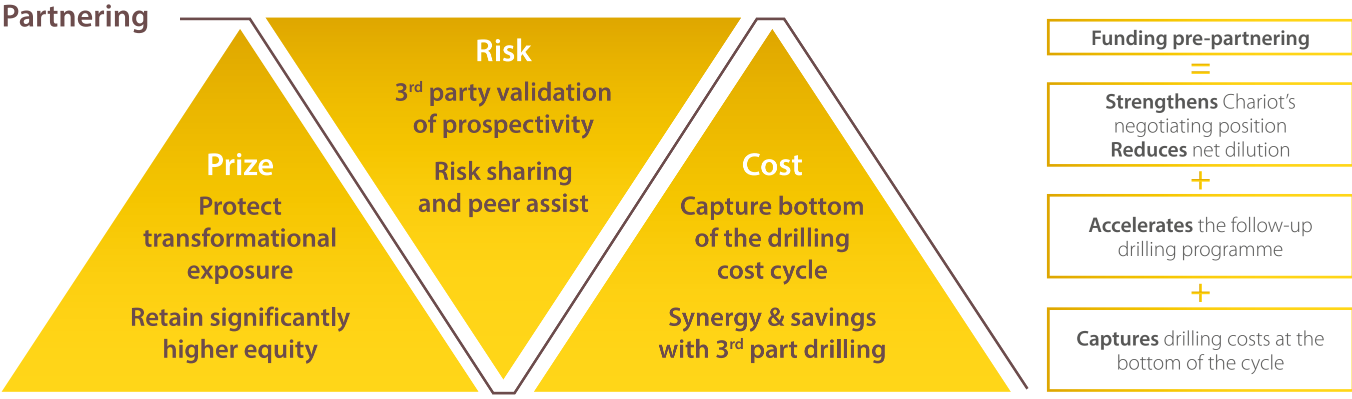
Focused Portfolio Management

Chariot continues to strive for a diverse portfolio that creates a variety of opportunities for substantial play opening targets with an optimum chance for long term success. As part of this focus, the team has continued to analyse the wider opportunities presented in the Atlantic Margin, particularly keeping in mind the objective of locking in follow on potential that may result from any success and improved technical understanding from near term drilling. In this way, having identified prospectivity extending into neighbouring acreage in the Jurassic and Lower Cretaceous plays from Rabat Deep, the team secured the Mohammedia permit in 2016 and, during 2017, Kenitra, offshore Morocco with a 75% equity holding – which now make up part of the near term drilling programme.

In 2017 the team acquired and processed a further 1,027km^2 of 3D and 2,254km of 2D seismic in this operated Moroccan acreage, concluding all remaining commitments at favourable rates. This, combined with the calibrated results of the Rabat Deep 1 well, will allow the team to improve the description of its drilling targets, Kenitra-1 and LKP-1a, in the Cretaceous siliciclastic play.

The team also continues to work towards maturing the longer-term prospect inventory from its current portfolio. This year the team completed its analysis of the 3D seismic data it acquired in 2016 across its Namibian and Brazilian licences, integrating five new prospects (S, T, U, V and W), ranging from 283 – 459mmbbls in gross mean prospective resources, into the drilling inventory from the former, and a large four way dip-closed structure in the latter, on which an independent audit of prospective resources has been completed, and a dataroom is currently open. The Brazil portfolio consists of seven prospective reservoir targets individually ranging up to 366mmbbls and collectively in excess of 1.4Bnbbls of gross mean prospective resources. With well operations now funded for Prospect S, it is intended that partnering followed by a drilling campaign on the rest of these newly defined targets, along with any additional new ventures, will secure the longevity and extend the follow-on potential of the Company's portfolio beyond the current objectives.

Partnering



As well as looking to add prospectivity, the team also consistently streamlines the portfolio to identify those parts that, despite being giant in their potential, may present higher risks. With this in mind, in August 2017, the Company reported that it had decided not to enter the next period of exploration in the Southern Blocks, Namibia. It has, however, secured an option to back-in for 10% equity after the completion of future exploration drilling in region for no financial consideration in exchange for facilitating a partnering programme which will be undertaken by the state oil company, NAMCOR. In doing so, the Company still retains exposure to the upside on this acreage, whilst being able to focus its funds on maturing its near-term drilling inventory.

Our Team

Crucial to these achievements is Chariot's in-house team. With a combined knowledge base of over 200 years on the Atlantic Margins we believe that Chariot has one of the best understandings of this geology amongst our peer group and by continuing to apply its technical strength, it aims to deliver on its goal; to discover material accumulations of hydrocarbons. This is complemented by the financial and commercial capabilities of the team in negotiating excellent contract rates and terms, with a focus on capital discipline ensuring for a robust fiscal position. We were also very pleased to welcome the aforementioned David Brecknock to the team in 2017 as Drilling Manager, in anticipation of safe, efficient and cost-effective drilling operations in the year ahead.

With another challenging year within the oil and gas industry I would like to thank the team for their continued hard work. The recent upturn in the sector, including interest from the equity markets, means Chariot is well positioned to take advantage of the opportunities presented at this point of the cost cycle and looks forward to the developments of the year ahead.

Outlook

Chariot remains on track in its goal of drilling three high impact wells of transformational potential in the near term, with the drilling of the Rabat Deep 1 well by the Rabat Deep partnership complete and preparations underway for the drilling of Prospect S in Q4 of this year and, depending on the outcome and partnering, a further well, either in Namibia or Morocco in H1 2019. It is owing to the continued focus on capital discipline, technical expertise and the de-risking strategy that we have been able to initiate this drilling campaign at no cost to the Company and we will continue to seek a partnership balance in which the technical risk is measured against the cost and its associated prize, to maximise the retention of licence equity and achieve drilling at the optimum point of the oil services cost cycle.

At the same time we remain vigilant of the potential ongoing volatility in the market and will continue to ensure the stability of the Company's long term. With no remaining commitments across the portfolio we stand in a robust financial position from which we can look to technically mature our current assets and seek partners to enable the acceleration of drilling the follow-on portfolio. In addition, we will continue to leverage our knowledge of the Atlantic margins to access additional giant potential new ventures, with the aim of offering exposure to a sustainable pipeline of high impact drilling opportunities.

Larry Bottomley
Chief Executive Officer
5 June 2018

INVESTING IN THE FUTURE

"With US$15.2 million of cash at 31 December 2017, no debt and no commitments across the entirety of the portfolio, the Group is well funded. In March 2018 this balance sheet was further bolstered by an equity raise of US$16.5 million net, allowing funding for the drilling of Prospect S in Namibia and acting as a potential catalyst for future partnering discussions. We thus look forward to an exciting year with the continuation of the Company's drilling programme, providing additional value triggers and the possibility for Chariot's giant potential prospect inventory to be realised."

Julian Maurice-Williams
Chief Financial Officer

2017 saw Chariot develop its portfolio further towards its goal for the delivery of transformational growth. Through our continued strict adherence to our risk management strategy we have been able to continue to invest in the portfolio and apply the appropriate risk reduction technologies whilst maintaining a robust cash balance.

Investing in the Future

US$15.2m
Cash at 31 December 2017

US$4.2m
Annual Cash overhead reduced from US$9.4m (2013) – US$4.2m (2017)

Funding and Liquidity as at 31 December 2017

The Group continues to have a robust balance sheet with no debt, cash of US$15.2 million as at 31 December 2017 (31 December 2016: US$25.0 million) and, following the drilling of the Rabat Deep 1 well in Q1 2018 which Chariot achieved at zero cost, no remaining commitments. The equity fundraise announced post year end raised an additional net US$16.5 million providing funding for the planned drilling in Q4 2018 of Prospect S in Namibia.

During 2017 the Group continued with the development of its portfolio and business by investing c.US$13 million into its exploration portfolio and administration activities (31 December 2016: c.US$17 million) primarily in the 2D and 3D seismic campaign in Morocco. The timely acquisition of seismic data in Morocco allowed the Group to fulfil its commitments early in the licence phases at historically low rates, again demonstrating strong capital discipline and leveraging the technical expertise and value additive work of the highly experienced, industry respected, in-house team.

The recovery of the Rabat Deep investment costs, received on completion of the farm-out to Eni in January 2017, was supported by careful stewardship of existing cash balances, as the effects of the 2016 restructuring and continued focus on cost saving led to further reductions in annual cash overheads, before any recovery from partners, to US$4.2 million down from US$5.0 million in 2016.

As at 31 December 2017, US$7.6 million of the Group's cash balances were held as security against licence work commitments. The increase from US$6.2 million as at 31 December 2016 was primarily due to the award of the Kenitra licence in 2017. In February 2018 US$4.0 million of Moroccan bank guarantees were released.

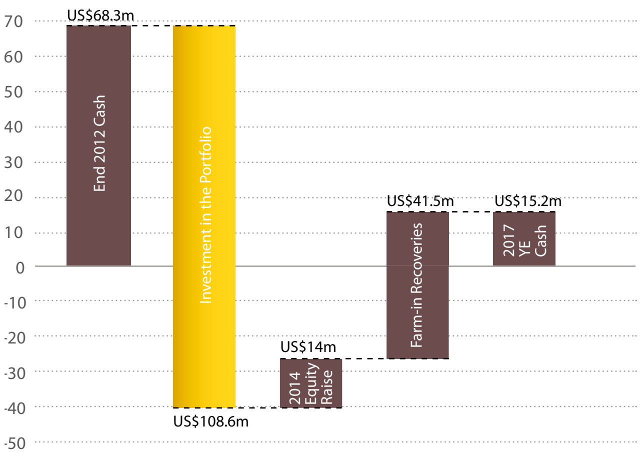
Financial Performance – Year Ended 31 December 2017

The Group's loss after tax for the year to 31 December 2017 was US$55.4 million, which is US$48.6 million higher than the US$6.8 million loss incurred for the year ended 31 December 2016.

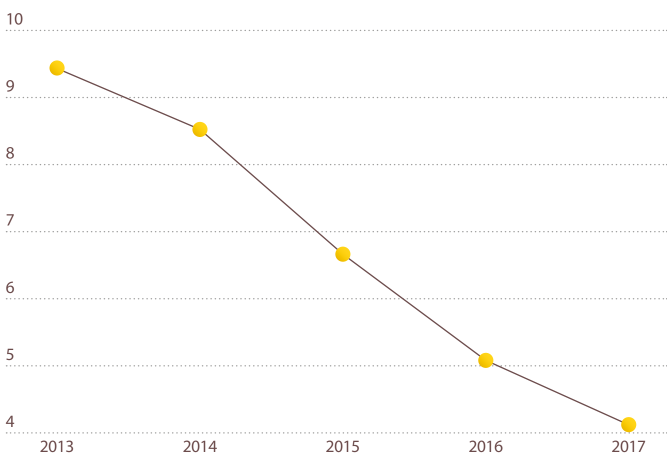
The vast majority of this US$48.6 million increase in the annual loss is due to an impairment charge of US$51.3 million against previously capitalised costs in the Namibian Southern Blocks due its relinquishment in August 2017 compared with a US$5.2 million impairment charge in Mauritania in 2016, together with a reduction in net finance income of US$2.7 million combined with an overall reduction in share based payments, other administrative expenses and tax expense totalling US$0.2 million. This equates to a loss per share of US$(0.21) compared to a loss per share of US$(0.03) in 2016.

The share based payments charge of US$0.9 million for the year ended 31 December 2017 in relation to employee deferred share awards was broadly consistent with US$0.8 million in the previous year.

Prudent Financial Management 2013 to Date



Reduction in Annual Cash Overhead 2013 to Date (US$m)



Other administrative expenses of US$3.4 million for the year ended 31 December 2017 is US$0.1 million lower due to ongoing costs savings (31 December 2016: US$3.5 million).

The finance income and expense net gain of US$0.2 million (31 December 2016: US$2.8 million net gain) comprises interest on cash and foreign exchange movements on non-US$ cash.

Interest income of US$0.2 million for the year ended 31 December 2017 is significantly lower than the prior year as the vast majority of the Group's cash is now held at lower interest rates in US Dollars, as compared with the significant Brazilian Real cash balance held throughout 2016 earning a higher interest rate (31 December 2016: US$1.2 million).

