CHARIOT OIL & GAS

22 September 2014

Chariot Oil & Gas Limited

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

Interim Results

Chariot Oil & Gas Limited (AIM: CHAR), the Atlantic margins focused oil and gas exploration company, today announces its unaudited interim results for the six month period ended 30 June 2014.

Highlights during and post period:

Delivering the strategy

- Partnering with Woodside on Rabat Deep Offshore permits, Morocco - Woodside to acquire a 25% stake in return for all back costs and a carry on additional data acquisition, Chariot retains a 50% operating interest
- Partnering with AziLat on BAR-M-292, BAR-M-293, BAR-M-313, BAR-M-314 licences offshore Brazil – AziLat to acquire a 25% stake in return for paying back costs and 50% of upcoming 3D seismic programme, Chariot retains a 75% operating interest

Strengthening our portfolio, strategic positioning and governance

- Award of Mohammedia Reconnaissance licence offshore Morocco, securing prospectivity seen to extend from Loukos permit
- Fast follower positioning now achieved throughout the portfolio following the re-award of Central Blocks 2312 & 2412A and Southern Block 2714A, Namibia
- Appointment of Bill Trojan and Dave Bodecott as Non-Executive Directors – further enhancing the Board's technical expertise

Fully funded for all commitments and an accelerated work programme

- Unaudited cash balance of US$37.5 million as of 30 June 2014
- Post period Placing completed raising gross proceeds of ~US$15 million to accelerate programme in Brazil and pursue additional acreage within current portfolio
- Post period farm-out in Morocco will result in up to US$13 million of back costs to be received in 2015

Portfolio development

- 2,128km 2D seismic acquired offshore Southern Block 2714B, Namibia – all commitments fulfilled within this licence
- Continued portfolio review resulting in provision against carrying value of Northern Blocks, Namibia
- Independent CPR audit based on legacy 2D confirms giant prospectivity and priority drilling target in Rabat Deep Permits, offshore Morocco
- 1,700km^2 3D seismic acquired offshore Morocco, processing underway - all commitments fulfilled

- Completed reprocessing and interpretation of legacy 2D seismic data across all licences and commenced the Environmental Impact Assessment ("EIA") in Brazil
- 3D seismic PSDM interpretation underway in Mauritania

Outlook:

Morocco

- 3D seismic interpretation to be completed in Q1 2015 followed by potential drilling of JP-1, Rabat Deep, subject to partnering
- Partnering process to be initiated for Loukos and Mohammedia licences in H1 2015

Mauritania

- Resource update expected in Q1 2015, subsequent well partnering process to commence

Brazil

- Additional partnering process underway aiming to fully cover seismic costs.
- 3D seismic programme to be carried out in 2015

Namibia

- Drilling or 3D seismic to be carried out in Central Blocks following ongoing partnering process
- 2D seismic interpretation to be completed, followed by the initiation of a 3D seismic partnering programme across Southern Blocks
- Forward plan on Northern Blocks to be determined following finalised integration of third party drilling information – an impairment provision of US$33.6m has been included in the accounts as this is not currently a priority target for exploration expenditure

New ventures

- New opportunity within a country in which Chariot currently operates being pursued to increase option value and sustain growth potential of the portfolio

Larry Bottomley, CEO of Chariot, commented:

"*Chariot has had a very productive year to date, securing partners in Morocco and Brazil, successfully completing our Placing, as well as renegotiating our licence positions in Namibia. We are now in a strong financial position whereby we are able to accelerate our work programmes, pursue new opportunities and take our partnering processes forward from a position of strength. We continue to work on optimising our portfolio, and have progressed our technical work through the acquisition, processing and interpretation of extensive 2D and 3D data sets.*

As we progress towards drilling, we continue to seek to manage our risk and financial exposure. Chariot has a balanced portfolio of assets with giant potential, positioned within key regions of the Atlantic margins. We look forward to continuing to deliver on our strategy, generating multiple prospects for drilling with the aim of creating transformational growth for our shareholders."

