



## Lixus Opportunity Offshore Morocco

MMEA Scout Group Meeting, July 2019



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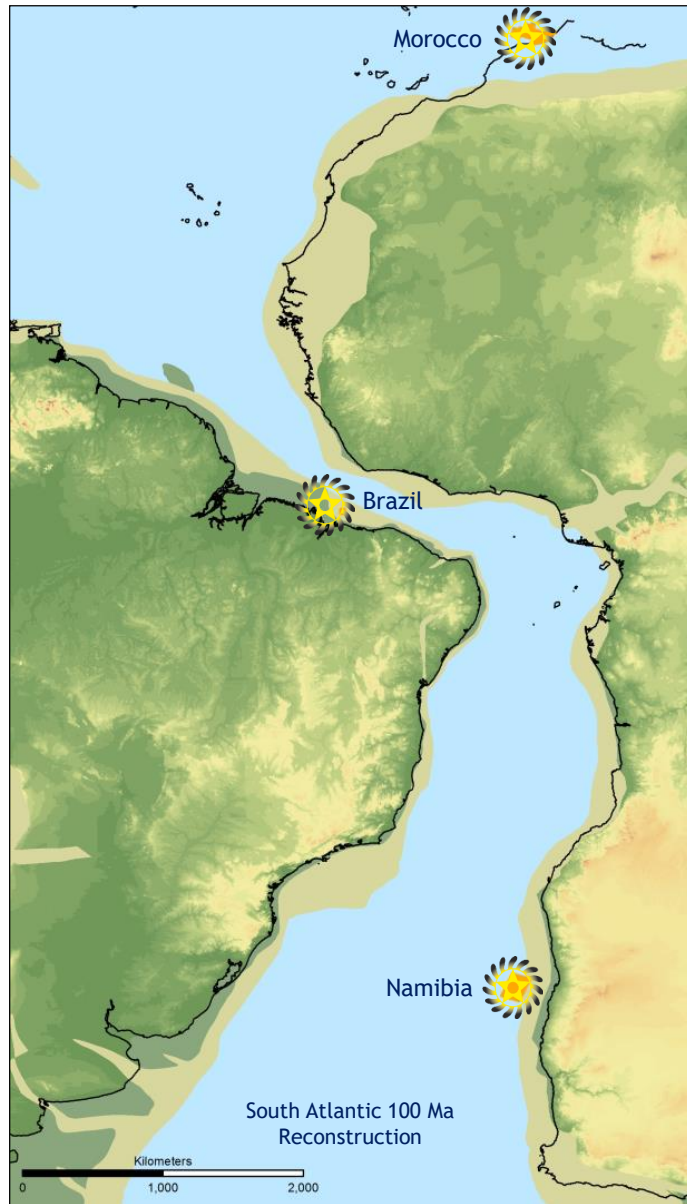
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Balanced exploration portfolio with giant potential