The foreign exchange loss on non-US$ cash of less than US$0.1 million for the year ended 31 December 2017 is also indicative of the Group holding the majority of its cash in US Dollars. In the prior year significant cash balances were held in Brazilian Real as security against licence work commitments resulting in a higher foreign exchange movement (31 December 2016: US$1.6 million gain).

The tax expense of less than US$0.1 million in the year to 31 December 2017 (31 December 2016: US$0.2 million) relates to Brazilian taxation levied on interest income with its decrease consistent with lower Brazilian interest income received in 2017.

Exploration and Appraisal Assets as at 31 December 2017

During the year to 31 December 2017, the carrying value of the Group's exploration and appraisal assets decreased by US$46.9 million to US$72.8 million from US$119.7 million as at 31 December 2016. This US$46.9 million decrease was due to the US$51.3 million impairment charge against the Southern Blocks and US$3.0 million of farm-in proceeds in Rabat Deep, Morocco, partly offset by US$7.3 million of portfolio investment undertaken in 2017.

The US$7.3 million portfolio investment is split as follows: in Morocco, US$5.8 million was incurred mainly on 2D and 3D seismic acquisition and processing; in Namibia, US$0.9 million was incurred across all the Group's licences, with the majority relating to the Central Blocks 3D seismic interpretation and preparations to drill; and in Brazil, US$0.6 million was incurred mainly on the 3D seismic interpretation.

Other Assets and Liabilities as at 31 December 2017

The Group's inventory balance of US$0.5 million as at 31 December 2017 has decreased from US$0.9 million at 31 December 2016 due to the disposal of some items of wellheads and casings.

As at 31 December 2017, the Group's net balance of current trade and other receivables and current trade and other payables shows a net current liability position of US$1.0 million (31 December 2016: US$3.5 million) with the decrease primarily due to settlement in the current year of outstanding payables for the seismic campaigns in Brazil and Namibia.

Outlook

We will look to continue to apply the de-risking strategies of maturing the portfolio, partnering to drill assets where funding is needed, and applying capital discipline throughout the project execution phase. With US$15.2 million of cash at 31 December 2017, no debt and no commitments across the entirety of the portfolio, the Group is well funded. In March 2018 this balance sheet was further bolstered by an equity raise of US$16.5 million net, allowing funding for the drilling of Prospect S in Namibia and acting as a potential catalyst for future partnering discussions. We thus look forward to an exciting year with the continuation of the Company's drilling programme, providing additional value triggers and the possibility for Chariot's giant potential prospect inventory to be realised.

Julian Maurice-Williams
Chief Financial Officer
5 June 2018

CREATING A BALANCED PORTFOLIO OF GIANT POTENTIAL

"Although Chariot's strategic application is key to being able to deliver on its goals, it is the quality of the portfolio that will be the ultimate determinant of our success. Despite the different levels of exploration maturity, each asset is characterised by flexible work programmes, excellent contract and commercial terms and most importantly scale, with our current drilling inventory containing high-graded prospects, each in excess of 450mmbbls of gross mean prospective resources."

Duncan Wallace
Exploration Manager

Chariot has built a diversified portfolio encompassing the giant-potential, underexplored deep-water regions offshore Namibia, Morocco and Brazil, which offer a range of risk and maturity in three basins with four plays.

Across its licences Chariot's in-house team has evaluated new and existing 2D and 3D seismic data sets, with the Company having acquired, processed and interpreted in excess of 9,000km 2D and 17,000km^2 3D data over the past decade. From this, the Company has identified over three billion barrels of gross mean prospective resources within the prospect inventory from its current acreage and has three high-graded drill-ready prospects ranging from 459mmbbls to 911mmbbls gross mean prospective resources, all having significant follow-on potential in diverse plays and trapping configurations. The year 2018 sees the initiation of a three well drilling campaign, testing three of the four plays within the portfolio. From this campaign, we hope to attain our goal of discovering material accumulations of hydrocarbons and to apply the information from these wells, successful or not, to calibrate the seismic data and further refine our understanding of the potential of these underexplored regions.

Period and Post Period Exploration Developments

During 2017 Chariot continued to invest in its portfolio to capitalise on the current low cost environment. The first well in its drilling programme was completed at no cost to the Company in Rabat Deep, Morocco, in April 2018. Whilst the Rabat Deep 1 well was unsuccessful, Chariot's operated neighbouring portfolio offers a variety of high impact drilling opportunities in the near term in other plays, which the team has continued to de-risk throughout the period through seismic acquisition and studies.

New Venture Acquisitions

To capture this potential, Chariot secured the Kenitra Permit in Morocco in Q1 2017, encompassing the broader LKP group of prospects and the Kenitra prospect which now makes up part of the forward drilling campaign. Chariot also secured back-in rights in legacy acreage in Namibia.

Extensive Seismic Acquisition, Processing and Interpretation Programmes

Through its extensive work programme, the Chariot in-house sub-surface team has continued to refine its prospect inventory with the completion of the evaluation of 3D seismic datasets acquired in 2016 in Brazil and Namibia. This work has led to the inclusion of five new structural prospects in Namibia and a diverse portfolio of stratigraphic and structural closures in Brazil as confirmed by a recently completed CPR.

In 2017 acquisition and processing of approximately 2,250km 2D and 1,000km^2 3D seismic in Mohammedia and Kenitra, Morocco, was carried out under favourable commercial rates. This dataset is currently being interpreted and will be calibrated with the recent information from the drilling of the JP-1 prospect in Rabat Deep, to refine the Lower Cretaceous drilling targets Kenitra-1 and LKP-1a.

Partnering Progress

In Q1 2017 Chariot completed the transfer of operatorship in Rabat Deep offshore Morocco to Eni in return for a carry on the drilling of the commitment well Rabat Deep 1 offering the Company exposure to transformational potential at no financial risk.

Partnering processes have also been initiated across the remainder of its acreage on priority drilling targets.

Preparations for Drilling Operations 2018/2019

Having previously taken advantage of the low seismic acquisition rates, Chariot is now focusing on seizing the opportunity of the depressed deep-water drilling rig market and has launched drilling preparations in Namibia and Morocco through the initiation of Environmental Impact Assessments, procurement of long lead items and through well design and well planning activities. This advanced preparatory work will enable Chariot to have the flexibility to capitalise on the current low-cost environment for drilling. Chariot aims to operate the exploration drilling campaign on Prospect S, Namibia in Q4 2018, and depending on the outcome of this well, to secure a partner for back-to-back drilling in this region on Prospect W, or to drill in Morocco the following year.

Portfolio in Focus: Giant Prospectivity at Lowered Risk

Early stage exploration for giant opportunities carries high technical risk and we continue to mitigate these risks through the application of our de-risking strategy:

- Acquiring diverse assets across a range of basins and of varied exploration maturity
- Applying technology through the acquisition of extensive 2D and 3D seismic data sets, state of the art processing and performing high quality sub-surface analysis
- Active portfolio management, which includes both rationalisation through relinquishments and new acreage access, for example through licence awards
- Levered partnering, as previously achieved with Petrobras, BP, Azinam, Cairn, Woodside and Eni.

Although Chariot's strategic application is key to being able to deliver on its portfolio goals, it is the quality of the portfolio that will be the ultimate determinant of our success.

Despite the different levels of exploration maturity, each asset is characterised by flexible work programmes, excellent contract and commercial terms and most importantly scale, with our current drilling inventory containing high-graded prospects in excess of 450mmbbls each of gross mean prospective resources.

As well as offering a range of play types and investment opportunities, these drill-ready targets fall in the lower cost environment for deep-water projects. All prospects fall within normal temperature and pressure environments, in deep-water of 750m to 1,650m water depth and in basins unlikely to be affected by challenging metocean conditions. As a result of this lower cost environment, excellent contract commercial terms and large prospective resource potential we can offer assets with high margins and very robust economics to potential partners in the event of success, each with material direct follow-on potential.

Namibia:

Ocean Rig Poseidon drill ship contracted for one firm and one optional well with Prospect S (459mmbbls gross mean prospective resources) anticipated to spud Q4 2018

Read more
page 18

Morocco:

Drilling preparations underway for Kenitra-1 and LKP-1a priority targets with updated partnering process anticipated to commence in mid-2018, incorporating the well results of Rabat Deep 1

Read more
page 19

Brazil:

Integrated seismic interpretation and CPR completed. A single vertical well located at prospect 1 can penetrate the TP-1, TP-3 and KP-3 stacked targets which have a summed on-licence gross mean prospective resource of 911mmbbls

Read more
page 21

Giant Scale Opportunity Drilling Inventory

Portfolio of drill-ready assets in new and emerging basins

- A range of play types and investment opportunities
- Water depths range from 350m-1,650m in basins with benign metocean conditions and normal pressure/temperature regimes – lower deepwater exploration and development costs expected
- Priority drilling candidates all have material follow-on targets and running room in the success case
- Material scale, excellent commercial terms and lower costs result in high margin assets with robust economics

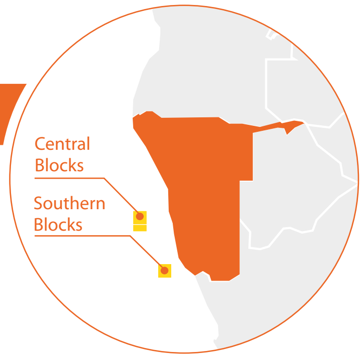
Drilling Inventory	Target Potential	Water Depth	Trap and Play Type	Follow-on Potential
Prospect S (Central Blocks PEL-71)	459mmbbls*	1,650m	4-way dip-closed structure Upper Cretaceous turbidite clastic reservoir Aptian source	4 structural prospects 2 stratigraphic prospects (283 – 469mmbbls*) Summed mean >2.2Bnbbls
Kenitra-1 (Kenitra)	464mmbbls**	750m	Combination stratigraphic dip and fault-closed trap Lower Cretaceous clastic reservoir Jurassic source	4 prospects (182 – 350mmbbls*) Summed mean >1Bnbbls
Prospect 1 (BAR-M Licences, Brazil)	911mmbbls*	1,500m	Stacked 4-way dip-closed structure (TP-1) and stratigraphic targets (TP-3 & KP-3) Tertiary and Cretaceous turbidite reservoirs Cretaceous source	4 additional targets (up to 290mmbbls*) Summed mean 537mmbbls

* Netherland Sewell and Associates Inc. estimate of Gross Mean Prospective Resources.

** Internal Chariot estimate of Gross Mean Prospective Resources.

NAMIBIA

Namibia – First mover advantage in the Walvis Basin



	2018 1H	2018 2H	2019 1H	2019 2H	2020 1H
Central Blocks PEL-71 (65%) No remaining commitments	Well Partnering	Drilling Prospect S 459mmbbls***	Drilling** Prospect W 284mmbbls***		

Portfolio		Licence Interest	Licence Overview
Central Blocks PEL-71 (65%)	• Rig secured and drilling funded for Prospect S, anticipated Q4 2018 • Partnering processes ongoing • Drilling of an optional second well dependent on the outcome of Prospect S well and ongoing partnering processes • Further future potential upside of 2.2Bnbbls in other prospects	• Chariot 65% (operator) • AziNam 20% (carried interest) • NAMCOR 10% (carried interest) • Ignitus 5% (carried interest)	**Ongoing commitments:** None **2D:** ✓ **3D:** ✓ **Drill ready:** ✓

** Subject to partnering and dependent on outcome of adjacent drilling.

*** NSAI estimate of Gross Mean Prospective Resource.

Chariot was one of the first oil and gas explorers to secure licence areas in deep-water offshore Namibia. As a result Chariot holds first-mover advantage with its in-depth knowledge of the Namibian geology and a significant acreage position totalling approximately 16,800km^2 within the Walvis Basin, adjacent to third-party wells which have proven mature source rock and excellent quality reservoirs. The Company has in excess of 6,000km^2 of proprietary 3D seismic data, acquired in two separate campaigns. This 3D data combined with its 2D proprietary data and the participation in the ION NambiaSPAN multi-client 2D seismic survey of 2015 which covered the entire offshore Namibian margin, as well as the information from the drilling of the Kabeljou and Tapir South wells, has provided invaluable detail on the regional geological architecture of our acreage. In particular, this permits an accurate depiction of the deeper basin structure, distribution of source rock levels, definition of the main reservoir fairways and critically the controls on generation of low-risk structural traps. Importantly, it appears that Chariot's blocks are well placed to capture charge from key source kitchens and the Company's 3D seismic programmes demonstrate the presence of large structural closures within the licence.