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Chief Executive's Review

During the course of this year Chariot has continued to deliver on the risk management strategy that we set out in January 2013. A core part of this has been through the success of securing industry partners with Woodside Petroleum in Morocco and AziLat in Brazil (in addition to Cairn Energy in Mauritania last year), which has continued to minimise our financial and risk exposure whilst gaining third party endorsement of our assets. As a result of this partnering, Chariot is now at neutral cost in Morocco and Mauritania and half cost in Brazil. Whilst this may not always be achievable throughout our entire portfolio, it marks significant progress towards our aspiration of zero cost exploration. We believe that this success in partnering is testament to the capabilities of the Chariot team in accessing high quality acreage ahead of the industry and describing it effectively through the detailed interpretation of legacy and newly acquired data. A partnering process is ongoing in Namibia and we were pleased to renew the Central Blocks recently, removing the potential for a near term drilling commitment which will enhance our negotiating position in current discussions and provide further commercial optionality on these licences.

Portfolio optimisation has been a significant focus over the past months and the Company has successfully repositioned itself as a fast follower rather than a play opener, through careful renegotiation of licences and work programme commitments. These processes have served to reduce the risk profile in areas of high cost commitments and at the same time secured key areas of prospectivity. This activity has been undertaken concurrently with the continued development of the assets through the acquisition and interpretation of large quantities of 2D and 3D seismic data and the incorporation of third party information. Through these achievements Chariot continues to move towards maturing prospects for drilling whilst seeking to be in the best position, both technically and financially.

The recent Placing which raised gross proceeds of ~US$15 million was also testament to Chariot's attractive positioning as an investment opportunity. We received strong support from new and existing institutional investors who recognise the high potential value within our asset base. With this additional capital we have increased our financial flexibility to accelerate certain work programmes and pursue opportunities that will add further option value and sustain the growth of the portfolio over the medium to longer term.

Morocco

In July 2014, Chariot was pleased to secure Australia's largest independent, Woodside Petroleum, as a partner on Rabat Deep, receiving 100% of all back costs, including the recent 3D seismic acquisition, as well as a forward carry on additional data acquisition. Chariot remains operator of this licence with a 50% equity interest, Woodside holds 25% and ONHYM a carried interest of 25%.

This farm-in was based on a data room managed by the Company that described prospectivity from reprocessed and interpreted legacy 2D seismic data, and the CPR audit which was also announced in July 2014. In the Jurassic, Chariot has identified JP-1, a large, 149km² four-way dip faulted carbonate structure with a gross mean prospective resource potential of 618mmbbls (independently validated by Netherland Sewell and Associates). An additional six leads have also been identified within this fairway, offering significant follow-on exploration potential in the success case.

As planned, in Q2 of this year, Chariot acquired 1,700km² of 3D seismic data across Rabat Deep, Loukos and Mohammedia. The fast track data from this programme has been received and the Company will use this information, as well as the final Pre-Stack Time Migration ("PSTM") detail, due in October 2014, to determine the optimum drilling location on JP-1 in Rabat Deep and to firm up additional material leads that have been identified in the Jurassic and Mio-Pliocene fairways in all three licence areas. It is estimated that this technical work will be completed in Q1 2015.

Following this, Chariot will examine the options with regard to drilling JP-1 in Rabat Deep in Q4 2015, depending on rig availability and partner participation. Chariot's large equity holding in the licence gives additional optionality in the event that a further partnering process is required. In this case, a dataroom would open in 2015, with the plan to secure a partner for drilling in 2016.

Chariot did not instigate a farm-out process for its Loukos licence at the same time as Rabat Deep as additional prospectivity was seen to extend from this region into a neighbouring un-licensed block. The Mohammedia Reconnaissance Licence was secured over this area in March 2014 capturing this additional prospectivity and strengthening the negotiating position in future farm-out discussions. Following the interpretation of the 3D data in Q1 2015, the team will commence a partnering process for this part of its Moroccan acreage.

Our fast follower positioning has enabled us to gain additional insight into the Jurassic and Cretaceous play fairways offshore Morocco. During this year other parties have attempted play opening wells in the Cretaceous. This activity has not yet identified effective reservoir within this play and the Company will continue to allow this play to be de-risked by third-party activity prior to committing to any significant investment. In terms of the Jurassic, Chariot's licences sit adjacent to legacy light oil production from this play in the onshore and whilst we will incorporate the information from the recent offshore wells to the south, we also have significant legacy well data in closer proximity that is being incorporated into the 3D evaluation.

