13 September 2017

Chariot Oil & Gas Limited

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

H1 2017 Results

- **Approval of Eni farm-in to Rabat Deep Offshore, Morocco, securing a carried well with spud scheduled in Q1 2018.**
- **Award of Kenitra Offshore Exploration Permit, Morocco in Q1 2017.**
- **Seismic acquisition of 1,027km^2 3D and 2,254km 2D over Mohammedia and Kenitra, Morocco.**
- **Commenced preparations for drilling in both Namibia and Morocco.**
- **Elected not to enter the next phase of exploration in the Southern Blocks, Namibia and secured a 10% equity back-in option for no financial consideration.**
- **US$21.7 million in cash as at 30 June 2017, no debt, minimal remaining licence commitments.**

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 2017.

Highlights during and post-period:

Partnering & Drilling

- Approval of the farm-out to Eni in Rabat Deep Offshore, Morocco – operatorship now transferred and a carried well (RD-1) secured: spud scheduled for Q1 2018 with the Saipem 12000 ultra-deepwater drilling rig.
- Drilling preparations initiated and datarooms for potential partners open in Central Blocks, Namibia and in Mohammedia and Kenitra, Morocco.
- David Brecknock, a highly experienced drilling manager, is joining the management team to oversee the drilling programme.

Portfolio Management

- Award of Kenitra Offshore Exploration Permit, Morocco in February 2017 – capturing the LKP prospects that extend from Mohammedia into this area and the Kenitra-A lead, all of which have the potential to be significantly de-risked by the drilling of the RD-1 well.
- Acquisition of 1,027km^2 3D and 2,254km 2D seismic over Mohammedia and Kenitra, Morocco in H1, 2017 satisfies all remaining material work programme commitments throughout the entire portfolio.
- Election not to enter the next exploration phase in the Southern Blocks, Namibia, to focus on higher priority projects. Option with remaining partners to back-in for 10% equity after the completion of future exploration drilling for no financial consideration.
- Completion of Competent Person's Report ("CPR") following the 2016 seismic campaign (based on 6,100km^3 of 3D seismic data) in the Central Blocks, Namibia - identified five new structural prospects, ranging from 283 - 459mmbbls in gross mean prospective resources.

Capital Discipline

- Robust balance sheet with US$21.7 million in cash as at 30 June 2017 and no debt.
- Minimal work commitments throughout portfolio; all fully funded.
- Continued capital discipline with half-year costs on track to achieve an annual cash overhead of less than US$5m.
- Continued prudent use of funds to develop the portfolio in a weakened business environment with a rigorous approach adapted for seismic tendering and other contract selection processes.

Asset Outlook

- Target to drill three wells in the near-term in the Moroccan and Namibian licence areas.

  Morocco:
  - Rabat Deep: spud anticipated on the JP-1 prospect (768mmbbls gross mean prospective resources) in the latter part of Q1 2018. This well has the potential to de-risk an additional 6 Jurassic leads ranging from 119 to 1,041mmbbls gross mean prospective resources in the Rabat Deep permits.
  - Mohammedia and Kenitra: processing of the 2D and 3D seismic campaign, acquired in Q1 2017, across the south of the greater LKP area and Kenitra is ongoing with interpretation to commence thereafter.
  - LKP-1a (Mohammedia Permits) is drill-ready with the 1,027km^2 3D campaign targeting additional prospectivity in this area and to mature the Kenitra-A lead (Kenitra Permit) to drill ready status. Preparation for drilling underway and a dataroom across both licences currently open.

  Namibia:
  - Central Blocks: Preparation for H2 2018 drilling underway with Prospect S (gross mean prospective resources 459mmbbls) identified as a priority prospect – additional partner participation process ongoing with a dataroom open.

  Brazil:
  - Detailed seismic interpretation continues with a defined prospect and lead inventory anticipated to be completed for the opening of a dataroom in Q4 2017.

- Continue to develop a sustainable conveyor belt of giant drilling opportunities, leveraging knowledge of the Atlantic margins to access giant potential new venture opportunities.