Of note, five dip-closed structural traps have been identified in the Upper Cretaceous turbidite clastic play fairway, with the focus prospects being Prospect S (gross mean prospective resources 459mmbbls) – the 2018 drilling candidate, Prospect W (gross mean prospective resource 284mmbbls) – the follow on drilling candidate and Prospect B (469mmbbls gross mean prospective resources) – a higher risk-reward stratigraphic trap which could be de-risked through calibration of the seismic data with the first well results. Preparation for drilling in Q4 2018 is underway for Prospect S, with an Environmental Impact Assessment (the Environmental Clearance Certificate being awarded in January 2018) and drilling and geological operational work in progress. A partnering process is ongoing with the aim of securing funding for optional future drilling, for example on Prospect W, should Prospect S be successful.

Additionally, during the year, and as part of the 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 assist with the farm-out process that will be led by NAMCOR, the Namibian State Oil Company on this acreage.

Forward Plan 2018/2019

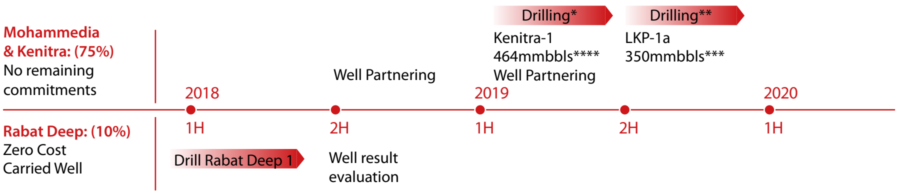
- Progress partnering process
- Complete detailed well engineering, tendering on drilling and logistics services, and operational planning for the first deep-water drilling campaign on Central Blocks
- Drill Prospect S in H2 2018
- Drill a follow-up well on Prospect W (subject to partnering and dependent on outcome of Prospect S)

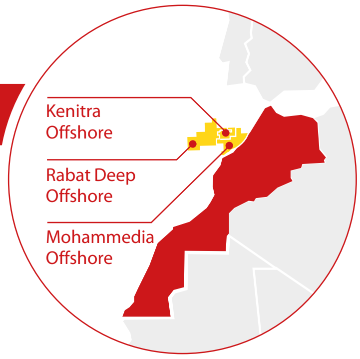
Remaining Commitments

- No remaining commitments

MOROCCO

Morocco – Three licences in the offshore Northern region





Portfolio		Licence Interest	Licence Overview
Mohammedia & Kenitra	• Acquired and processed approximately 1,000km² 3D and 2,250km 2D seismic data • Interpretation ongoing with information from the Rabat Deep 1 well to be integrated • Drilling preparations underway for Kenitra-1 and LKP-1a Lower Cretaceous priority targets • Updated partnering process anticipated to commence in mid-2018	• Chariot 75% (operator) • ONHYM 25% (carried interest)	**Ongoing commitments:** None **2D:** ✓ **3D:** ✓ **Drill ready:** ✓
Rabat Deep	• Drilled Rabat Deep 1 following farm out completion to Eni • No hydrocarbon accumulation encountered but thick top seal and tight, fractured carbonates penetrated • Electric log and side-wall cores being analysed to understand implications on the surrounding area	• Chariot 10% • Eni 40% (operator) • Woodside 25% • ONHYM 25% (carried interest)	**Ongoing commitments:** None **2D:** ✓ **3D:** ✓ **First exploration well drilled:** ✓

* Subject to partnering.
** Subject to partnering and dependent on outcome of adjacent drilling.
*** NSAI estimate of Gross Mean Prospective Resource.
**** Internal Chariot estimate of Gross Mean Prospective Resource.

In Morocco, the Company holds acreage across three permit areas: Rabat Deep, Mohammedia and Kenitra, which are situated up to 50km offshore in northern Morocco and cover a combined area of approximately 12,800km². Following extensive technical analysis of legacy 2D seismic data, and its own proprietary 2D and 3D seismic, the team has identified potential in the two primary plays that have been the source of industry activity along the margin over recent years.

Mohammedia and Kenitra (75% Chariot (Operator), 25% ONHYM (carried interest)

In line with its new venture strategy, Chariot used its depth of understanding of the regional geology and associated hydrocarbon play potential to expand its portfolio in Morocco, securing first the Mohammedia permit in June 2016 and then, in early 2017, the Kenitra permit. In Mohammedia and Kenitra, Chariot holds 75% equity and operatorship, the remaining 25% being with ONHYM.

The Mohammedia licence area sits inboard of Rabat Deep and covers an area of approximately 4,600km² with water depths of less than 500m.

The Kenitra Exploration Permit is adjacent to Mohammedia covering an area of approximately 1,400km² with water depths ranging from 200m to 1,500m. In Q1 2017, leveraging the cost collapse of the seismic market to accelerate the fulfilment of its licence commitments, the Company acquired approximately 1,000km² of 3D and 2,250km of 2D, designed to investigate the extent of the prospectivity in the Lower Cretaceous play and in the Jurassic carbonate play which was the focus of the Rabat Deep 1 well. The processing of these datasets has now been completed and the interpretation process is ongoing. This will be further refined through the calibrated information from the Rabat Deep 1 well, to de-risk the prospectivity.

Previous 3D data acquired by Chariot in 2014 highlighted the LKP group of prospects in the shallower Lower Cretaceous clastic play, with the LKP-1a (350mmbbls gross mean prospective resources) being a priority drilling target. Crucially, however, it is anticipated that the new seismic data and insights from the Rabat Deep 1 well, will provide further detail to de-risk Kenitra-1 (464mmbbls gross mean prospective resources (internal estimate)). This prospect is located across the boundary between the 2014 3D seismic data and the 2017 3D and currently interpreted as an attribute supported combination stratigraphic and fault-closed structural trap in the Lower Cretaceous marine sequence and has been earmarked as a priority drilling target. It sits within a prospect inventory of the Mohammedia and Kenitra permits, which currently totals in excess of 1 billion barrels of gross mean prospective resources.

To enable the possibility for an accelerated drilling programme, preparations for drilling on these priority prospects has been initiated. This includes Environment Impact Assessment preparation, preliminary geohazards and pore pressure analysis and conceptual well engineering. To allow for the completion of the interpretation of the 2017 seismic data and the incorporation of the results of the Rabat Deep 1 well, an updated partnering process on Kenitra-1 and the LKP-1a prospect is anticipated to commence in mid-2018, with the aim of securing partners to contribute to the funding of Kenitra-1 in H1 2019 (subject to partnering success).

MOROCCO continued

Depending on the outcome of the partnering process, the possibility exists for the drilling of prospect LKP-1a back-to-back with the Kenitra-1 well (subject to success in Kenitra-1).

Rabat Deep (10% Chariot, 40% Eni (Operator), 25% Woodside, 25% ONHYM (carried interest)

In Rabat Deep, Chariot is partnered with Eni (Operator), Woodside (25%) and the state oil company ONHYM (25%). In 2017, Chariot completed the transfer of operatorship to Eni in return for a carry on the drilling of the commitment well, Rabat Deep 1, which was completed in April 2018 with the Saipem 12000 rig, a sixth generation ultra-deep-water drillship. The well did not encounter a hydrocarbon accumulation and as a result, the well was plugged and abandoned, however the extensive subsurface data collected will be used to calibrate the existing seismic data sets to understand the implications of the well results on the prospectivity of the surrounding area.

Forward Plan 2018/2019

Mohammedia and Kenitra:

- Complete 2D/3D seismic interpretation over Mohammedia & Kenitra and calibrate this with the information from the Rabat Deep 1 well to fully describe priority drilling targets and additional prospectivity
- Initiate an updated partnering process, anticipated mid-2018
- Drill Kenitra-1 (Kenitra) with LKP-1a (Mohammedia) back-to-back (subject to well results and partnering):
  - Kenitra-1 (464mmbbls gross mean prospective resources (internal estimate)) is an attribute supported combination stratigraphic and fault-closed structural trap in Lower Cretaceous clastics
  - LKP-1a (350mmbbls gross mean prospective resources CPR) is an attribute supported 3-way dip and fault closed Lower Cretaceous clastic prospect in 350m water depth

Rabat Deep:

- Evaluate and incorporate the understanding of the Rabat Deep 1 well data analysis to de-risk the prospectivity of the greater area

Remaining Commitments

Mohammedia and Kenitra:

- No remaining commitments

Rabat Deep:

- No remaining commitments

Rabat Deep 1 Drilling Case Study

Rabat Deep 1 was safely drilled to a total measured depth of 3,180m to test the JP-1 prospect which had a pre-drill audited estimation of 768mmbbls of gross mean prospective resources. The well penetrated a thick top seal and drilled into the primary target encountering tight, fractured carbonates as evidenced by extensive losses of drilling fluid.

As a consequence, only limited cuttings were recovered from the primary target and some limited hydrocarbon indications were observed. Electric log data and sidewall cores have been acquired and detailed analyses are currently being undertaken to determine why the reservoir was tight. By gaining a greater understanding of the physical rock properties we can carry out geophysical modelling to identify the seismic signature of this tight reservoir and compare it against the other seismic facies across the JP-1 structure and other Jurassic carbonate leads and prospects in Rabat Deep and Chariot's neighbouring acreage, particularly that of JP-2.

The results of the well will also be useful to de-risk the younger Cretaceous siliciclastic play type in Chariot's adjoining acreage. Within the thick seal section of the well the team has interpreted thin sands from log evaluation and cuttings. Using these logs we expect to be able to measure the physical rock properties to undertake seismic modelling and fluid substitution to calibrate and compare the LKP group of prospects and leads in the Mohammedia and Kenitra permits and the Kenitra-1 prospect in Kenitra.

The Saipem 12000, a sixth generation ultra-deepwater drillship, was used to drill the Rabat Deep 1 well in Q1 2018.

BRAZIL

Brazil – Four licences on the conjugate margin of Cote d'Ivoire

	2018 1H	2H	2019 1H	2H	2020 1H
BAR-M-292/3 BAR-M-313/4 (100%) No remaining commitments		Well Partnering			Drilling** Prospect 1 911mmbbls***

Portfolio		Licence Interest	Licence Overview
BAR-M-292/3 BAR-M-313/4	• 775km² 3D seismic acquired and processed • Identified large structural prospect with multiple stacked targets • Single well in Prospect 1 can penetrate 911mmbbls*** of mean prospective resource in TP-1, TP-3 and KP-3 • Partnering process initiated	• Chariot 100% (operator)	**Ongoing commitments:** None **2D:** ✓ **3D:** ✓ **Drill ready:** ✓

** Subject to partnering and dependent on outcome of adjacent drilling.
*** NSAI estimate of Gross Mean Prospective Resource.

Following the highly successful drilling campaigns on the conjugate margin of Cote d'Ivoire and Ghana, the 11th licensing round in the Brazilian Barreirinhas basin, where the potential for hydrocarbon generation is anticipated to be similar, was highly competitive. Despite this competition, Chariot secured 100% of licences BAR-M-292, 293, 313 and 314 on a seismic option and with a low signature bonus whilst many of the neighbouring operators in the region took on significantly higher signature bonus payments and drilling commitments within the First Exploration Phase.

Whilst there have only been three deep-water wells drilled within the basin to date, the information these have provided has proven the presence of excellent quality Tertiary and Cretaceous deep-water turbidite reservoirs. In addition, the presence of Santonian and Cenomanian-Turonian source rocks have been demonstrated in legacy shallow-water wells drilled in-board of Chariot's acreage with evidence for sufficient burial for hydrocarbon generation, which is supported by prevalent shows in offset wells.