Mauritania

In Mauritania, Chariot continues to evaluate the 3,500km^2 3D programme completed across Block C-19 in 2013 alongside our partner Cairn Energy (35% interest) and Société Mauritanienne des Hydrocarbures (SMH, 10% carried interest). The Company found a significant improvement in data quality by inversion of the Pre-Stack Depth Migration ("PSDM") processing, and as a consequence the interpretation has taken longer than expected. This additional processing has been required as the team is committed to the best possible description to define the prospectivity and to minimise risk as far as practicable. A significant lead with stacked potential in a combination structural stratigraphic trap has been identified on this licence, as well as additional leads within this area. On completion of the technical evaluation a resource update will be released, now anticipated in Q1 2015, and a well partnering process will be initiated with the intention of drilling in this region in H2 2015 or H1 2016.

Using our fast follower positioning, Chariot has benefited from information provided through the additional 'new oil play' that was reported in the Late Cretaceous offshore Mauritania earlier in the year. This information, and the additional three discoveries in close proximity to Block C-19 in the Cretaceous fairway, provide key information that will be integrated into our interpretation to define the best location for drilling.

Brazil

The recent farm-out to AziLat of a 25% stake in the four licences in the Barreirinhas Basin offshore Brazil for back costs and an increased proportion equal to 50% of the cost of the upcoming ~1,000km^2 3D seismic acquisition, is another example of Chariot's ability to acquire large operated positions and successfully partner to cover the costs of exploration. This was an unsolicited approach from AziLat, and is indicative of the industry interest in the area and acreage that we managed to obtain at minimal cost and work commitments during the competitive 11th licensing round last year.

Following the reprocessing and interpretation of legacy 2D seismic data across this acreage, which was completed in June 2014, we have now opened a data room to look to secure an additional partner to participate in the upcoming 3D programme. This seismic acquisition is expected to commence in 2015, following the completion of the EIA process.

Namibia

Chariot has secured a re-award of licences in the Central Blocks 2312 & 2412A and Southern Block 2714A, removing upcoming drilling obligations whilst retaining high equity positions, thus significantly lowering the risk profile of these licences. We continue to see transformational potential within our Namibian acreage and are pleased to be able to continue the exploration of these assets. Owing to this new positioning, we will also be able to benefit from further third party activity – both seismic and drilling - which will serve to further describe the potential within this frontier exploration region.

Through the renewed Central Blocks positioning, we have established an improved negotiating position in the ongoing partnering process. The Company has a number of discussions underway, and will update the market with progress accordingly.

In the Southern Blocks, we will finalise the interpretation of the 2D seismic data that was carried out across Block 2714B at the beginning of this year in order to determine the best positioning for the 3D seismic acquisition that we aim to carry out across the licences during 2015. It is anticipated that this will encompass the deeper and shallower prospectivity associated with both licences, integrating information from the Kabeljou-1 well and previous exploration in Block 2714A, as well as third party drilling in close proximity. Once this has been completed, the team will commence a new partnering process to look to take these licences to the next phase of exploration.

Chariot has continued to integrate the information provided by the recent nearby drilling of a third party well in order to determine the forward programme on the Northern licence. As reported in June 2014, the well did not encounter hydrocarbons but Chariot has been studying the information from this well for the possibility of long range hydrocarbon migration into the Zamba prospect. So far, this has not significantly de-risked the prospect and as a result, Chariot has included an impairment provision of US$33.6 million for this licence as this region is not currently a priority target for further exploration expenditure. An update on future plans will be provided once the work has been finalised.

Upcoming third party activity

There is significant industry activity underway within all of Chariot's regions of interest and we will continue to take advantage of our strategic positioning to look to optimise the chances of success. During the next year, the Company expects to see further third party exploration wells drilled in the Jurassic and the Cretaceous in Morocco, with this Cretaceous play also being further explored through a number of wells offshore Mauritania during the course of 2015. In Brazil, it is expected that a play-opening well will be drilled within the Barreirinhas Basin during Q4 2014 / H1 2015 whilst other operators who also entered the region in 2013 are obliged to fulfil well commitments during the course of the next three years. This means that up to nine exploration wells are expected within the period of Chariot's seismic commitment. In Namibia, further 3D seismic programmes are expected to be carried out by recent entrants to the region, as well as a possible third party well in 2015.

Financial Results

The Group is debt free and a held cash balance of US$37.5 million at 30 June 2014 (US$56.7 million at 31 December 2013). In addition after 30 June 2014, as disclosed in note 7, a ~US$15 million (gross proceeds) share Placing was successfully completed resulting in net funds of circa US$14 million being received.