Larry Bottomley, CEO of Chariot commented:

"As a result of rigorous and continued focus on risk management and capital discipline, Chariot has been able to use a strong cash position and clear strategic objectives to continue to invest in the portfolio despite the prevailing "lower for longer" oil price business environment. During the period, we have continued to use our technical capabilities and regional insight to secure follow-on potential with the new venture asset, Kenitra, in Morocco; shoot 2D and 3D seismic campaigns at favourable rates to mature this and the Mohammedia acreage; and, in looking towards realising the potential within the portfolio, initiated the preparation for drilling over priority prospects.

"At the same time we have succeeded in securing a drilling partner on our Rabat Deep acreage, Morocco, with the farm-out to Eni completed in January. With the RD-1 well now carried and due to spud in the latter part of Q1 2018, our near-term focus will be to secure partners on additional priority prospects in Namibia and Morocco. We also have great pleasure in welcoming David Brecknock to the leadership team to increase our drilling operating capability which, with success, will enable us to realise transformational value. At the same time, we will continue to use our strategic discipline to develop our portfolio for long-term sustainable growth".

Private Investor Call
Management will host a conference call for private investors at 10.00am (BST) today, further details of which are on the Company website: http://www.chariotoilandgas.com/index.php/investors/events-and-financial-calendar/

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

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Chariot Oil & Gas Limited
Chief Executive's Review

Whilst the "lower for longer" oil price has continued to mute exploration activity across the sector, Chariot's ongoing capital discipline and strategic focus have enabled it to take advantage of reduced service and exploration costs in order to progress the maturation of the portfolio and prepare the drilling inventory. As well as securing a partner and capped carry to drill the JP-1 prospect offshore Morocco, Chariot's continued focus on reducing the annual cash overhead and the resulting robust cash position means that the Company has been able to use the current business environment to secure acreage, mature its portfolio and prepare to drill at reduced costs.

As announced in September 2017, the RD-1 well in offshore Morocco is expected to be spud by Eni in Q1, 2018 using the Saipem 12000 ultra-deepwater drilling rig on the JP-1 prospect, which has an audited gross mean prospective resource of 768mmbbls. Following the completion of the farmout on this licence to Eni in Q1 2017, operatorship and 40% equity in the licence was transferred to Eni in return for a drilling carry and the recovery of back costs across the larger Rabat Deep permit. In this region, therefore, Chariot has achieved its goal of near zero cost exploration whilst retaining sufficient equity to ensure that, in the success case, it will be exposed to transformational value.

This shows that the Company has been able to attract partners even at lower oil prices as the portfolio is characterized by licences with excellent contract terms and giant prospectivity that has been technically matured through investment in data acquisition and the application of the expertise of the Chariot team in developing the technical and commercial description. While conscious of the deleterious impact of current market conditions on world-wide exploration expenditure, the Company continues to look to secure partners to replicate its low cost, shared risk objective throughout the portfolio and has datarooms open on assets in Namibia and Morocco. At the same time the Company will continue to invest in the low risk, high margin parts of the portfolio to ensure that these assets can be taken through to drilling.

Chariot are targeting a further two wells to be drilled in the near term from the Company's matured Namibian and Moroccan portfolio. In working towards this goal Chariot has used rigorous tendering processes to complete 2D and 3D seismic data coverage across areas of interest within these regions to develop a drill-ready prospect inventory at favourable cost. Interpretation is complete across the Namibian acreage with a CPR confirming a further five prospects in the Central Blocks, Namibia, each ranging between 283 - 459mmbbls gross mean prospective resources. We have opened a dataroom and the partnering process is underway. Data acquired in Q1 2017 across the Company's Mohammedia and Kenitra licences, offshore Morocco, is currently being processed with a parallel partnering process underway on the giant prospectivity identified by the CPR on prospect LKP-1a (350mmbbls gross mean prospective resources) and through internal estimates on the Kenitra-A lead (464mmbbls gross mean prospective resources).