Chariot has now completed the evaluation of its proprietary 775km² 3D seismic survey. A Competent Person's Report ("CPR") has been completed by Netherland Sewell and Associates Inc. ("NSAI") over Chariot's Brazilian portfolio. This portfolio consists of seven prospective reservoir targets in a range of trapping configurations from purely structural and combination traps, associated to a 200km² 4-way dip-closed structure which sits principally over Block 314, to stratigraphic traps. The on-licence gross mean prospective resource of individual targets range up to 366mmbbls, and a single vertical well located at Prospect 1 can penetrate the TP-1, TP-3 and KP-3 stacked targets which have a summed on-licence gross mean prospective resource of 911mmbbls. Additionally, the portfolio contains multiple additional structural, combination and stratigraphic closures in reservoir targets in the Tertiary and Upper Cretaceous. The description of this prospect inventory has been completed ahead of anticipated third party drilling in neighbouring acreage which will test the potential of the deeper outboard basin and directly de-risk the Chariot acreage which is located within the same play fairway, but critically in an up-dip setting. A partnering process on these licences has been initiated with a dataroom now open.

Forward Plan 2018/2019

- Partnering process initiated for a partner to join in drilling to follow a play opening commitment to be drilled by a third-party in the neighbouring deep-water block

Remaining Commitments

- No remaining commitments

Duncan Wallace
Exploration Manager
5 June 2018

RISK MITIGATION AND PORTFOLIO MANAGEMENT

The Group is subject to various risks including those which derive from the nature of its oil and gas exploration activities. The following list sets out the Group's principal risks and uncertainties and also provides details as to how these are managed.

Risk	Description	Mitigation
Funding and Financing Risk	The nature of the Group's business of exploring in deep offshore regions means that there are significant costs associated with seismic and drilling campaigns.	The Group manages this risk in a number of ways. The Group closely monitors its cash position and each month produces updated cash flow forecasts to help it determine whether it has sufficient financial resources to fund its short and medium term operations. The Group also ensures that it always has adequate levels of cash on deposit with varying terms of maturity to match when significant items of expenditure become due. In addition, the Group is continually seeking to reduce its exposure to large expensive projects by engaging with farm-in partners with a view to reducing its equity stakes in the licences in which it operates and where the Group is unable to attract partners it may relinquish assets. To date, the Group has been successful in both managing its cash position and bringing large, well-funded partners into its licences.
Exploration Risk	There is no assurance that the Group's exploration activities will be successful.	Recognising this, the Group continually seeks to manage this risk by managing its funding and financing risk as described above and, in particular, by bringing in farm-in partners who have demonstrable technical skills and experience in similar projects worldwide. The Group has so far been successful with this strategy by introducing strong industry partners to its licences, including Woodside and Eni. Furthermore, the Group seeks to employ individuals with strong technical skills and experience in the areas in which it operates. This is evidenced by the fact that a number of the Group's Board and Senior Technical Team have previously worked both offshore and onshore in Namibia, throughout West and North Africa and in Brazil.
Operating Risk	The nature of oil and gas operations means that the Group is exposed to risks such as equipment failure, well blowouts, fire, pollution and bad weather.	In order to mitigate these risks, the Group ensures that: it adopts best in class industry operating and safety standards; it has sufficient levels of relevant insurance cover; and it only works with fellow operators and world-class contractors who can demonstrate similar high standards of safety, operating and financial capability.
Environmental Risk	The Group is extremely conscious of the environmental risks that are inherent in the oil and gas industry and, in particular, those that exist as a result of operating offshore.	Given this, the Group works closely with the relevant ministries to ensure that all relevant Environmental Impact Studies are undertaken in advance of any proposed seismic or other offshore operations that are undertaken and that best in class industry environmental standards and practices are adopted by the Group in all of its operations. The Group is currently engaging with third party contractors for readiness planning and potential execution concerning i) any potential pollution incident and ii) emergency response planning related to the Group's upcoming drilling programme. Furthermore, during seismic acquisition programmes, the Group routinely deploys marine mammal observers on vessels who are empowered to stop or modify the seismic programme if they deem it necessary. Whilst the Group can never fully mitigate against the cost and implications of future changes in environmental legislation and regulation, its strong working relationship with the governments in the countries in which it operates places it in a good position to be able to work through any potential significant changes that could arise in the future.

LOOKING TO DELIVER BEST PRACTICE

Chariot supports the growing awareness of social, environmental and ethical matters when considering business practices. This statement provides an outline of the policies in place that guide the Group and its employees when dealing with social, environmental and ethical matters in the workplace.

Code of Conduct

Chariot maintains and requires the highest ethical standards in carrying out its business activities in regard to dealing with gifts, hospitality, corruption, fraud, the use of inside information and whistle-blowing. Chariot has a zero tolerance policy towards bribery.

Equal Opportunity and Diversity

Chariot promotes and supports the rights and opportunities of all people to seek, obtain and hold employment without discrimination. It is our policy to make every effort to provide a working environment free from bullying, harassment, intimidation and discrimination on the basis of disability, nationality, race, sex, sexual orientation, religion or belief.

Employee Welfare

Chariot aims to assist employees at all levels to improve their professional abilities and to develop their skills.

The Group will practice manpower and succession planning in regard to the number and type of personnel resources that will be required in the future. Individual career progression activities are developed with this in mind.

Joint Venture Partners, Contractors and Suppliers

Chariot is committed to being honest and fair in all its dealings with partners, contractors and suppliers. The Group has a policy to provide clarity and protection, within its terms of business, to ensure the delivery and receipt of products and services at agreed standards. Procedures are in place to ensure that any form of bribery or improper behaviour is prevented from being conducted on Chariot's behalf by joint venture partners, contractors and suppliers. Chariot also closely guards information entrusted to it by joint venture partners, contractors and suppliers, and seeks to ensure that it is never used improperly.

Operating Responsibly and Continuous Improvement

Chariot is committed to a proactive quality policy to ensure that stakeholders are satisfied with its results and the way in which the business operates and to promote continuous improvement in the overall operation of the Group. In pursuit of these objectives, Chariot will use recognised standards and models as benchmarks for its management systems.

Environmental and Socioeconomic Policy

Chariot adopts an environmental policy which sets standards that meet or exceed industry guidelines and host government regulations. This is reviewed on a regular basis. Wherever we operate we will develop, implement and maintain management systems for sustainable development that will strive for continual improvement.

Prior to any seismic acquisition programmes and in preparation for the drilling of any exploratory wells, Chariot will employ environmental consultants to carry out area specific Environmental Impact Assessments ("EIAs") which are approved by the relevant ministries. Chariot intends to carry out all necessary requirements to ensure that the environment in and around its areas of interest is maintained to the highest standard. During all seismic acquisition programmes, Chariot employs marine mammal observers to travel on board the seismic vessels. These observers compile marine mammal and bird count statistics which will assist in the preparation of future EIAs.

With regards to preparation for drilling exploratory wells, Chariot will use its Environmental Management Plan which will be implemented from preparatory stage to well completion. Whilst drilling is underway, an Oil Spill Response and Emergency Response plan will be put in place. At the point of discovery, an Environmental Management System will be developed to co-ordinate and monitor environmental activities and report the performance over the lifetime of the field from discovery to development, through to abandonment.

Social impacts will also form part of these assessments and preliminary work in this area will consider the local communities and the local economic effects on a progressive and permanent level. It is Chariot's aim to ensure that all the likely environmental and socioeconomic impacts will be managed with skill, care and diligence in accordance with professional standards.

Chariot is committed to maintaining and regularly reviewing its Health and Safety and Environmental (HSE) policies.

BOARD OF DIRECTORS

George Canjar
Non-Executive Chairman

George has more than 35 years of experience in the oil industry and began his career at Shell, having graduated with a BSc in Geologic Engineering from the Colorado School of Mines. George is currently Director of New Business Development for Hess Corporation.

Experience
His career began with 17 years at Royal Dutch/Shell Oil. He then became a founding member of Carrizo Oil & Gas serving as Vice President of Exploration and Development for seven years. More recently he was Executive Vice President and Chief Operating Officer for Davis Petroleum Corporation for seven years. George has been a technical director at Hess since July of 2012. His career has spanned a broad spectrum of the E&P sector involving all petroleum engineering and exploration disciplines as well as a variety of corporate activity. His expertise lies in acquisitions/divestitures, deal structuring, portfolio development, risk analysis and strategic modelling. He has typically served as the operational catalyst for integrating technical management, financing and commercial alignment in bringing successful projects to first production.

Year Appointed
2013

Sector Experience
Shell, Carrizo Oil & Gas, Davis Petroleum, HESS

(1) (2) (3)

Larry Bottomley
Chief Executive Officer

Larry has worked in the oil and gas industry for 35 years and has a significant track record of building exploration and production businesses on the international stage, delivering transformational growth and shareholder value.

Experience
Larry has worked across a broad spectrum of exploratory and business development roles worldwide, in senior leadership roles with Perenco SA, Hunt Oil, Triton Energy and BP. He has a strong background in integrated geosciences, team management and relationship building and a key aspect of his work has been in the creation, development and delivery of significant drilling programmes that have led to the discovery and development of giant oil fields.

Year Appointed
2012

Sector Experience
BP, Triton, Hunt Oil, Perenco

Committee Membership
(1) Nomination Committee (2) Remuneration Committee (3) Corporate Governance Committee (4) Audit Committee

Senior Management Team

Julian Maurice-Williams
Chief Financial Officer

Biography
Julian is a Chartered Accountant with over ten years of experience in the oil and gas sector. Prior to being promoted in May 2015 Julian was Chariot's Group Financial Controller for three years.

Experience
Before joining Chariot in 2012 he was a manager within BDO LLP's natural resources department in London where his client portfolio included Main Market, AIM and ASX quoted oil and mining companies with exploration and production assets primarily in Africa, the Former Soviet Union, South America, Australia and Asia.

Duncan Wallace
Exploration Manager

Biography
Duncan is a geologist with over 15 years of E&P experience. After graduating with an MSc from Imperial College he joined Perenco where he held a wide variety of technical and management positions focused largely on the African Atlantic margin and Andean foreland basins prior to becoming Country Manager in Brazil. In this role he had the responsibility to oversee a full cycle of exploration in a new country, including seismic acquisition, prospect generation and the execution of a deepwater drilling campaign. Subsequent to this, Duncan held the roles of New Ventures Exploration Manager and Business Development Manager.

Experience
Since joining Chariot in 2013, Duncan has taken responsibility for activity across Chariot's exploration portfolio. This includes the contracting of seismic and geochemical surveys, supervision of exploration studies, well planning, management of existing joint-venture relations and organisation of the farmout processes. He also oversees the new venture exploration activity, which has so far successfully integrated Brazilian and additional Moroccan acreage.

Alex Green
Commercial Manager

Biography
Alex has over 25 years of experience in the business development, commercial and financial aspects of the upstream oil and gas sector. Alex began his career as a Petroleum Economist for Clyde Petroleum where he was responsible for developing the company's corporate model and running the evaluation of acquisition opportunities.

Experience
He subsequently worked as a Corporate Planner for BG Plc, later moving to become Commercial Manager and then Group Economics Manager for Paladin Resources. At Paladin, Alex led successful joint venture negotiations, coordinated and negotiated oil and gas sales agreements for the group and ran the financial and commercial analysis within the company's business development team. He also played a key role in developing internal and external financial models.

Matthew Taylor
Exploration Advisor

Biography
Matthew is a petroleum geologist who has worked in the industry for over 30 years. He began his career with BNOC in 1980, moving to BP in 1984 and subsequently held senior geologist posts with BHP Petroleum and Triton Energy.

Experience
Matthew has also consulted and advised a range of clients including Chevron, Dana Petroleum and Marathon Oil on New Venture projects, both identifying targets and providing detailed prospect and basin evaluations and opportunity assessments. Subsequent to this, he played a major role in the acquisition of exploration acreage in Namibia, Oman, Senegal, Togo and Western Europe working for Hunt Oil.

Adonis Pouroulis
Non-Executive Director

Adonis, one of the founders of Chariot and its Namibian, 100% owned, operating subsidiary Enigma, is a mining engineer and entrepreneur whose expertise lies in the discovery, exploration and development of mineral resources including diamonds, precious / base metals, coal and oil and gas, and bringing these assets into production.