Lixus - Material, high-value gas appraisal project

Growing Moroccan gas market with attractive gas pricing

Strategy focused on transformational value

Experienced and operationally excellent team

Opportunity to participate in Morocco portfolio

Saipem 12000

RSD-1  
March, 2018



Non-operated deepwater well

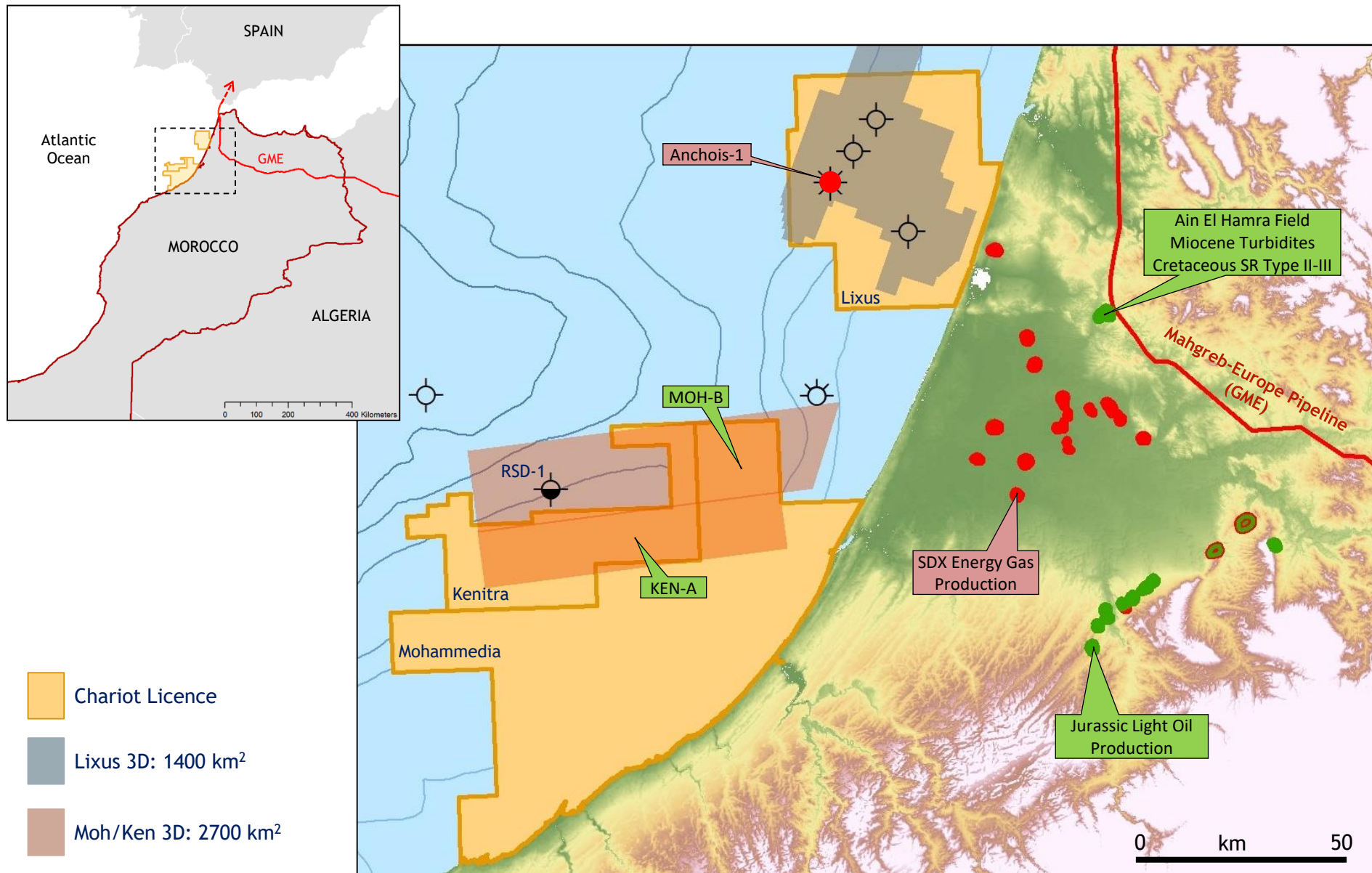
Ocean Rig Poseidon

Prospect S  
October, 2018



Operated well setting new industry benchmark for deepwater drilling

# Morocco Portfolio Summary



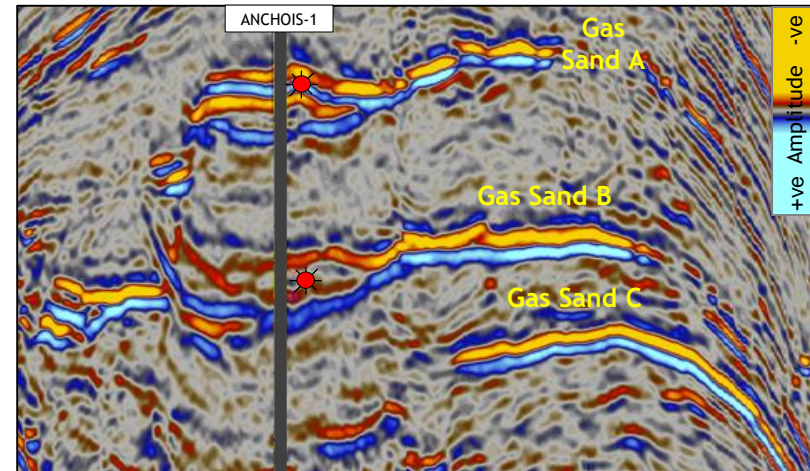


# Anchois Discovery - Material, High Value Gas Project

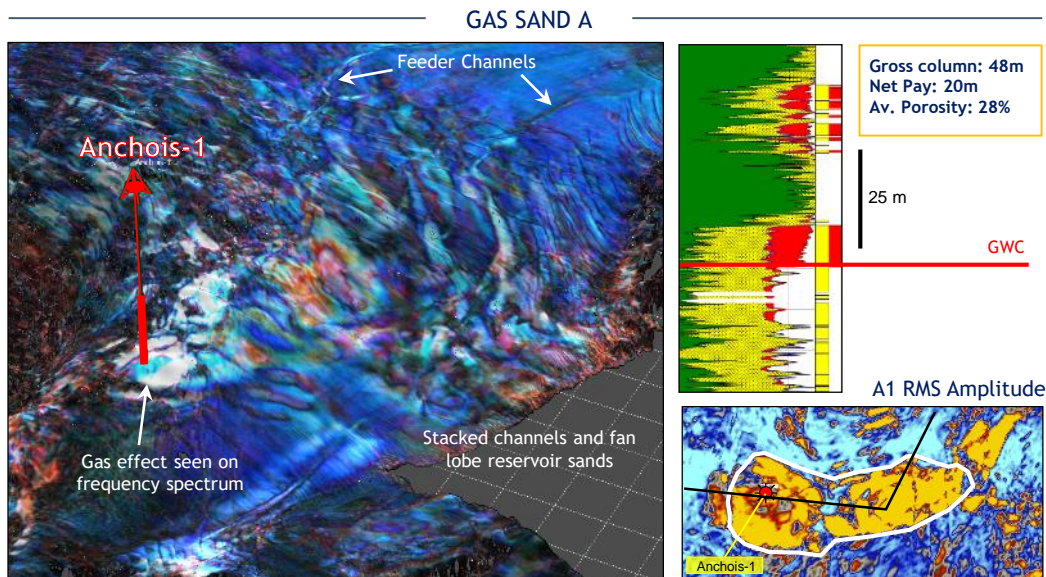