Chariot has commenced preparations for drilling in both Namibia and Morocco to enable the Company to move ahead with drilling in a timely manner. This includes Environment Impact Assessment submissions, pore pressure analysis and detailed well engineering work on candidate prospects. The Company is also undertaking a contract strategy to identify appropriate drilling units, long lead items such as wellheads and tubulars, auxiliary services and logistic base for well services, supplies, helicopters and medivac. This process will be managed in-house, led by David Brecknock who will be joining Chariot's management team. David has held a wide variety of drilling operations and management roles principally in deepwater drilling and has over 20 years of international experience gained with Enterprise, Shell, BG, Devon, Perenco and Ophir. David will be supported by Robert Mwanachilenga, Country Manager and Senior Staff Drilling Engineer, Namibia who was responsible for in-country support for the Tapir South-1 deep water well operated by Chariot in 2012.

Chariot has continued to actively manage its portfolio. In line with its focus on its lowest risk, high margin prospects, the Company reported in August that it had decided not to enter the next period of exploration in the Southern Blocks, Namibia. However, in recognition of its technical understanding of the region, the Company was offered and agreed to an option to back-in for 10% equity after the completion of future exploration drilling for no financial consideration in exchange for facilitating NAMCOR's partnering programme in this licence. In doing so, the Company still retains exposure to the upside on this acreage, whilst being able to streamline its funds on maturing its near-term drilling inventory.

As part of this focus, the team has continued to seek out value-accretive new ventures such as that of the Mohammedia permit in 2016 and, during this period, Kenitra, offshore Morocco, locking in additional prospectivity and, in the success case, follow-on potential from the JP-1 prospect. Crucial to these achievements is Chariot's team which is able to act quickly and efficiently where it sees opportunity owing to its in-depth technical knowledge and understanding of application processes achieved through carrying out all of its work in-house – something it will continue to leverage as the portfolio progresses.

In working towards the longer-term prospect inventory, the team is currently completing its analysis of the legacy 2D and proprietary 3D seismic data across its Brazilian licences with the aim of opening a dataroom in the latter part of this year. It is intended that partnering and a drilling campaign within this acreage along with any additional new ventures will secure the longevity of the Company's drilling campaign and extend follow-on potential beyond the current portfolio.

Chariot has been able to make this continued investment in the portfolio owing to its ongoing focus on capital discipline and portfolio management. Through its continued efforts to protect its cash position, supported by its prudent decisions on expenditure and a continued reduction in its annual cash overheads, now below US$5 million which is half that of 2012, the Company has a fully described drill-ready prospect inventory. This, combined with the team's ability to identify and focus on its high margin, deepwater assets which remain commercially attractive even in a lower oil price environment means that it remains confident in its ability to drill wells in the near-term with the aim of discovering material accumulations of hydrocarbons to deliver transformational value.

Operational Review

Morocco

Rabat Deep (Eni (Operator) 40%; Woodside 25%; ONHYM 25%; Chariot 10%; no remaining unfunded commitments)

Following completion of the farm-out to Eni in Q1, 2017, which included a capped carry on the drilling of the RD-1 well, targeting the JP-1 prospect with 768mmbbls gross mean prospective resources, the Saipem 12000, a sixth generation ultra-deep-water drillship, has been secured for a drilling programme to include a one-well drilling slot in Rabat Deep Offshore. It is currently anticipated that the rig will arrive on location in the latter part of Q1 2018 and that the drilling will commence shortly thereafter.

Mohammedia and Kenitra (Operator 75%; ONHYM 25%; no remaining commitments)

Chariot has used its regional depth of understanding of the petroleum systems to expand its portfolio in Morocco, securing first the Mohammedia Offshore Permits in June 2016 and then, in early 2017, the Kenitra Permit, in line with its new venture strategy. These licence areas capture material prospectivity that has the potential to be significantly de-risked by the drilling of the RD-1 well.

In Q1 2017, Chariot carried out a rigorous tendering process to secure a seismic campaign that would complete the data coverage over the LKP group of prospects and leads, as well as that of Kenitra-A, at favourable rates. This seismic campaign comprised 1,027km^2 of 3D and 2,254km of 2D data acquisition which is now complete, fulfilling all licence commitments, and processing is underway. A partnering process on the already identified and independently audited LKP-1a prospect (350mmbbls gross mean prospective resources), and for the internally assessed Kenitra-A lead (464mmbbls gross mean prospective resources) is ongoing, with the aim of incorporating at least one of these prospects in the Company's upcoming drilling programme.