Experience
He has worked in the sector for over 25 years and has been influential in the founding, financing and growth of a number of companies, including Petra Diamonds. Adonis founded Petra in 1997 and it became the first diamond company to float on AIM. He has since chaired Petra as it has developed into a mid-tier diamond producer of global significance and London's largest quoted diamond mining group, moving onto the main market of LSE in 2011. Adonis is the founder and chair of the Pella Resources Group, an African focused natural resource group. Pella has created a strong track record in exploration and mine development across the continent, with the goal to generate early stage private companies and develop them into individual private / public companies.

Year Appointed
2008

Sector Experience
Petra Diamonds
Pella Resources

1 4

Robert Sinclair
Non-Executive Director

Robert is Managing Director of the Guernsey-based Artemis Trustees Limited and a Director of a number of investment Fund Management companies and Investment Funds associated with Artemis Trustees Limited.

Experience
Robert is Chairman of Schroder Oriental Income Fund Limited, Director of Rainbow Rare Earths Limited, Director of EF Realisation Company Limited, Director of Sirius Real Estate Limited and a Director of Picton Property Income Limited, all of which are listed on the London Stock Exchange. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a Member of the Institute of Chartered Accountants of Scotland, and is resident in Guernsey. Robert represents the interests of Westward Investments Limited, a major shareholder of Chariot.

Year Appointed
2008

Sector Experience
Artemis, The Institute of Chartered Accountants in England & Wales

2 3 4

David Brecknock
Group Drilling Manager

Biography
David is a Chartered Petroleum Engineer, Fellow of the Energy Institute, has a Masters in Petroleum Engineering from Heriot-Watt University and Diploma in Business Administration from Warwick Business School. David is a Drilling Project Manager and deep-water well operations expert with an excellent track record for safe and efficient well delivery and risk management. He joined Chariot in 2017.

Experience
David has 23 years of international experience. Most recently, he successfully led drilling teams in the execution of deep-water exploration campaigns for Ophir Energy and Perenco in West Africa. Previously he held a variety of upstream engineering, operational and management roles in the UKCS, Eastern Europe, Africa and South America with both independent and major operators.

Julia Kemper
Principal Geophysicist

Biography
Julia has more than 25 years of experience in the oil and gas industry, having worked as a geophysicist for both BP and Shell and more recently as Senior Geophysicist with Hunt Oil and MND Exploration & Production.

Experience
She has been involved in all aspects of geophysical work throughout her career and has been a formative part of, and had key roles in, new venture divisions. Julia specialises in the development, interpretation and evaluation of 2D and 3D seismic programmes as well as the assessment of new opportunities. She has a long track record working in Namibia and her knowledge of the country contributed to securing the offshore acreage for Hunt Oil in 2005.

Robert Mwanachilenga
Namibia Country Manager and Senior Staff Drilling Engineer

Biography
Robert has been in the oil and gas industry for 25 years with experience in a variety of international roles.

Experience
Prior to joining Chariot, Robert worked for the National Petroleum Corporation of Namibia ("NAMCOR") as Acting Managing Director, having also held roles within the company as Engineering Manager and Development Engineer. He started his career as Field Engineer with the Deutsche Schachtbau-und Tiefbohrgesellschaft mbH (DSTmbH) in Lingen, Germany. He subsequently worked for Global Marine and later Petrobras before joining NAMCOR.

Robert is a member of the Society of Petroleum Engineers, the Association of the Advancement of Cost Engineers International and the Engineering Council of Namibia.

Tatiana Menezes
Environmental Compliance and Office Manager, Brazil

Biography
Before joining Chariot in 2013, Tatiana held a number of different positions in the energy sector and more specifically, as an environmental co-ordinator and liaison officer.

Experience
Her previous role as Environmental Coordinator at Perenco Petróleo e Gás do Brasil Limited saw her acquire the environmental licence and "anuencias" or "technical consents" for offshore drilling activities in the Espirot Santo Maritime Basin whilst also being the main contact with the Environmental Brazilian Organisation, IBAMA. During her time at Perenco, Tatiana was also responsible for contracting environmental companies as part of the tendering process and played an integral role in the start-up of the company in Brazil. Tatiana has also worked as an environmental assistant at Galp Energia, co-ordinating the environmental permits and monitoring the environmental project implementation in the countries within the influence area for various seismic activities.

DIRECTORS' REMUNERATION REPORT

Remuneration Committee

The Group's Remuneration Committee comprises George Canjar (Chairman) and Robert Sinclair.

The main purpose of the Remuneration Committee is to:

- make recommendations to the Board on an overall remuneration policy for Executive Directors and other senior executives in order to retain, attract and motivate high quality executives capable of achieving the Group's objectives; and
- demonstrate to shareholders that the remuneration of the Executive Directors of the Group is set by a committee whose members have no personal interest in the outcome of their decision and who will have due regard to the interests of the shareholders.

Procedures for developing policy and fixing remuneration

The Board fixes executive remuneration and ensures that no Director is involved in deciding his or her own remuneration. The Committee is authorised to obtain outside professional advice and expertise.

The Remuneration Committee is authorised by the Board to investigate any matter within its terms of reference and it is authorised to seek any information that it requires from any employee.

Details of the remuneration policy

The fees to be paid to the Directors are recommended by the Remuneration Committee and are subject to approval by the full Board.

Directors' service agreements

Service agreements for Directors are terminable by either party on notice periods varying between 3 and 12 months.

Directors' remuneration

The following remuneration comprises Directors' fees and benefits in kind that were paid to Directors during the year:

	Fees/ basic salary US$000	Year ended 31 December 2017 Total US$000	Year ended 31 December 2016 Total US$000
G Canjar	48	48	51
L Bottomley	235	235	247
M Taylor [1]	–	–	220
A Pouroulis	48	48	51
R Sinclair	35	35	37
W Trojan [2]	–	–	32
D Bodecott [2]	–	–	32
Total	**366**	**366**	**670**

(1) M Taylor retired by rotation on 5 July 2016.

(2) W Trojan and D Bodecott resigned as Directors on 10 May 2016.

Directors' interests in shares

The Directors who held office at the end of the year had the following interests in the issued share capital of the Group:

	31 December 2017	31 December 2016
G Canjar	291,573	291,573
L Bottomley [1]	554,446	554,446
A Pouroulis [2]	28,554,671	28,554,671
R Sinclair	412,000	412,000
Total	**29,812,690**	**29,812,690**

(1) Includes 20,104 held by P Bottomley, the spouse of L Bottomley.

(2) 28,454,671 shares are held by Westward Investments Limited, a company which is owned by a discretionary trust of which A Pouroulis is one of a number of beneficiaries.

Share options

The Group operates a Share Option Scheme pursuant to which Directors and senior executives may be granted options to acquire Ordinary shares in the Company at a fixed option exercise price.

Further details of the Share Option Scheme can be found in note 20.

The Directors who held office at the reporting date and who had interests in the Share Option Scheme are:

	Options held at 31 December 2016	Options held at 31 December 2017	Exercise price (p)	Exercisable from	Expiry date
L Bottomley	250,000	250,000	125.0	1/9/13	1/9/21
L Bottomley	2,750,000	2,750,000	27.3	19/12/14	18/12/23
Total	**3,000,000**	**3,000,000**			

Non-Executive Directors' Restricted Share Units ("RSU")

The Group operates an RSU scheme pursuant to which Non-Executive Directors may be awarded shares for nil consideration. The awards vest in equal instalments over a three year period on the anniversary of the grant date unless otherwise specified.

Further details of the RSU scheme can be found in note 20.

The Directors who held office at the reporting date and who had interests in the RSU scheme are:

	RSU held at 31 December 2016	Granted during the year	RSU held at 31 December 2017	Grant date	Expiry date
A Pouroulis	18,533	–	18,533	20/9/13	20/9/23
A Pouroulis	504,202	–	504,202	23/9/14	23/9/24
A Pouroulis	72,463[1]	–	72,463	9/11/16	8/11/26
A Pouroulis	–	109,795[2]	109,795	4/8/17	3/8/27
G Canjar	51,265	–	51,265	20/9/13	20/9/23
G Canjar	159,000	–	159,000	24/9/13	24/9/23
G Canjar	57,513	–	57,513	23/9/14	23/9/24
G Canjar	75,060	–	75,060	20/7/15	20/7/25
G Canjar	318,841[1]	–	318,841	9/11/16	8/11/26
G Canjar	–	412,389[2]	412,389	4/8/17	3/8/27
R Sinclair	18,533	–	18,533	20/9/13	20/9/23
R Sinclair	212,000	–	212,000	24/9/13	24/9/23
R Sinclair	72,463[1]	–	72,463	9/11/16	8/11/26
R Sinclair	–	109,795[2]	109,795	4/8/17	3/8/27
Total	**1,559,873**	**631,979**	**2,191,852**		

(1) Vests in three equal instalments on 30 June 2017, 2018 and 2019.

(2) Vests in three equal instalments on 30 June 2018, 2019 and 2020.

Long Term Incentive Scheme ("LTIP")

The Group operates a LTIP scheme pursuant to which Directors and employees may be awarded shares for nil consideration.

Further details of the LTIP scheme can be found in note 20.

The Directors who held office at the reporting date and who had interests in the LTIP scheme are:

	LTIPs held at 31 December 2016	Granted during the year	LTIPs held at 31 December 2017	Grant date	Exercisable from	Expiry date
L Bottomley	411,011	–	411,011	11/4/14	1/1/17	10/4/24
L Bottomley	411,011	–	411,011	26/6/15	1/1/18	25/6/25
L Bottomley	1,564,286	–	1,564,286	28/6/16	1/1/19	27/6/26
L Bottomley	1,318,841	–	1,318,841	9/11/16	30/6/19	8/11/26
L Bottomley	–	1,825,000	1,825,000	13/4/17	1/1/20	12/4/27
L Bottomley	–	1,495,693	1,495,693	4/8/17	30/6/20	3/8/27
Total	**3,705,149**	**3,320,693**	**7,025,842**			

By order of the Board

George Canjar
Chairman of the Remuneration Committee
5 June 2018

CORPORATE GOVERNANCE STATEMENT

The UK Corporate Governance Code

Chariot Oil & Gas Limited's shares are traded on AIM and, as such, Chariot is not presently subject to the requirements of a corporate governance code, nor is it required to disclose its specific policies in relation to corporate governance. The Directors, however, support high standards of corporate governance and, so far as is practicable, will progressively adopt best practices in line with relevant corporate governance codes.

Workings of the Board and its Committees

The Board of Directors

The Board meets frequently to consider all aspects of the Group's activities. A formal schedule of matters reserved for the Board has been issued and approved and includes overall strategy and approval of major capital expenditure.

The Board consists of the Chairman, Chief Executive Officer and Non-Executive Directors. All Directors have access to the advice and services of the Company Secretary and the Group's professional advisors.

Corporate Governance Committee

The Corporate Governance Committee comprises Robert Sinclair (Chairman) and George Canjar.

The purpose and objectives of the Corporate Governance Committee is to provide a structured mechanism to consider Corporate Governance at Chariot. It provides guidance on all material corporate governance issues affecting the Group and makes recommendations to the Board on these issues. It also aims to monitor all developments and emerging best practice in Corporate Governance and to ensure adoption by Chariot at the appropriate juncture. Furthermore, the Corporate Governance Committee provides an overview on the effectiveness of the Board as a whole, each Board Committee and the individual Directors in their roles as Board/Board Committee members.

Remuneration Committee

The Remuneration Committee comprises George Canjar (Chairman) and Robert Sinclair.

The purpose of the Remuneration Committee is to make recommendations to the Board on an overall remuneration policy for Executive Directors and other senior executives in order to retain, attract and motivate high quality executives capable of achieving the Group's objectives. Furthermore, it serves the purpose of demonstrating to shareholders that the remuneration of the Executive Directors for the Group is set by a committee whose members have no personal interest in the outcome of their decision and who will have due regard to the interests of the shareholders.

Audit Committee

The Audit Committee comprises Robert Sinclair (Chairman) and Adonis Pouroulis.

The Audit Committee is responsible for monitoring the quality of any internal financial controls and for ensuring that the financial performance of the Group is properly monitored, controlled and reported on. It also meets the Group's auditors and reviews reports from the auditors relating to accounts and any internal financial control systems.