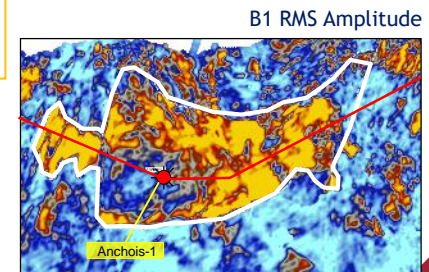
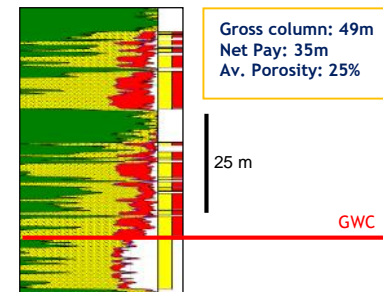
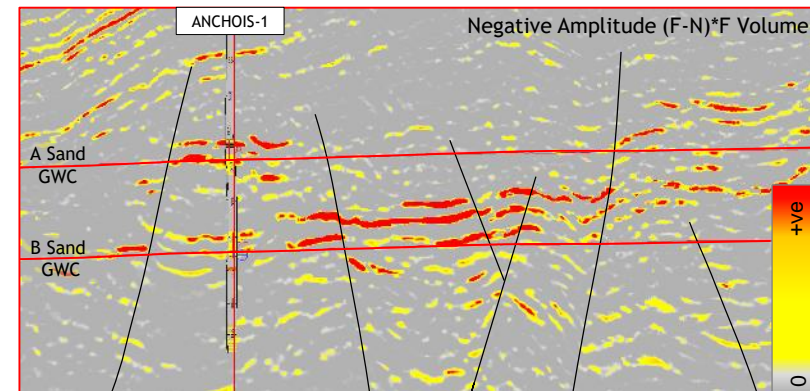
- Anchois-1 gas discovery in 388 m WD, 40km from coastline
- 1C **156 Bcf\***, 2C **307 Bcf\*** in Gas Sands A and B
- 2U Prospective Resource of **116 Bcf\*** in undrilled Gas Sand C (Anchois Deep prospect), making a mid-case estimated total remaining recoverable resources of **423 Bcf**
- Excellent quality reservoirs of up to 30+% porosity and >1 Darcy permeability, expected to deliver high production rates
- Favourable gas composition with 97% Methane, no CO<sub>2</sub> or H<sub>2</sub>S
- Strong seismic attribute support for gas-bearing sands