Chariot has commenced preparations for drilling in Morocco. This includes Environment Impact Assessment submission, pore pressure analysis and detailed well engineering work on candidate prospects.

Namibia ("Central Blocks") (Operator 65%, AziNam 20%; NAMCOR 10%; Ignitus 5%; no remaining commitments)

Following an extensive evaluation of the combined 6,100 km^2 3D seismic dataset, completed in 2016, Chariot has identified five new structural prospects which have been independently audited by Netherland Sewell and Associates ("NSAI") who estimate gross mean prospective resources for each prospect ranging from 283 - 459mmbbls. A partnering process has been initiated with the aim of undertaking drilling in H2 2018.

As with the Mohammedia and Kenitra acreage, drilling preparations are underway for the new prospects in the Central Blocks with an Environmental Impact Assessment and associated studies in progress.

Brazil (Operator 100%; no remaining commitments)

Seismic interpretation of the legacy 2D and proprietary 3D data is in its final stages, with encouraging early results. Upon completion, the dataroom on these licences will open in Q4 2017 with the aim of adding further drilling to the portfolio in 2019.

Financial Review

The Group is debt free and had a cash balance of US$21.7 million at 30 June 2017 (US$29.0 million at 30 June 2016; US$25.0 million at 31 December 2016).

Other administrative expenses of US$1.4 million (30 June 2016: US$2.0 million) are lower due to continued capital discipline and the prior period including the costs of reducing head count as announced in May 2016.

The relinquishment of the Southern Blocks offshore Namibia resulted in a US$51.3 million non-cash impairment against previously capitalised costs compared to US$5.2 million in 2016 due to the relinquishment of the C-19 licence in Mauritania.

Finance income of US$0.1 million (30 June 2016: US$2.3 million) is lower primarily due to a 2016 foreign exchange gain, due to the strengthening of the Brazilian Real, on cash held as security against licence work commitments. This gain was crystallised around the 2016 year end when, subsequent to the completion of the Brazilian seismic campaign, the security against the Brazilian Real cash was almost completely released and the bulk of the Brazilian Real cash was converted into US Dollars.

Share-based payments charges of US$0.3 million are lower than the US$0.4 million incurred for the six months ended 30 June 2016 due to the vesting of historic awards of employee deferred shares.

Net cash outflow from operating activities before changes in working capital of US$1.3 million is lower than the US$2.0 million for the six months ended 30 June 2016 due to cost savings in other administrative expenses.

Capitalised exploration costs in the period of US$5.5 million (30 June 2016: US$14.3 million) were funded by existing cash, working capital movements and farm-in proceeds.

Outlook

Chariot's strict capital discipline and adherence to its risk management strategy has enabled it to continue to invest in the development of its portfolio, resulting in a diverse and extensive drilling inventory with four priority prospects. The team aims to drill three of these giant potential prospects in the near-term at the same time as continuing to access and de-risk additional high potential assets to create a sustainable prospect inventory of high quality drilling opportunities for the future.

The team will thus continue its strategic focus to develop the portfolio for both near and long-term material growth. Having secured one capped well carry, the priority is to prepare all long lead drilling logistics and to secure funding for the second and third wells of our upcoming drilling campaign in Namibia and Morocco. At the same time, with its robust cash balance and streamlined annual cash overheads, the team is well positioned to continue to look to capitalise on the current business environment in order to develop the long-term portfolio and secure any assets that we believe to be value accretive. It is thus that we hope to create a continuous cycle of growth and the possibility for multiple giant discoveries and, ultimately, the realisation of transformational value to shareholders.