Nomination Committee

The Nomination Committee comprises George Canjar (Chairman) and Adonis Pouroulis.

The Committee is responsible for reviewing the structure, size and composition of the Board, preparing a description of the role and capabilities required for a particular appointment and identifying and nominating candidates to fill Board positions, as and when they arise.

Relations with shareholders

Communication with shareholders is given a high priority by the Board of Directors which takes responsibility for ensuring that a satisfactory dialogue takes place. Directors plan to meet with the Company's institutional shareholders following the announcement of interim and final results and at other appropriate times. The Directors are also in regular contact with stockbrokers' analysts. The Company has developed a website containing investor information to improve communication with individual investors and other interested parties.

Internal control

The Directors acknowledge their responsibility for the Company's system of internal control and for reviewing its effectiveness. The system of internal control is designed to safeguard the Company's assets and interests and to help ensure accurate reporting and compliance with applicable laws and regulation. Despite the inherent presence of certain limitations in any system of internal control, the Board considers that the Company's existing systems operated effectively throughout the year.

REPORT OF THE DIRECTORS

The Directors present their report together with the audited financial statements for the year ended 31 December 2017.

Results and dividends

The results for the year are set out on page 34.

The Directors do not recommend payment of a final dividend (31 December 2016: US$Nil).

Principal activity

The principal activity of the Group is oil and gas exploration.

Going concern

The Directors consider that the Group has adequate financial resources to enable it to continue in operation for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Business review and principal risks and uncertainties

A full review of the Group's activities during the year, recent events and expected future developments is contained within the Chairman's Statement, the Chief Executive Officer's Review, the Chief Financial Officer's Review and the Exploration Manager's Review of Operations. These pages also form part of this Report of the Directors.

The Group is subject to various risks including those which derive from the nature of its oil and gas exploration activities. The Risk Management Statement sets out the Group's principal risks and uncertainties and also provides details as to how these are managed.

Key Performance Indicators

The Group has certain Key Performance Indicators ("KPIs") which seek to align its performance with the interests of its key stakeholders. These KPIs cover share price performance versus peers, management of cash resources and working capital, efficient growth of resource base, conversion of resources to reserves, capital expenditure versus budget, securing additional finance when required and maintaining high HSE standards. Further details of business performance are detailed in the Chairman's Statement and Chief Executive Officer's Review.

Financial instruments

Details of the use of financial instruments by the Group are contained in note 19 to the financial statements.

Directors

The Directors of the Company during the year were:

George Canjar (Non-Executive Chairman)
Larry Bottomley (Chief Executive Officer)
Adonis Pouroulis (Non-Executive Director)
Robert Sinclair (Non-Executive Director)

Details of Directors' interests in shares, share options, LTIPs and RSUs are disclosed in the Directors' Remuneration Report.

Directors' responsibilities

The Directors are responsible for preparing the Report of the Directors and the financial statements for the Group in accordance with applicable Guernsey law and regulations.

Guernsey legislation requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that year.

The Directors have elected to prepare the financial statements in accordance with IFRS as adopted by the European Union. International Accounting Standard 1 requires that the financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the preparation and presentation of financial statements". In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on a going concern basis unless, having assessed the ability of the Group to continue as a going concern, management either intends to liquidate the entity or to cease trading, or have no realistic alternative to do so.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with The Companies (Guernsey) Law 2008. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

All of the current Directors have taken all the steps they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next General Meeting.

By order of the Board

Larry Bottomley
Chief Executive Officer
5 June 2018

INDEPENDENT AUDITOR'S REPORT

to the Members of Chariot Oil & Gas Limited

Opinion

We have audited the financial statements of Chariot Oil & Gas Limited and its subsidiaries (the 'Group') for the year ended 31 December 2017 which comprise 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 notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's affairs as at 31 December, 2017 and of the Group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies (Guernsey) Law 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Recoverability of the Central Blocks offshore Namibia exploration assets.

At 31 December 2017 the carrying value of the Central Blocks offshore Namibia exploration assets were US$50.5 million (2016: US$49.8 million), as disclosed in Note 11 to the financial statements.

As the carrying value of these exploration assets represent a significant asset to the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.

As a result, the assets were required to be assessed for impairment indicators in accordance with IFRS 6.

Our response

In regards to the Central Blocks offshore Namibia exploration assets:

- we have obtained and reviewed the licence agreements and confirmed that all licences were in good standing;
- we have obtained 2018/2019 budgets and have inspected intended work plans;
- we have reviewed Board minutes and RNS announcements for any indications of impairment;
- we have reviewed technical data available including reserves/resources and considered the implied value derived; and
- Assessed the adequacy of the related disclosure within Note 11 of the financial statements.

Our application of materiality

Group materiality Basis for determining materiality	US$1,800,000 (2016: US$3,000,000) 2% of total assets
Group performance materiality Basis for performance materiality	US$1,170,000 (2016: US$1,950,000) 65% of Group materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Our basis for the determination of materiality has remained unchanged with a significant decrease in the total assets in the year impacting materiality. We consider total assets to be the most significant determinant of the Group's financial performance used by members as the Group continues to bring its oil and gas exploration assets through to production.

Whilst materiality for the financial statements as a whole was US$1.8 million, each significant component of the Group was audited to a lower level of materiality. Performance materiality has been set at 65% of materiality, which is used to determine the financial statement areas that are included within the scope of our audit and the extent of sample sizes during the audit.

We agreed with the Audit Committee that we would report to the Committee all individual audit differences identified during the course of our audit in excess of US$90,000 (2016: US$140,000). We also agreed to report differences below these thresholds that, in our view warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our Group audit scope focused on the Group's principal operating locations being Chariot Oil & Gas Limited (parent Company) registered in Guernsey, Enigma Oil & Gas Exploration (Pty) Limited registered in Namibia and Chariot Brasil Petroleo e Gas Ltda registered in Brazil which are subject to a full scope audit. Together with the group consolidation, which was also subject to a full scope audit, these represent the significant components of the Group.

All of the audits of the components were principally performed in the United Kingdom by BDO LLP except for Enigma Oil & Gas Exploration (Pty) Limited which was audited by BDO Namibia.

We sent group instructions to BDO Namibia for the audit of Enigma Oil & Gas Exploration (Pty) Ltd including details of the group risks specific to the entity. We have reviewed their work and performed further testing and made specific enquiries where it was deemed necessary.

The remaining components of the Group are considered non-significant. The non-significant components were principally subject to analytical review procedures. Our full audit procedures cover substantially 100% of the Group's total assets.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scott McNaughton (Responsible Individual)
For and on behalf of BDO LLP
Chartered Accountants
London
United Kingdom
5 June 2018

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2017

	Notes	Year ended 31 December 2017 US$000	Year ended 31 December 2016 US$000
Share based payments	20	(875)	(787)
Impairment of exploration asset	11	(51,307)	(5,173)
Other administrative expenses		(3,370)	(3,544)
Total operating expenses		(55,552)	(9,504)
Loss from operations	4	**(55,552)**	**(9,504)**
Finance income	7	195	2,831
Finance expense	7	(36)	–
Loss for the year before taxation		**(55,393)**	**(6,673)**
Tax expense	9	(25)	(159)
Loss for the year and total comprehensive loss for the year attributable to equity owners of the parent		**(55,418)**	**(6,832)**
Loss per Ordinary share attributable to the equity holders of the parent – basic and diluted	10	**US$(0.21)**	**US$(0.03)**

All amounts relate to continuing activities.

The notes on pages 38 to 49 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2017

	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
As at 1 January 2016	**4,811**	**339,654**	**796**	**4,280**	**(1,241)**	**(200,049)**	**148,251**
Loss and total comprehensive loss for the year	–	–	–	–	–	(6,832)	(6,832)
Share based payments	–	–	–	787	–	–	787
Transfer of reserves due to issue of share awards	63	979	–	(1,042)	–	–	–
Transfer of reserves due to lapsed share options	–	–	–	(311)	–	311	–
As at 31 December 2016	**4,874**	**340,633**	**796**	**3,714**	**(1,241)**	**(206,570)**	**142,206**
Loss and total comprehensive loss for the year	–	–	–	–	–	(55,418)	(55,418)
Share based payments	–	–	–	875	–	–	875
Transfer of reserves due to issue of share awards	7	110	–	(117)	–	–	–
As at 31 December 2017	**4,881**	**340,743**	**796**	**4,472**	**(1,241)**	**(261,988)**	**87,663**

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.
Contributed equity	Amount representing equity contributed by the shareholders.
Share based payments reserve	Amount representing the cumulative charge recognised under IFRS 2 in respect of share option, LTIP and RSU schemes.
Foreign exchange reserve	Foreign exchange differences arising on translating into the reporting currency.
Retained deficit	Cumulative net gains and losses recognised in the financial statements.

The notes on pages 38 to 49 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2017

	Notes	31 December 2017 US$000	31 December 2016 US$000
Non-current assets			
Exploration and appraisal costs	11	72,770	119,730
Property, plant and equipment	12	133	36
Total non-current assets		**72,903**	**119,766**
Current assets			
Trade and other receivables	13	1,328	2,123
Inventory	14	480	938
Cash and cash equivalents	15	15,233	25,021
Total current assets		**17,041**	**28,082**
Total assets		**89,944**	**147,848**
Current liabilities			
Trade and other payables	16	2,281	5,642
Total current liabilities		**2,281**	**5,642**
Total liabilities		**2,281**	**5,642**
Net assets		**87,663**	**142,206**
Capital and reserves attributable to equity holders of the parent			
Share capital	17	4,881	4,874
Share premium		340,743	340,633
Contributed equity		796	796
Share based payment reserve		4,472	3,714
Foreign exchange reserve		(1,241)	(1,241)
Retained deficit		(261,988)	(206,570)
Total equity		**87,663**	**142,206**

The notes on pages 38 to 49 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 5 June 2018.

George Canjar
Chairman

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2017

	Year ended 31 December 2017 US$000	Year ended 31 December 2016 US$000
Operating activities		
Loss for the year before taxation	(55,393)	(6,673)
Adjustments for:		
Finance income	(195)	(2,831)
Finance expense	36	–
Depreciation	26	39
Share based payments	875	787
Impairment of exploration asset	51,307	5,173
Net cash outflow from operating activities before changes in working capital	**(3,344)**	**(3,505)**
Decrease/(increase) in trade and other receivables	861	(854)
Increase in trade and other payables	183	604
Decrease in inventories	458	–
Cash outflow from operating activities	**(1,842)**	**(3,755)**
Tax payment	(32)	(161)
Net cash outflow from operating activities	**(1,874)**	**(3,916)**
Investing activities		
Finance income	189	1,205
Payments in respect of property, plant and equipment	(123)	(13)
Farm-in proceeds	3,000	–
Payments in respect of intangible assets	(10,944)	(13,596)
Net cash outflow used in investing activities	**(7,878)**	**(12,404)**
Net decrease in cash and cash equivalents in the year	**(9,752)**	**(16,320)**
Cash and cash equivalents at start of the year	**25,021**	**39,713**
Effect of foreign exchange rate changes on cash and cash equivalent	(36)	1,628
Cash and cash equivalents at end of the year	**15,233**	**25,021**

The notes on pages 38 to 49 form part of these financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

1 General information

Chariot Oil & Gas Limited is a company incorporated in Guernsey with registration number 47532. The address of the registered office is Regency Court, Glategny Esplanade, St Peter Port, Guernsey, GY1 1WW. The nature of the Company's operations and its principal activities are set out in the Report of the Directors and in the Exploration Manager's Review of Operations.

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.

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 for a period of at least 12 months.

New Accounting Standards

The following new standards and amendments to standards are mandatory for the first time for the Group for the financial year beginning 1 January 2017. The implementation of these standards and amendments to standards has had no material effect on the Group's accounting policies.

