6 June 2018

Chariot Oil & Gas Limited

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

2017 Final Results

Chariot Oil & Gas Limited (AIM: CHAR), the Atlantic margins focused oil and gas exploration company, today announces its audited final results for the year ended 31 December 2017.

2017 and Post Period Highlights:

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
  - Rabat Deep 1 well, targeting the JP-1 prospect safely drilled to a total depth of 3,180m
  - No hydrocarbon accumulation was encountered but a thick top seal and tight, fractured carbonates in the primary Jurassic target were penetrated
  - Electric log cores and side-wall cores are being analysed to understand the implications on the prospectivity of the surrounding area
- Chariot funded to operate a further giant potential well in Q4 2018
  - Prospect S, Namibia, (459mmbbls gross mean prospective resources) anticipated to spud Q4 2018 – fully funded by placing proceeds, partnering process ongoing
  - Ocean Rig Poseidon drill ship contracted to drill one firm and one optional well
- 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
  - Further partnering anticipated to fund additional prospect drilling in H1 2019, either with back to back drilling in Namibia (Prospect W (284mmbbls gross mean prospective resources)) or the Lower Cretaceous prospectivity in Morocco (Kenitra-1 (464mmbbls gross mean prospective resources, internal estimate))

Robust Financial Positioning

- Debt free with a cash balance of US$15.2 million as at 31 December 2017
- Farm-in recovery of Rabat Deep investment costs received
- Continued capital discipline with 2017 annual cash overhead reduced for the fourth consecutive year to US$4.2 million from US$9.4 million in 2013
- No remaining commitments across the entirety of the portfolio
- Placing and open offer raised an additional net US$16.5 million in Q1 2018 – providing funds to allow the Company to deliver a second well in 2018 and strength in partnering negotiations

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

Focused Portfolio Management

- New venture licence secured: Kenitra Offshore, Morocco – capturing the LKP prospects that extend from Mohammedia into this area and the Kenitra-1 prospect
- Innovative option negotiated following election not to enter the next exploration phase in the Southern Blocks, Namibia (non-cash impairment of US$51.3 million): opportunity to back-in for 10% equity with remaining partners after the completion of future exploration drilling for no financial consideration
- Continued maturing the Company's diverse and giant scale prospect inventory:

  Namibia:
  - Competent Persons Report ("CPR") of 2016 seismic campaign (culminating in a combined 6,100km^2 of 3D seismic data) confirmed five new structural prospects (S, T, U, V and W), ranging from 283 - 459mmbbls in gross mean prospective resources
  - Drilling preparations underway for Prospect S (459mmbbls gross mean prospective resources), with the potential to drill W back-to-back in the success case and on partnering
  - Datarooms open

  Morocco:
  - Acquired and processed approximately 1,000km^2 3D and 2,250km 2D seismic data over Kenitra and the adjacent Mohammedia licences, interpretation ongoing with information from the Rabat Deep 1 well to be evaluated and calibrated with this data to gain further understanding of the prospectivity in this region
  - Drilling preparations underway for Kenitra-1 and LKP-1a Lower Cretaceous priority targets (464mmbbls and 350mmbbls gross mean prospective resources respectively)
  - Updated partnering process anticipated to commence in mid-2018, incorporating the results of Rabat Deep 1

  Brazil:
  - Integrated seismic interpretation and CPR completed with a large four-way dip- closed structure identified
  - Portfolio consisting of seven prospective reservoir targets individually ranging up to 366mmbbls
  - 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
  - Partnering process initiated with dataroom open

- Material follow on potential identified in each region of interest

Outlook:

- Target to drill a second well, Prospect S (Namibia), in Q4 2018 with the potential for an additional two wells in the near term, (subject to partnering and/or outcome of adjacent drilling), each with the capacity to transform the Company's value and with material follow on potential
- 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
  - Apply 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

Larry Bottomley, Chief Executive of Chariot, commented:

"Over the course of 2017 we continued to deliver on all aspects of our strategy – investing in the lower cost oil price environment through extensive seismic acquisition, processing and interpretation to develop our technical understanding and high impact prospect inventory; completing a drilling partnership with Eni, enabling us to initiate our drilling campaign at no cost to the Company; and locking in additional prospectivity in neighbouring

acreage with the successful acquisition of Kenitra, Morocco, as well as securing an innovative back-in option on legacy acreage in Namibia.