Larry Bottomley
Chief Executive Officer
12 September 2017

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

Introduction

We have been engaged by the company to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2017 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 explanatory 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 condensed set of consolidated 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 condensed set of consolidated 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 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 Financial Reporting Council 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 (UK and Ireland) 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 condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2017 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

12 September 2017

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 2017

	Notes	Six months ended 30 June 2017 US$000 Unaudited	Six months ended 30 June 2016 US$000 Unaudited	Year ended 31 December 2016 US$000 Audited
Share based payments		(345)	(428)	(787)
Impairment of exploration asset	4	(51,307)	(5,173)	(5,173)
Other administrative expenses		(1,360)	(2,012)	(3,544)
Total operating expenses		(53,012)	(7,613)	(9,504)
Loss from operations		**(53,012)**	**(7,613)**	**(9,504)**
Finance income		92	2,298	2,831
Finance expense		(46)	-	-
Loss for the period before taxation		**(52,966)**	**(5,315)**	**(6,673)**
Tax expense		(23)	(62)	(159)
Loss for the period and total comprehensive loss for the period attributable to equity owners of the parent		**(52,989)**	**(5,377)**	**(6,832)**
Loss per ordinary share attributable to the equity holders of the parent – basic and diluted	**3**	**US$(0.20)**	**US$(0.02)**	**US$(0.03)**

Chariot Oil & Gas Limited

Consolidated statement of changes in equity for the six months ended 30 June 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
For the six months ended 30 June 2017 (unaudited)							
As at 1 January 2017	**4,874**	**340,633**	**796**	**3,714**	**(1,241)**	**(206,570)**	**142,206**
Loss and total comprehensive loss for the period	-	-	-	-	-	(52,989)	(52,989)
Share based payments	-	-	-	345	-	-	345
Transfer of reserves due to issue of share awards	2	42	-	(44)	-	-	-
As at 30 June 2017	**4,876**	**340,675**	**796**	**4,015**	**(1,241)**	**(259,559)**	**89,562**
For the six months ended 30 June 2016 (unaudited)							
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 period	-	-	-	-	-	(5,377)	(5,377)
Share based payments	-	-	-	428	-	-	428
Transfer of reserves due to issue of share awards	46	644	-	(690)	-	-	-
As at 30 June 2016	**4,857**	**340,298**	**796**	**4,018**	**(1,241)**	**(205,426)**	**143,302**

For the year ended 31 December 2016 (audited)

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**

Chariot Oil & Gas Limited
Consolidated statement of financial position as at 30 June 2017

	Notes	30 June 2017 US$000 Unaudited	30 June 2016 US$000 Unaudited	31 December 2016 US$000 Audited
Non-current assets				
Exploration and appraisal costs	4	70,889	117,545	119,730
Property, plant and equipment		52	40	36
Total non-current assets		**70,941**	**117,585**	**119,766**
Current assets				
Trade and other receivables		1,507	1,850	2,123
Inventory		480	938	938
Cash and cash equivalents	5	21,651	29,036	25,021
Total current assets		**23,638**	**31,824**	**28,082**
Total assets		**94,579**	**149,409**	**147,848**
Current liabilities				
Trade and other payables		5,017	6,107	5,642
Total current liabilities		**5,017**	**6,107**	**5,642**
Total liabilities		**5,017**	**6,107**	**5,642**
Net assets		**89,562**	**143,302**	**142,206**
Capital and reserves attributable to equity holders of the parent				
Share capital	6	4,876	4,857	4,874
Share premium		340,675	340,298	340,633
Contributed equity		796	796	796
Share based payment reserve		4,015	4,018	3,714
Foreign exchange reserve		(1,241)	(1,241)	(1,241)
Retained deficit		(259,559)	(205,426)	(206,570)
Total equity		**89,562**	**143,302**	**142,206**

Chariot Oil & Gas Limited
Consolidated cash flow statement for the six months ended 30 June 2017