Standard	Effective year commencing on or after
IAS 7 – Statement of Cash Flows (Amendments)	1 January 2017
IAS 12 – Income Taxes (Amendments)	1 January 2017
Annual Improvements to IFRSs – (2014-2016 Cycle)	1 January 2017

Certain new standards and amendments to standards have been published that are mandatory for the Group's accounting periods beginning after 1 January 2018 or later years to which the Group has decided not to adopt early when early adoption is available. The implementation of these standards and amendments is expected to have no material effect on the Group's accounting policies. These are:

Standard	Effective year commencing on or after
IFRS 9 – Financial Instruments	1 January 2018
IFRS 15 – Revenue from Contracts with Customers	1 January 2018
IFRS 16 – Leases	1 January 2019
IFRS 2 – Share Based Payments (Amendments)	1 January 2018
Annual Improvements to IFRSs – (2014-2016 Cycle)	1 January 2018
Annual Improvements to IFRSs – (2015-2017 Cycle)	1 January 2019*
IAS 28: Long-term Interests in Associates and Joint Ventures	1 January 2019*

* Not yet endorsed by the EU.

Exploration and appraisal costs

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 each cost pool and writes down capitalised expenditure to levels it considers to be recoverable. Cost pools are determined on the basis of geographic principles. The Group currently has four cost pools being Central and Southern Blocks in Namibia, Morocco and Brazil. In addition where exploration wells have been drilled, consideration of the drilling results is made for the purposes of impairment of the specific well costs. If the results sufficiently enhance the understanding of the reservoir and its characteristics it may be carried forward when there is an intention to continue exploration and drill further wells on that target.

Where farm-in transactions occur which include elements of cash consideration for, amongst other things, the reimbursement of past costs, this cash consideration is 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 is treated as a credit to the Consolidated 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. 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.

2 Accounting policies continued

Taxation

Income tax expense represents the sum of the current tax and deferred tax charge for the year.

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 substantively 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 Consolidated Statement of Comprehensive Income, 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.

Foreign currencies

Transactions in foreign currencies are translated into US Dollars at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into US Dollars at the closing rates at the reporting date and the exchange differences are included in the Consolidated Statement of Comprehensive Income. The functional and presentational currency of the parent and all Group companies is the US Dollar.

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 3 – 5 years.

The carrying value of property, plant and equipment is assessed annually and any impairment charge is charged to the Consolidated Statement of Comprehensive Income.

Operating leases

Rent paid on operating leases is charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the term of the lease.

Share based payments

Where equity settled share awards are awarded to employees or Directors, the fair value of the awards at the date of grant is charged to the Consolidated Statement of Comprehensive Income 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 awards that eventually vest. Market vesting conditions are factored into the fair value of the awards 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.

Where the terms and conditions of awards are modified before they vest, the increase in the fair value of the awards, measured immediately before and after the modification, is also charged to the Consolidated Statement of Comprehensive Income over the remaining vesting period.

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 Contributed Equity.

Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if it has power over the investee and it is exposed to variable returns from the investee and it has the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. 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.

2 Accounting policies continued

Financial instruments

The Group's financial assets consist of a bank current account or short term deposits at variable interest rates 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.

Joint operations

Joint 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 joint operations. The Group conducts its exploration, development and production activities jointly with other companies in this way.

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:

a) Areas of judgement

i. *Recoverability of intangible assets*
Expenditure is capitalised as an intangible asset by reference to appropriate cost pools and is assessed for impairment when circumstances suggest that the carrying amount may exceed its recoverable value. This assessment involves judgement as to: (i) the likely future commerciality of the asset and when such commerciality should be determined; (ii) future revenues and costs pertaining to any asset based on proved plus probable, prospective and contingent resources; and (iii) the discount rate to be applied to such revenues and costs for the purpose of deriving a recoverable value.

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 year 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.

b) Areas of estimation

i. *Share based payments*
In order to calculate the charge for share based compensation as required by IFRS 2, the Group makes estimates principally relating to the assumptions used in its pricing model as set out in note 20.

ii. *Inventory provision*
The Group assesses whether a provision is required for inventory by comparing the cost to the net realisable value, which is estimated based on available market prices. If the net realisable value is lower than the cost the difference is charged to the Consolidated Statement of Comprehensive Income.

3 Segmental analysis

The Group has two reportable segments being exploration for oil and gas and corporate costs. The operating results of each of these segments are regularly reviewed by the Board of Directors in order to make decisions about the allocation of resources and assess their performance.

31 December 2017

	Exploration for Oil and Gas US$000	Corporate US$000	Total US$000
Share based payment	–	(875)	(875)
Administrative expenses	(471)	(2,899)	(3,370)
Impairment of exploration asset	(51,307)	–	(51,307)
Finance income	–	195	195
Finance expense	–	(36)	(36)
Tax expense	–	(25)	(25)
Loss after taxation	(51,778)	(3,640)	(55,418)
Additions to non-current assets	7,347	123	7,470
Total assets	73,310	16,634	89,944
Total liabilities	(978)	(1,303)	(2,281)
Net assets	72,332	15,331	87,663

31 December 2016

	Exploration for Oil and Gas US$000	Corporate US$000	Total US$000
Share based payment	–	(787)	(787)
Administrative expenses	(467)	(3,077)	(3,544)
Impairment of exploration asset	(5,173)	–	(5,173)
Finance income	–	2,831	2,831
Tax expense	–	(159)	(159)
Loss after taxation	(5,640)	(1,192)	(6,832)
Additions to non-current assets	16,465	13	16,478
Total assets	120,668	27,180	147,848
Total liabilities	(4,515)	(1,127)	(5,642)
Net assets	116,153	26,053	142,206

4 Loss from operations

	31 December 2017 US$000	31 December 2016 US$000
Loss from operations is stated after charging:		
Impairment of exploration asset	51,307	5,173
Operating lease – office rental	473	490
Depreciation	26	39
Share based payments – Long Term Incentive Scheme	806	734
Share based payments – Restricted Share Unit Scheme	69	53
Auditors' remuneration:		
Fees payable to the Company's Auditors for the audit of the Company's annual accounts	56	59
Audit of the Company's subsidiaries pursuant to legislation	15	14
Fees payable to the Company's Auditors for the review of the Company's interim accounts	10	10
Total payable	**81**	**83**

5 Lease commitments

	31 December 2017 US$000	31 December 2016 US$000
Not later than one year	364	359
Later than one year and not later than five years	1,862	7
Total	**2,226**	**366**

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

6 Employment costs

Employees

	31 December 2017 US$000	31 December 2016 US$000
Wages and salaries	2,295	1,914
Payment in lieu of notice/compromise payment	–	243
Pension costs	83	102
Share based payments	506	532
Sub-total	**2,884**	**2,791**
Capitalised to exploration costs	(1,318)	(1,397)
Total	**1,566**	**1,394**

Key management personnel

	31 December 2017 US$000	31 December 2016 US$000
Wages, salaries and fees	366	431
Social security costs	40	89
Payment in lieu of notice/compromise payment	–	236
Pension costs	–	3
Share based payments	369	255
Sub-total	**775**	**1,014**
Capitalised to exploration costs	(142)	(188)
Total	**633**	**826**

The Directors are the key management personnel of the Group. Details of the Directors' emoluments and interest in shares are shown in the Directors' Remuneration Report.

7 Finance income and expense

Finance income

	31 December 2017 US$000	31 December 2016 US$000
Bank interest receivable	195	1,203
Foreign exchange gain	–	1,628
Total	**195**	**2,831**

Finance expense

	31 December 2017 US$000	31 December 2016 US$000
Foreign exchange loss	36	–
Total	**36**	**–**

8 Investments

The Company's wholly owned subsidiary undertakings at 31 December 2017 and 31 December 2016, excluding dormant entities, were:

Subsidiary undertaking	Principal activity	Country of incorporation
Chariot Oil & Gas Investments (Namibia) Limited	Holding company	Guernsey
Chariot Oil & Gas Investments (Mauritania) Limited	Oil and gas exploration	Guernsey
Chariot Oil & Gas Investments (Morocco) Limited	Oil and gas exploration	Guernsey
Chariot Oil and Gas Statistics Limited	Service company	UK
Enigma Oil & Gas Exploration (Proprietary) Limited [1]	Oil and gas exploration	Namibia
Chariot Oil & Gas Investments (Brazil) Limited	Holding company	Guernsey
Chariot Brasil Petroleo e Gas Ltda	Oil and gas exploration	Brazil
Chariot Oil & Gas Finance (Brazil) Limited [1]	Service company	Guernsey

(1) Indirect shareholding of the Company.

9 Taxation

The Company is tax resident in the UK, however no tax charge arises due to taxable losses for the year (31 December 2016: US$Nil).

No taxation charge arises in Namibia, Morocco or the UK subsidiaries as they have recorded taxable losses for the year (31 December 2016: US$Nil).

In Brazil, there were taxable profits due to interest received on cash balances resulting in a tax charge payable of US$25,000 (31 December 2016: US$159,000). There was no deferred tax charge or credit in either period presented.

Factors affecting the tax charge for the current year

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the UK applied to losses for the year are as follows:

	31 December 2017 US$000	31 December 2016 US$000
Tax reconciliation		
Loss on ordinary activities for the year before tax	(55,393)	(6,673)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19.25% (31 December 2016: 20%)	(10,663)	(1,335)
Non-deductible expenses	10,050	1,200
Difference in tax rates in other jurisdictions	95	127
Deferred tax effect not recognised	543	167
Total taxation charge	**25**	**159**

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 total US$5.9 million (31 December 2016: US$5.4 million). Deferred tax assets were not recognised as there is uncertainty regarding the timing of future profits against which these assets could be utilised.

10 Loss per share

The calculation of basic loss per Ordinary share is based on a loss of US$55,418,000 (31 December 2016: loss of US$6,832,000) and on 268,595,921 Ordinary shares (31 December 2016: 266,296,528) being the weighted average number of Ordinary shares in issue during the year. Potentially dilutive share awards are detailed in note 20, however these do not have any dilutive impact as the Group reported a loss for the year, consequently a separate diluted loss per share has not been presented.

11 Exploration and appraisal costs

	31 December 2017 US$000	31 December 2016 US$000
Net book value brought forward	119,730	108,438
Additions	7,347	16,465
Farm-in proceeds	(3,000)	–
Impairment	(51,307)	(5,173)
Net book value carried forward	**72,770**	**119,730**

As at 31 December 2017 the net book values of the four cost pools are Central Blocks offshore Namibia US$50.5 million (31 December 2016: US$49.8 million), Southern Blocks offshore Namibia US$Nil (31 December 2016: US$51.0 million), Morocco US$7.8 million (31 December 2016: US$5.0 million) and Brazil US$14.5 million (31 December 2016: US$13.9 million).

Farm-in proceeds are in relation to the completion of the farm-out of 40% of the Rabat Deep Offshore permits I-VI, Morocco, to a wholly owned subsidiary of Eni, which was announced on 9 January 2017.

On 29 August 2017 the Company announced that it had elected not to enter into the First Renewal Exploration Period of the Southern Blocks offshore Namibia, causing an impairment of US$51.3 million.

As announced on 16 June 2016 the Company elected not to enter into the First Renewal Phase of the C-19 licence in Mauritania causing an impairment of US$5.2 million.

12 Property, plant and equipment

	Fixtures, fittings and equipment 31 December 2017 US$000	Fixtures, fittings and equipment 31 December 2016 US$000
Cost		
Brought forward	1,635	1,622
Additions	123	13
Carried forward	1,758	1,635
Depreciation		
Brought forward	1,599	1,560
Charge	26	39
Carried forward	1,625	1,599
Net book value brought forward	36	62
Net book value carried forward	133	36

13 Trade and other receivables

	31 December 2017 US$000	31 December 2016 US$000
Other receivables and prepayments	**1,328**	**2,123**

The fair value of trade and other receivables is equal to their book value.

14 Inventory

	31 December 2017 US$000	31 December 2016 US$000
Wellheads and casing	480	938

15 Cash and cash equivalents

	31 December 2017 US$000	31 December 2016 US$000
Analysis by currency		
US Dollar	14,733	21,184
Brazilian Real	245	3,383
Sterling	214	430
Other currencies	41	24
	15,233	25,021

As at 31 December 2017 and 31 December 2016 the US Dollar and Sterling cash is held in UK and Guernsey bank accounts. All other cash balances are held in the relevant country of operation.