The Group incurred a loss of US$36.1 million for the six months ended 30 June 2014 (30 June 2013: US$4.3 million). The increase in the loss between the two periods is primarily due to an impairment charge of US$33.6 million for the Northern Blocks offshore Namibia reflected in the 2014 period.

Other administrative expenses of US$3.0 million are broadly consistent with last year (30 June 2013: US$3.1 million) and share-based payments charges at US$0.9 million are lower than the US$1.1 million for the six months ended 30 June 2013 due to the vesting of historic awards of employee deferred shares.

Net cash outflow from operating activities before changes in working capital at US$2.8 million is broadly unchanged from the six months ended 30 June 2013.

Capitalised exploration costs in the period of US$13.9 million (30 June 2013: US$10.1 million) were funded by existing cash and working capital movements.

Continuing to build on Chariot's skill set

During this year, we have continued to build on our in-house skill set since the new executive team took the leadership of the Company in December 2012. Of note, whilst the technical team has significantly increased, the Company's G&A costs have been retained at 2012 levels, indicative of the continuing focus on cost management and capital discipline maintained within the Company. Further to this, the Board sought to enhance its technical capabilities with the addition of Bill Trojan, a geologist with 30 years' experience in deepwater oil and gas exploration worldwide, including West Africa, and Dave Bodecott, a founder of Rockhopper Exploration who has a wealth of knowledge and experience in the development of exploration companies.

New Ventures

Chariot is actively pursuing an asset within one of the countries in which we currently operate. It is the team's developing regional knowledge and expertise that allows us to take advantage of such opportunities and an update on progress in this regard will be provided as appropriate. New ventures are a key part of the sustainability of our business model and in 2015 the team will look to renew its screening process for accessing these opportunities. Through the addition of further assets to the Company's portfolio, Chariot will be able to continue to add to its conveyor belt of prospects, with the aim of generating continued growth and optionality.

Outlook

The year to date has been one of significant progress and development for the Company which has been important in laying the groundwork for the next stage of development of each asset. Chariot now has a diversified portfolio with a range of risk and maturity with a number of potential prospects and leads pinpointed for further exploration.

The next 12 months will also be an exciting time for Chariot with the possibility of commencing drilling programmes in a number of countries, subject to partnering. We will continue to develop our assets to the best of our ability, mitigate risk by using our fast follower vantage point and securing further partners whilst maintaining strict capital discipline throughout all phases of investment.

Larry Bottomley
CEO
19 September 2014

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

Introduction

We have been engaged by the company to review the set of financial statements in the half-yearly financial report for the six months ended 30 June 2014 which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of financial position, the consolidated cash flow statement and the related notes.

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

Directors' responsibilities

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

Our responsibility

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

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the set of financial statements in the half-yearly financial report for the six months ended 30 June 2014 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

BDO LLP

Chartered Accountants

London

United Kingdom

19 September 2014

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

Chariot Oil & Gas Limited
Consolidated statement of comprehensive income for the six months ended 30 June 2014

	Notes	Six months ended 30 June 2014 US$000 Unaudited	Six months ended 30 June 2013 US$000 Unaudited	Year ended 31 December 2013 US$000 Audited
Share based payments		(854)	(1,126)	(2,219)
Impairment of exploration asset	4	(33,629)	-	-
Other administrative expenses		(2,991)	(3,057)	(6,008)
Total operating expenses		(37,474)	(4,183)	(8,227)
Loss from operations		**(37,474)**	**(4,183)**	**(8,227)**
Finance income		1,574	203	758
Finance expense		-	(357)	(1,177)
Loss for the period before taxation		**(35,900)**	**(4,337)**	**(8,646)**
Tax expense		(180)	-	(1,809)
Loss for the period and total comprehensive loss for the period attributable to equity owners of the parent		**(36,080)**	**(4,337)**	**(10,455)**
Loss per ordinary share attributable to the equity holders of the parent – basic and diluted	**3**	**US$(0.18)**	**US$(0.02)**	**US$(0.05)**

Chariot Oil & Gas Limited

Consolidated statement of changes in equity for the six months ended 30 June 2014