	Six months ended 30 June 2017 US$000 Unaudited	Six months ended 30 June 2016 US$000 Unaudited	Year ended 31 December 2016 US$000 Audited
Operating activities			
Loss for the period before taxation	(52,966)	(5,315)	(6,673)
Adjustments for:			
Finance income	(92)	(2,298)	(2,831)
Finance expense	46	-	-
Depreciation	11	23	39
Share based payments	345	428	787
Impairment of exploration asset	51,307	5,173	5,173
Net cash outflow from operating activities before changes in working capital	**(1,349)**	**(1,989)**	**(3,505)**
Decrease / (increase) in trade and other receivables	621	(586)	(854)
Increase in trade and other payables	141	1,144	604
Decrease in inventories	458	-	-
Cash outflow from operating activities	**(129)**	**(1,431)**	**(3,755)**
Tax payment	(30)	(67)	(161)
Net cash outflow from operating activities	**(159)**	**(1,498)**	**(3,916)**
Investing activities			
Finance income	88	616	1,205
Payments in respect of property, plant and equipment	(28)	(1)	(13)
Recovery of back costs	3,000	-	-
Payments in respect of exploration assets	(6,225)	(11,484)	(13,596)
Net cash outflow used in investing activities	**(3,165)**	**(10,869)**	**(12,404)**
Net decrease in cash and cash equivalents in the period	**(3,324)**	**(12,367)**	**(16,320)**
Cash and cash equivalents at start of the period	**25,021**	**39,713**	**39,713**
Effect of foreign exchange rate changes on cash and cash equivalent	(46)	1,690	1,628
Cash and cash equivalents at end of the period	**21,651**	**29,036**	**25,021**

Chariot Oil & Gas Limited

Notes to the interim financial statements for the six months ended 30 June 2017

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 2016. 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 2017 to 30 June 2017 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 2016 to 30 June 2016 and the audited figures for the year ended 31 December 2016.

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 2016 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 2017	**Six months ended 30 June 2016**	**Year ended 31 December 2016**
Loss for the period US$000	(52,989)	(5,377)	(6,832)
Weighted average number of shares	268,471,719	264,581,961	266,296,528
Loss per share, basic and diluted*	**US$(0.20)**	**US$(0.02)**	**US$(0.03)**

*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 2017	Six months ended 30 June 2016	Year ended 31 December 2016
	US$000	**US$000**	**US$000**
Balance brought forward	**119,730**	**108,438**	**108,438**
Additions	5,466	14,280	16,465
Farm-in proceeds	(3,000)	-	-
Impairment	(51,307)	(5,173)	(5,173)
Net book value	**70,889**	**117,545**	**119,730**

As at 30 June 2017 the net book values of the four cost pools are Central Blocks offshore Namibia US$50.1 million (31 December 2016: US$49.8 million), Southern Blocks offshore Namibia US$Nil (31 December 2016: US$51.0 million), Morocco US$6.6 million (31 December 2016: US$5.0 million) and Brazil US$14.2 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.

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.

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. The Company considers the impairment of US$51.3 million is reflective of the Southern Blocks offshore Namibia having no value at 30 June 2017.

5. Cash and cash equivalents

As at 30 June 2017 the cash balance of US$21.7 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:

	30 June 2017	30 June 2016	31 December 2016
	US$000	**US$000**	**US$000**
Brazilian licences	101	8,709	103
Moroccan licences	7,250	2,750	5,750
Namibian licence	300	300	300
	7,651	**11,759**	**6,153**

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 2017	**At 30 June 2017**	**At 30 June 2016**	**At 30 June 2016**	**At 31 December 2016**	**At 31 December 2016**
	Number	**US$000**	**Number**	**US$000**	**Number**	**US$000**
Ordinary shares of 1p each	268,522,457	4,876	267,247,191	4,857	268,352,392	4,874

Details of the Ordinary shares issued during the six month period to 30 June 2017 are given in the table below:

Date	Description	Price US$	No of shares
1 January 2017	**Opening Balance**		**268,352,392**
23 Feb 2017	Issue of share award	0.30	129,601
23 Feb 2017	Issue of share award	0.14	40,464
30 June 2017			**268,522,457**

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

On 29 August 2017 the Company announced that it had elected not to enter into the First Renewal Exploration Period of the licences covering the Southern Blocks 2714A and 2714B offshore Namibia, and has secured an option to back-in for 10% equity at no cost after exploration drilling.