As at 31 December 2017, the cash balance of US$15.2 million (31 December 2016: US$25.0 million) contains the following cash deposits that are secured against bank guarantees given in respect of exploration work to be carried out:

	31 December 2017 US$000	31 December 2016 US$000
Brazilian licences	–	103
Moroccan licences	7,550	5,750
Namibian 2714B licence	–	300
	7,550	6,153

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

In February 2018 a bank guarantee for US$4.0 million in respect of the Morocco licences was released.

16 Trade and other payables

	31 December 2017 US$000	31 December 2016 US$000
Trade payables	1,572	1,926
Accruals	709	3,708
Tax payable	–	8
	2,281	5,642

The fair value of trade and other payables is equal to their book value.

17 Share capital

	Authorised			
	31 December 2017 Number	31 December 2017 US$000	31 December 2016 Number	31 December 2016 US$000
Ordinary shares of 1p each [1,2]	400,000,000	7,980	400,000,000	7,980

	Allotted, called up and fully paid			
	31 December 2017 Number	31 December 2017 US$000	31 December 2016 Number	31 December 2016 US$000
Ordinary shares of 1p each [1]	268,873,197	4,881	268,352,392	4,874

(1) 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 date of issue, or, in the case of share awards, the date of grant and not subsequently retranslated.

(2) On 27 March 2018 the Company's shareholders voted at a General Meeting to authorise the deletion of article 3.1 of the Company's Articles in its entirety to remove the concept of authorised share capital which is no longer a recognised concept under Guernsey law.

Details of the Ordinary shares issued are in the table below:

Date	Description	Price US$	No of shares
31 December 2015	**Opening Balance**		**264,274,904**
7 June 2016	Issue of share award	0.34	337,663
7 June 2016	Issue of share award	0.14	778,475
7 June 2016	Issue of share award	0.26	695,653
7 June 2016	Issue of share award	0.33	41,666
7 June 2016	Issue of share award	1.25	13,334
7 June 2016	Issue of share award	0.50	35,772
7 June 2016	Issue of share award	0.13	50,542
7 June 2016	Issue of share award	0.24	127,876
21 June 2016	Issue of share award	0.50	114,904
21 June 2016	Issue of share award	0.33	133,333
21 June 2016	Issue of share award	0.14	109,375
21 June 2016	Issue of share award	0.11	186,254
21 June 2016	Issue of share award	0.18	231,885
21 June 2016	Issue of share award	0.20	80,000
21 June 2016	Issue of share award	0.12	35,555
26 July 2016	Issue of share award	4.38	7,000
26 July 2016	Issue of share award	0.50	325,203
26 July 2016	Issue of share award	0.39	243,229
26 July 2016	Issue of share award	0.15	165,156
26 July 2016	Issue of share award	0.08	260,717
3 October 2016	Issue of share award	0.20	80,000
3 October 2016	Issue of share award	0.12	23,896
31 December 2016			**268,352,392**
23 February 2017	Issue of share award	0.30	129,601
23 February 2017	Issue of share award	0.14	40,464
11 July 2017	Issue of share award	0.08	57,125
11 July 2017	Issue of share award	0.17	17,836
6 October 2017	Issue of share award	0.20	80,000
6 October 2017	Issue of share award	0.16	23,896
10 October 2017	Issue of share award	0.30	129,601
10 October 2017	Issue of share award	0.17	42,282
31 December 2017			**268,873,197**

18 Related party transactions

- Key management personnel comprises the Directors and details of their remuneration are set out in note 6 and the Directors' Remuneration Report.
- Alufer Mining Limited ("Alufer") is a company where Robert Sinclair was a Director until 20 December 2016 and Adonis Pouroulis is a Director. During the year ended 31 December 2017, Alufer received administrative services from an employee of Chariot for which it incurred fees payable to Chariot of US$24,053 (31 December 2016: US$75,384). The amount outstanding as at 31 December 2017 was US$Nil (31 December 2016: US$11,357).

19 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 year ending 31 December 2017, no trading in financial instruments was undertaken (31 December 2016: US$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 year, the Group has held surplus funds on deposit, principally with its main relationship bank Barclays, on fixed short term deposits. The credit ratings of the main relationship bank the Group holds cash with do not fall below A or equivalent. 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 the impact of interest rate sensitivity analysis on the Group's financial assets and liabilities at the year end as the risk is not deemed to be material.

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 Brazilian Real, Sterling and Namibian Dollars to meet other non-US Dollar industry costs and ongoing corporate and overhead commitments.

At the year end, the Group had cash balances of US$15.2 million (31 December 2016: US$25.0 million) as detailed in note 15.

Other than the non-US Dollar cash balances described in note 15, no other material financial instrument is denominated in a currency other than US Dollars. A 10% adverse movement in exchange rates would lead to a foreign exchange loss of US$50,000 and a 10% favourable movement in exchange rates would lead to a corresponding gain; the effect on net assets would be the same as the effect on profits (31 December 2016: US$384,000).

Capital

In managing its capital, the Group's primary objective is to maintain a sufficient funding base to enable it to meet its working capital and strategic investment needs. The Group currently holds sufficient capital to meet its ongoing needs for at least the next 12 months.

Liquidity risk

The Group's practice is to regularly review cash needs and to place excess funds on fixed term deposits. 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 could consist of instruments such as bank guarantees and parent company guarantees.

At the year end the Group acts as Operator in one non-carried joint venture relationship on one of the Group's licences and therefore from time to time is owed money from its joint venture partners. The joint venture partner which has a 20% interest in the Central Blocks in Namibia is an entity which is part owned by one of the world's largest 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.

20 Share based payments

Share Option Scheme

During the year, the Company operated the Chariot Oil & Gas Share Option Scheme ("Share Option Scheme"). The Company recognised total expenses of US$Nil (31 December 2016: US$Nil) related to equity settled share based payment transactions under the plan.

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 2017 Number of Options	31 December 2016 Number of Options
Outstanding at beginning of the year	**3,000,000**	**4,000,000**
Lapsed during the year	–	(1,000,000)
Outstanding at the end of the year	**3,000,000**	**3,000,000**
Exercisable at the end of the year	**3,000,000**	**3,000,000**

The range of the exercise price of share options exercisable at the year end falls between US$0.36 (27p) – US$1.68 (125p) (31 December 2016: US$0.33 (27p) – US$1.54 (125p)).

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
1 September 2011	£0.87	£1.29	£1.25	80%	5 years	4.3%	0%
22 April 2013	£0.11	£0.186	£0.273	80%	5 years	1.5%	0%

Expected volatility was determined by calculating the annualised standard deviation of the daily changes in the share price.

Long Term Incentive Scheme ("LTIP")

The plan provides for the awarding of shares to employees and Directors for nil consideration. The award will lapse if an employee or Director leaves employment.

Shares granted when an individual is an employee will vest in equal instalments over a three year period from the grant date and shares granted when an individual is a Director or otherwise specified will vest three years from the end of the year or period that the award relates.

The Group recognised a charge under the plan for the year to 31 December 2017 of US$806,000 (31 December 2016: US$734,000).

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

	31 December 2017 Number of awards	31 December 2016 Number of awards
Outstanding at beginning of the year	**14,347,278**	**10,348,522**
Granted during the year	8,267,792	8,133,661
Shares issued for no consideration during the year	(520,805)	(3,905,162)
Lapsed during the year	(114,250)	(229,743)
Outstanding at the end of the year	**21,980,015**	**14,347,278**
Exercisable at the end of the year	**6,606,366**	**4,074,236**

20 Share based payments continued

Non-Executive Directors' Restricted Share Unit Scheme ("RSU")

The plan provides for the awarding of shares to Non-Executive Directors for nil consideration. An award can be Standalone or Matching.

Standalone share awards are one-off awards to Non-Executive Directors which will vest in equal instalments over a three year period and will lapse if not exercised within a fixed period on stepping down from the Board.

Matching share awards will be granted equal to the number of existing Chariot shares purchased by the Non-Executive Director in each calendar year capped at the value of their gross annual fees for that year. The shares will vest in equal instalments over a three year period and will lapse if not exercised prior to stepping down from the Board or if the original purchased shares are sold prior to the vesting of the relevant Matching award. Any potential Matching awards not granted in a calendar year shall be forfeited and shall not roll over to subsequent years.

The Group recognised a charge under the plan for the year to 31 December 2017 of US$69,000 (31 December 2016: US$53,000).

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

	31 December 2017 Number of awards	31 December 2016 Number of awards
Outstanding at beginning of the year	**1,559,873**	**1,421,267**
Granted during the year	631,979	463,767
Shares issued for no consideration during the year	–	(172,326)
Lapsed during the year	–	(152,835)
Outstanding at the end of the year	**2,191,852**	**1,559,873**
Exercisable at the end of the year	**1,225,677**	**532,978**

21 Contingent liabilities

From 30 December 2011 the Namibian tax authorities introduced a withholding tax of 25% on all services provided by non-Namibian entities which are received and paid for by Namibian residents. From 30 December 2016 the withholding tax was reduced to 10%. As at 31 December 2017, based upon independent legal and tax opinions, the Group has no withholding tax liability (31 December 2016: US$Nil). Any subsequent exposure to Namibian withholding tax will be determined by how the relevant legislation evolves in the future and the contracting strategy of the Group.

22 Events after the balance sheet date

a) Share placing and open offer

On 27 March 2018 the Company announced the approval by shareholders at a General Meeting of a placing of 82,582,747 new Ordinary shares and a further 13,911,954 new Ordinary shares by open offer at a price of 13 pence per share. The combined total of 96,494,701 new Ordinary shares were admitted on 28 March 2018 and subsequently the Company received net proceeds of US$16.5 million.

b) Result of the Rabat Deep 1 well

On 30 April 2018 the Company announced that the Rabat Deep 1 well on the Rabat Deep Permits in Morocco (Eni Maroc B.V. 40% (operator), Woodside Energy (Morocco) Pty Ltd 25%, OHNYM 25%, Chariot Oil & Gas Investments (Morocco) Limited 10%), had been safely drilled to a total depth of 3,180m. Chariot was fully carried for the drilling of the Rabat Deep 1 well as part of the farm-out to Eni which was approved in January 2017. The well, which did not encounter a hydrocarbon accumulation, was subsequently plugged and abandoned. The drilling result is a non-adjusting post-balance sheet event as the recognition criteria for the Moroccan cost pool under IFRS 6 were still met at the year end.

ADVISORS

Registered Office
PO Box 282
Regency Court
Glategny Esplanade
St Peter Port
Guernsey
GY1 1WW
Channel Islands

Registration Number
47532

Nominated Advisor & Joint Broker
finnCap Limited
60 New Broad Street
London
EC2M 1JJ
United Kingdom

Bankers
Barclays Bank Plc.
PO Box 41
Le Marchant House
Le Truchot
St Peter Port
Guernsey
GY1 3BE
Channel Islands

Auditors
BDO LLP
55 Baker Street
London
W1U 7EU
United Kingdom

Financial Public Relations Advisor
Celicourt Communications Limited
Adam House
7-10 Adam Street
London
WC2N 6AA
United Kingdom

Legal Advisors
As to British Law
Memery Crystal LLP
44 Southampton Buildings
London
WC2A 1AP
United Kingdom

As to Namibian Law
Lorentz Angula Inc.
Windhoek 3rd floor
LA Chambers
Ausspann Plaza
Windhoek
Namibia

As to Guernsey Law
Babbé
PO Box 69
18-20 Smith Street
St Peter Port
Guernsey
GY1 4BL
Channel Islands

As to Moroccan Law
Gide Loyrette Nouel
Tour Crystal
1 Boulevard Sidi Mohammed Ben Abdellah
Quartier Casablanca Marina
Casablanca
20030
Morocco

As to Brazilian Law
Schmidt Valois
Rua da Assembleia, 66 – 17º andar
20011-000
Rio de Janeiro RJ
Brazil

Company Secretary
International Administration Group (Guernsey) Limited
PO Box 282
Regency Court
Glategny Esplanade
St Peter Port
Guernsey
GY1 1WW
Channel Islands

Registrars and Receiving Agents
Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU
United Kingdom

Design and Production
www.carrkamasa.co.uk

ckd

Chariot Oil & Gas Limited
Registered Office:
PO Box 282
Regency Court
Glategny Esplanade
St Peter Port
Guernsey
GY1 1WW
Channel Islands

www.chariotoilandgas.com