## Appraisal Programme:

- 3D reprocessing and re-evaluation of the subsurface
- Developing the gas market, maturing development concepts
- Contingent appraisal well, to be suspended as a potential producer, subject to partnering and off-taker requirements

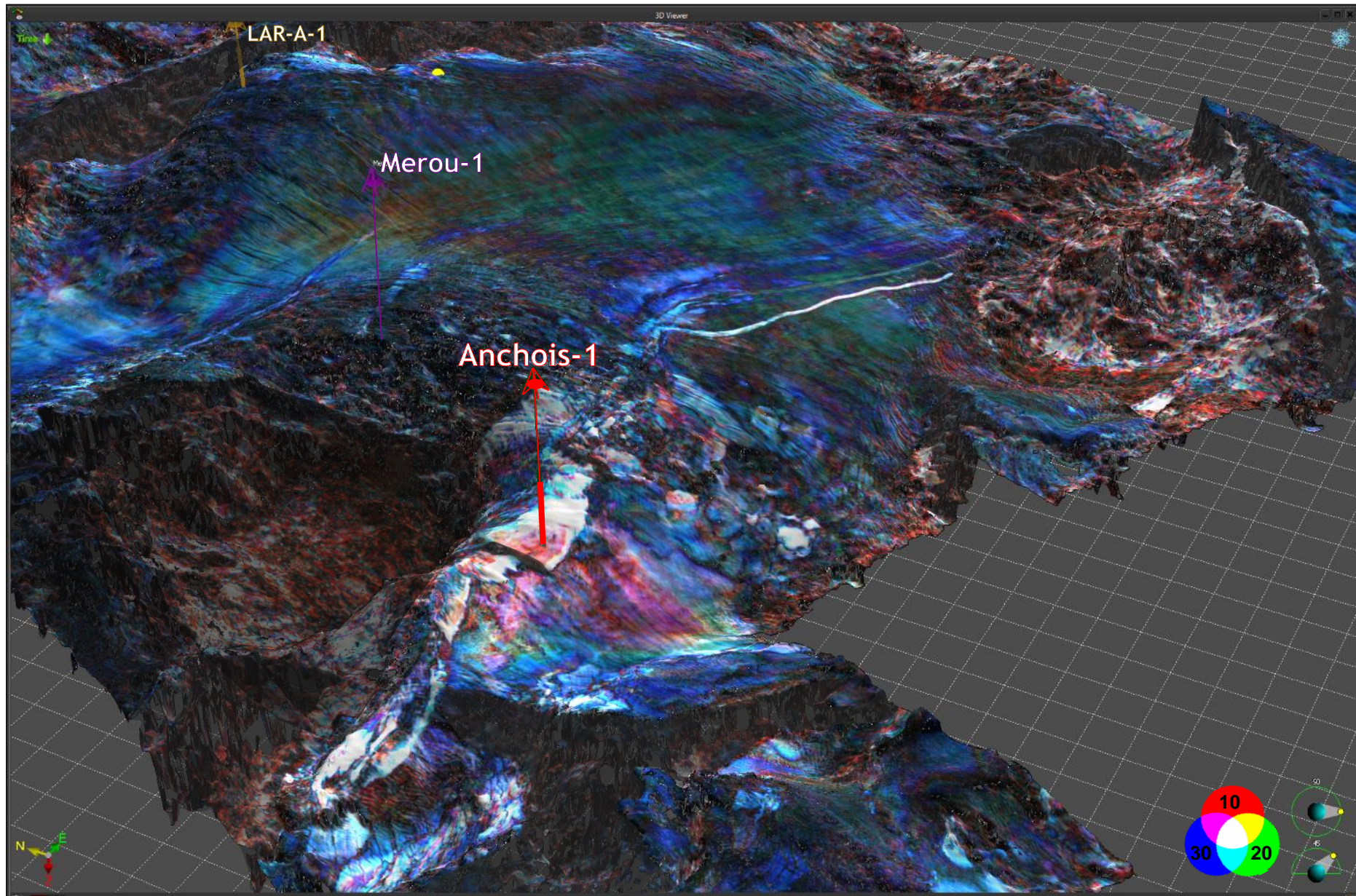


GAS SAND B