	Share capital US$000	Share premium US$000	Contributed equity US$000	Share based payment reserve US$000	Foreign exchange reserve US$000	Retained deficit US$000	Total attributable to equity holders of the parent US$000
For the six months ended 30 June 2014 (unaudited)							
As at 1 January 2014	**3,776**	**324,577**	**796**	**3,874**	**(1,241)**	**(143,372)**	**188,410**
Total comprehensive loss for the period	-	-	-	-	-	(36,080)	(36,080)
Share based payments	-	-	-	854	-	-	854
Transfer of reserves due to issue of LTIPS	6	266	-	(272)	-	-	-
As at 30 June 2014	**3,782**	**324,843**	**796**	**4,456**	**(1,241)**	**(179,452)**	**153,184**
For the six months ended 30 June 2013 (unaudited)							
As at 1 January 2013	**3,758**	**323,668**	**796**	**4,841**	**(1,241)**	**(135,176)**	**196,646**
Total comprehensive loss for the period	-	-	-	-	-	(4,337)	(4,337)
Share based payments	-	-	-	1,126	-	-	1,126
Transfer of reserves due to issue of LTIPS	1	194	-	(195)	-	-	-
As at 30 June 2013	**3,759**	**323,862**	**796**	**5,772**	**(1,241)**	**(139,513)**	**193,435**

For the year ended 31 December 2013 (audited)							
As at 1 January 2013	**3,758**	**323,668**	**796**	**4,841**	**(1,241)**	**(135,176)**	**196,646**
Total comprehensive loss for the year	-	-	-	-	-	(10,455)	(10,455)
Share based payments	-	-	-	2,219	-	-	2,219
Transfer of reserves due to issue of LTIPS	18	909	-	(927)	-	-	-
Transfer of reserves due to cancelled / lapsed share options	-	-	-	(2,259)	-	2,259	-
As at 31 December 2013	**3,776**	**324,577**	**796**	**3,874**	**(1,241)**	**(143,372)**	**188,410**

Chariot Oil & Gas Limited
Consolidated statement of financial position as at 30 June 2014

	Notes	30 June 2014 US$000 Unaudited	30 June 2013 US$000 Unaudited	31 December 2013 US$000 Audited
Non-current assets				
Exploration and appraisal costs	4	108,509	146,716	128,284
Property, plant and equipment		508	758	613
Total non-current assets		**109,017**	**147,474**	**128,897**
Current assets				
Trade and other receivables		1,492	1,715	1,614
Inventory		7,761	7,191	7,234
Cash and cash equivalents	5	37,510	39,927	56,684
Total current assets		**46,763**	**48,833**	**65,532**
Total assets		**155,780**	**196,307**	**194,429**
Current liabilities				
Trade and other payables		2,596	2,872	6,019
Total current liabilities		**2,596**	**2,872**	**6,019**
Total liabilities		**2,596**	**2,872**	**6,019**
Net assets		**153,184**	**193,435**	**188,410**
Capital and reserves attributable to equity holders of the parent				
Share capital	6	3,782	3,759	3,776
Share premium		324,843	323,862	324,577
Contributed equity		796	796	796
Share based payment reserve		4,456	5,772	3,874
Foreign exchange reserve		(1,241)	(1,241)	(1,241)
Retained deficit		(179,452)	(139,513)	(143,372)
Total equity		**153,184**	**193,435**	**188,410**

Chariot Oil & Gas Limited
Consolidated cash flow statement for the six months ended 30 June 2014

	Six months ended 30 June 2014 US$000 Unaudited	Six months ended 30 June 2013 US$000 Unaudited	Year ended 31 December 2013 US$000 Audited
Operating activities			
Loss for the period before taxation	(35,900)	(4,337)	(8,646)
Adjustments for:			
Finance income	(1,574)	(203)	(758)
Finance expense	-	357	1,177
Depreciation	164	175	349
Share based payments	854	1,126	2,219
Impairment of exploration asset	33,629	-	-
Net cash outflow from operating activities before changes in working capital	**(2,827)**	**(2,882)**	**(5,659)**
Decrease in trade and other receivables	166	1,437	1,360
Decrease in trade and other payables	(23)	(1,667)	(1,520)
Increase in inventories	(527)	(38)	(81)
Cash outflow from operating activities	**(3,211)**	**(3,150)**	**(5,900)**
Tax payment	(1,989)	-	-
Net cash outflow from operating activities	**(5,200)**	**(3,150)**	**(5,900)**
Investing activities			
Finance income	753	203	758
Payments in respect of property, plant and equipment	(59)	(51)	(80)
Farm-in proceeds	-	-	26,400
Payments in respect of intangible assets	(15,489)	(24,975)	(31,574)
Net cash outflow used in investing activities	**(14,795)**	**(24,823)**	**(4,496)**
Net decrease in cash and cash equivalents in the period	**(19,995)**	**(27,973)**	**(10,396)**
Cash and cash equivalents at start of the period	**56,684**	**68,257**	**68,257**
Effect of foreign exchange rate changes on cash and cash equivalent	821	(357)	(1,177)
Cash and cash equivalents at end of the period	**37,510**	**39,927**	**56,684**