Whilst the drilling results of the Rabat Deep 1 well were very disappointing, the information from this well will be integral to de-risking further prospectivity in the region. This well was the first in our current drilling campaign and, with a diversified portfolio, we look forward to additional drilling in the year ahead, where Chariot's high impact portfolio will be tested in the knowledge that, with this wider focus, we have secured follow on potential for the success case, and additional drilling opportunities across a variety of basins and play types.

With no remaining commitments across the portfolio we are in a robust financial position to pursue our new venture strategy as well as focus on maturing our remaining assets at the current low point in the cost cycle. The funds raised earlier this year will allow the Company to deliver a second well in 2018 and strengthen our position in ongoing partnering negotiations, enabling us to protect equity and optimise value whilst gaining third party validation and a share in capital requirements for our priority prospects, S and Kenitra-1."

Investor Conference Call:

Management will host a conference call for investors at 10.00am (BST) today, 6 June 2018. Dial in details for the call are shown below and participants should request to join the "Chariot Oil & Gas - Private Investor Call".

Dial in number: +44 (0)330 336 9411

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

For further information please contact:

Chariot Oil & Gas Limited Larry Bottomley, CEO	**+44 (0)20 7318 0450**
finnCap (Nominated Advisor and Broker) Matt Goode, Christopher Raggett (Corporate Finance) Emily Morris (Corporate Broking)	**+44 (0)20 7220 0500**
Celicourt Communications (Financial PR) Mark Antelme, Henry Lerwill, Jimmy Lea	**+44 (0)20 7520 9261**

NOTES TO EDITORS

ABOUT CHARIOT

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

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

Chairman's Statement

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.

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

Chief Executive Officer's Review

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 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. 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.

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

Chief Financial Officer’s Review

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.

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

Exploration Manager’s Review of Operations

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 9,000 km 2D and 17,000 km^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.

Drilling Inventory	Target Potential	Water Depth	Trap and Play Type	Follow-on Potential
Prospect S (PEL 71, Central Blocks)	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

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

PEL-71, 'Central Blocks', (65% (Operator); Azinam 20%; NAMCOR 10%; Ignitus 5%)

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 16,800km² 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 2018/19:

- 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

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 12,800km^2. 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.

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.

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 prospect in Kenitra.

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 4,600km^2 with water depths of less than 500m. The Kenitra Exploration Permit is adjacent to Mohammedia covering an area of approximately 1,400km^2 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 1,000km^2 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). 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).

Forward Plan 2018/2019:

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

Remaining Commitments:

- Rabat Deep:
  - No remaining commitments
- Mohammedia and Kenitra:
  - No remaining commitments

Brazil

BAR-M-292, 293, 313 and 314 (100% Chariot (Operator))

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 775km^2 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 200km^2 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

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 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 IFRS2 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 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 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 form part of these financial statements.

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 Contract 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.

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.

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	Corporate	Total
	US$000	US$000	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	Corporate	Total
	US$000	US$000	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	31 December 2016
	US$000	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 Leases commitments

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

Finance expense	**31 December 2017**	**31 December 2016**
	US$000	**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	31 December 2016
	US$000	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	31 December 2016
	US$000	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	Fixtures, fittings and equipment
	31 December 2017	31 December 2016
	US$000	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	31 December 2016
	US$000	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	31 December 2016
	US$000	**US$000**
Wellheads and casing	480	938

15 Cash and cash equivalents

	31 December 2017	31 December 2016
Analysis by currency	**US$000**	**US$000**
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	31 December 2016
	US$000	**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	31 December 2016
	US$000	**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	31 December 2017	31 December 2016	31 December 2016
	Number	US$000	Number	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	31 December 2017	31 December 2016	31 December 2016
	Number	US$000	Number	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 on-going 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 on-going 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	**31 December 2016**
	Number of Options	**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	31 December 2016
	Number of awards	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**

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	31 December 2016
	Number of awards	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 farmout 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.