Chariot Oil & Gas Limited

Notes to the Interim Financial Statements for the six months ended 30 June 2014

1. Accounting policies

Basis of preparation

The interim financial statements have been prepared using policies based on International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board (IASB) as adopted for use in the EU.

The interim financial information has been prepared using the accounting policies which were applied in the Group's statutory financial statements for the year ended 31 December 2013. The Group has not adopted IAS 34: Interim Financial Reporting in the preparation of the interim financial statements.

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

2. Financial reporting period

The interim financial information for the period 1 January 2014 to 30 June 2014 is unaudited but was the subject of an independent review carried out by the Company's auditors, BDO LLP. The financial statements also incorporate the unaudited figures for the interim period 1 January 2013 to 30 June 2013 and the audited figures for the year ended 31 December 2013.

The financial information contained in this interim report does not constitute statutory accounts as defined by sections 243-245 of the Companies (Guernsey) Law 2008.

The figures for the year ended 31 December 2013 are not the Group's full statutory accounts for that year. The auditors' report on those accounts was unqualified, did not contain references to matters to which the auditors drew attention by way of emphasis and did not contain a statement under section 263 (3) of the Companies (Guernsey) Law 2008.

3. Loss per share

The calculation of the basic earnings per share is based on the loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

	Six months ended 30 June 2014	**Six months ended 30 June 2013**	**Year ended 31 December 2013**
Loss for the period US$000	(36,080)	(4,337)	(10,455)
Weighted average number of shares	202,043,615	200,667,617	200,913,999
Loss per share, basic and diluted*	**US$(0.18)**	**US$(0.02)**	**US$(0.05)**

*Inclusion of the potential ordinary shares would result in a decrease in the loss per share and, as such, is considered to be anti-dilutive. Consequently a separate diluted loss per share has not been presented.

4. Exploration and appraisal costs

	Six months ended 30 June 2014	Six months ended 30 June 2013	Year ended 31 December 2013
	US$000	US$000	US$000
Balance brought forward	**128,284**	**136,639**	**136,639**
Additions	13,854	10,077	18,045
Farm-in proceeds	-	-	(26,400)
Impairment	(33,629)	-	-
Net book value	**108,509**	**146,716**	**128,284**

As at 30 June 2014 the net book values of the six cost pools are Northern Blocks offshore Namibia US$Nil (31 December 2013: US$33.6m), Central Blocks offshore Namibia US$42.6m (31 December 2013: US$42.4m), Southern Blocks offshore Namibia US$46.6m (31 December 2013: US$45.2m), Mauritania US$3.6m (31 December 2013: US$2.8m), Morocco US$12.3m (31 December 2013: US$1.6m) and Brazil US$3.4m (31 December 2013: US$2.7m).

Continued portfolio review resulting in a provision of US$33.6m against the carrying value. of Northern Blocks, Namibia.

5. Cash and cash equivalents

As at 30 June 2014 the cash balance of US$37.5m (31 December 2013: US$56.7m) contains the following cash deposits that are secured against bank guarantees given in respect of exploration work to be carried out:

	30 June 2014	30 June 2013	31 December 2013
	US$000	US$000	US$000
Brazilian licences	12,958	-	12,160
Mauritanian licence	500	2,500	2,500
Moroccan licences	1,900	1,000	1,000
Namibian 2714B licence	300	-	300
	15,658	**3,500**	**15,960**

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

6. Share capital

	Allotted, called up and fully paid					
	At 30 June 2014	At 30 June 2014	At 30 June 2013	At 30 June 2013	At 31 December 2013	At 31 December 2013
	Number	US$000	Number	US$000	Number	US$000
Ordinary shares of 1p each	202,174,664	3,782	200,704,098	3,759	201,789,805	3,776

Details of the Ordinary shares issued during the six month period to 30 June 2014 are given in the table below:

Date	Description	Price US$	No of shares
31 December 2013	**Opening Balance**		**201,789,805**
26 February 2014	Issue shares as part of LTIP	4.38	14,000
26 February 2014	Issue shares as part of LTIP	0.57	150,000
26 February 2014	Issue shares as part of LTIP	0.50	73,171
26 February 2014	Issue shares as part of LTIP	0.35	83,494
12 March 2014	Issue shares as part of LTIP	0.50	26,498
12 March 2014	Issue shares as part of LTIP	0.44	5,696
21 March 2014	Issue shares as part of LTIP	4.38	7,000
24 April 2014	Issue shares as part of LTIP	0.50	25,000
30 June 2014			**202,174,664**

The Ordinary shares have a nominal value of 1p. The share capital has been translated at the historic rate at the date of issue, or, in the case of the LTIP, the date of grant.

7. Events after the reporting period

a) Rabat Deep farm-out

On 4 July 2014 the Company announced that its wholly-owned subsidiary, Chariot Oil & Gas Investments (Morocco) Limited, had signed a farm-out agreement with a wholly owned subsidiary of Woodside Petroleum Limited (“Woodside”). Following completion of this agreement, which is subject to the approval of the Moroccan authorities, Woodside will hold a 25% equity interest in the Rabat Deep Offshore permits I-VI, Morocco, in return for paying 100% of the 3D seismic acquisition and processing costs incurred across the licence by Chariot, as well as all back costs and a carry on certain future other activities including planned multibeam side-scan sonar and seabed coring.

Chariot will remain operator with a 50% equity interest, with the Office National des Hydrocarbures et des Mines ("ONHYM") retaining a 25% carried interest.

As part of the agreement, Woodside has an option to acquire a further 25% of Chariot's equity and become operator of the licence in return for a full well carry up to an agreed cap consistent with other farm-outs concluded in the area.

b) Brazil farm-out

On 20 August 2014 the Company announced that its wholly-owned subsidiary, Chariot Brasil Petróleo e Gás Ltda, signed a farm-out agreement with AziBras Exploração de Petróleo e Gás Ltda ("AziBras") a wholly owned subsidiary of AziLat Limited (“AziLat”). Following completion of this agreement, which is subject to the approval of the Brazilian authorities, AziBras will hold a 25% equity interest in Chariot's BAR-M-292, BAR-M-293, BAR-M-313 and BAR-M-314 blocks in the Barreirinhas Basin, in return for paying 50% of the 3D seismic acquisition and processing costs to be incurred across these blocks.

Chariot will remain operator with a 75% equity interest.

c) Re-award of Namibian licences

i) Central Blocks offshore Namibia

On 28 August 2014 the Company announced that its wholly-owned subsidiary, Enigma Oil & Gas Exploration (Pty) Limited ("Enigma"), had been awarded a new licence for the Blocks 2312 A&B and 2412 A&B (Northern Halves) and these have been renamed as Blocks 2312 and 2412A (“Central Blocks offshore Namibia”).

Enigma remains operator with a 65% equity interest with AziNam Limited holding 20% and NAMCOR (the Namibian State Oil Company) and a local partner, Ignitus Oil & Gas (Pty) Limited holding a 10% and 5% carried interest respectively.

As a result of this new award, the licence enters the Initial Exploration period which has a duration of three years and a work programme commitment requiring the acquisition and processing of up to 1,500km² of 3D seismic within this timeframe. This agreement covers the same area as the previous licence of 16,800km² and commenced as of 27 August 2014.

ii) Southern Block offshore Namibia – 2714A

On 28 August 2014 the Company announced that its wholly-owned subsidiary, Enigma, had been awarded a new licence for Block 2714A within the Southern Blocks offshore Namibia.

Enigma is now operator with a 85% equity interest with NAMCOR and local partner Quiver Oil & Gas (Pty) Limited holding a 10% and 5% carried interest respectively. This means that the partner group on 2714A is identical to the partner group on 2714B.

As a result of this new award, the licence enters the Initial Exploration period which has a three year duration with a work programme requiring the acquisition, or cost equivalent, of acquiring 2,000 line km of 2D seismic data. The licence covers the same area of 5,480km² and commenced on 27 August 2014.

d) Share placing

On 29 August 2014 the Company announced the admission of 58,596,038 new Ordinary shares at a price of 15 pence per share. Subsequently the Company has received the net placing proceeds of circa US$14m.