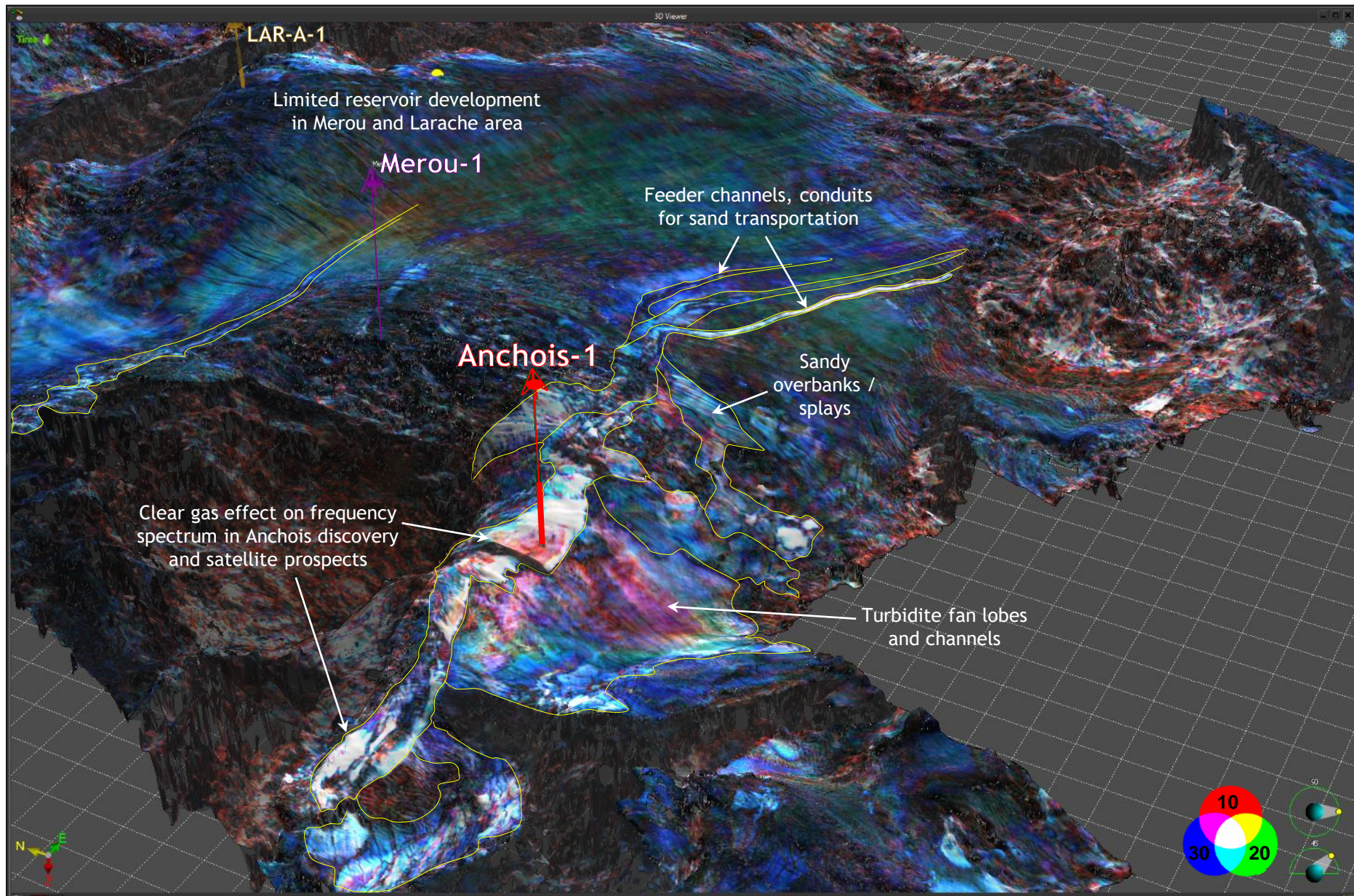


# Anchois Reservoir Description - Gas Sand B



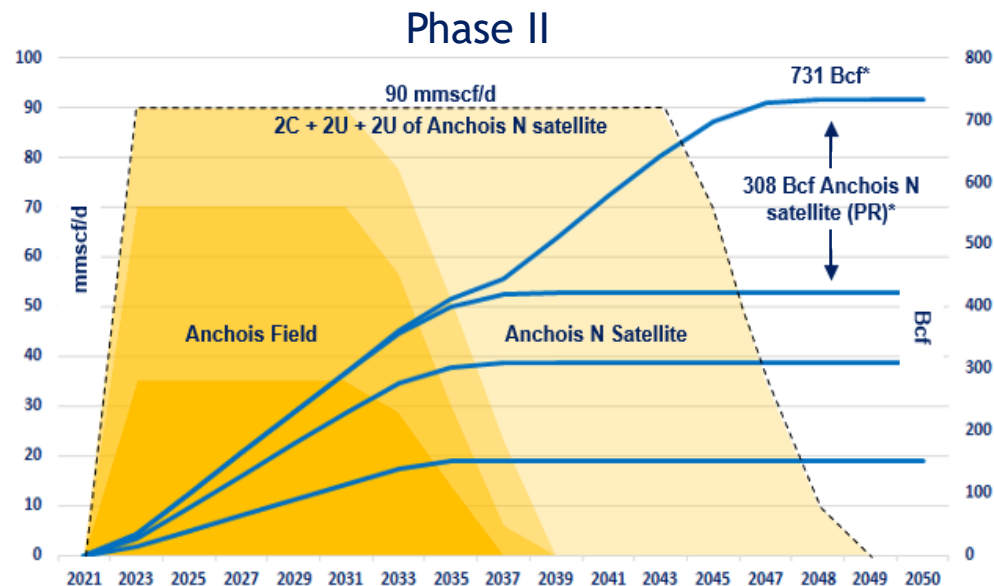
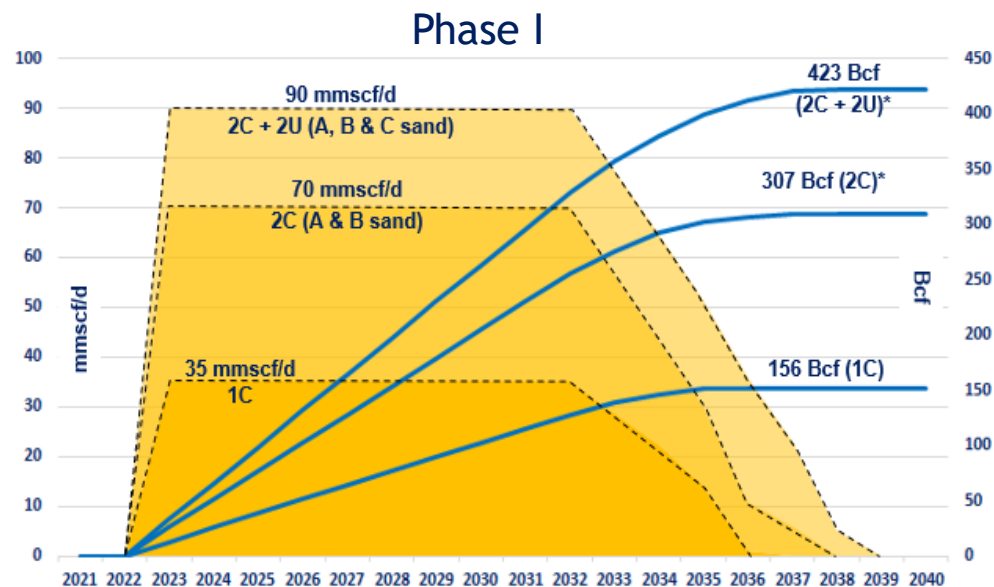
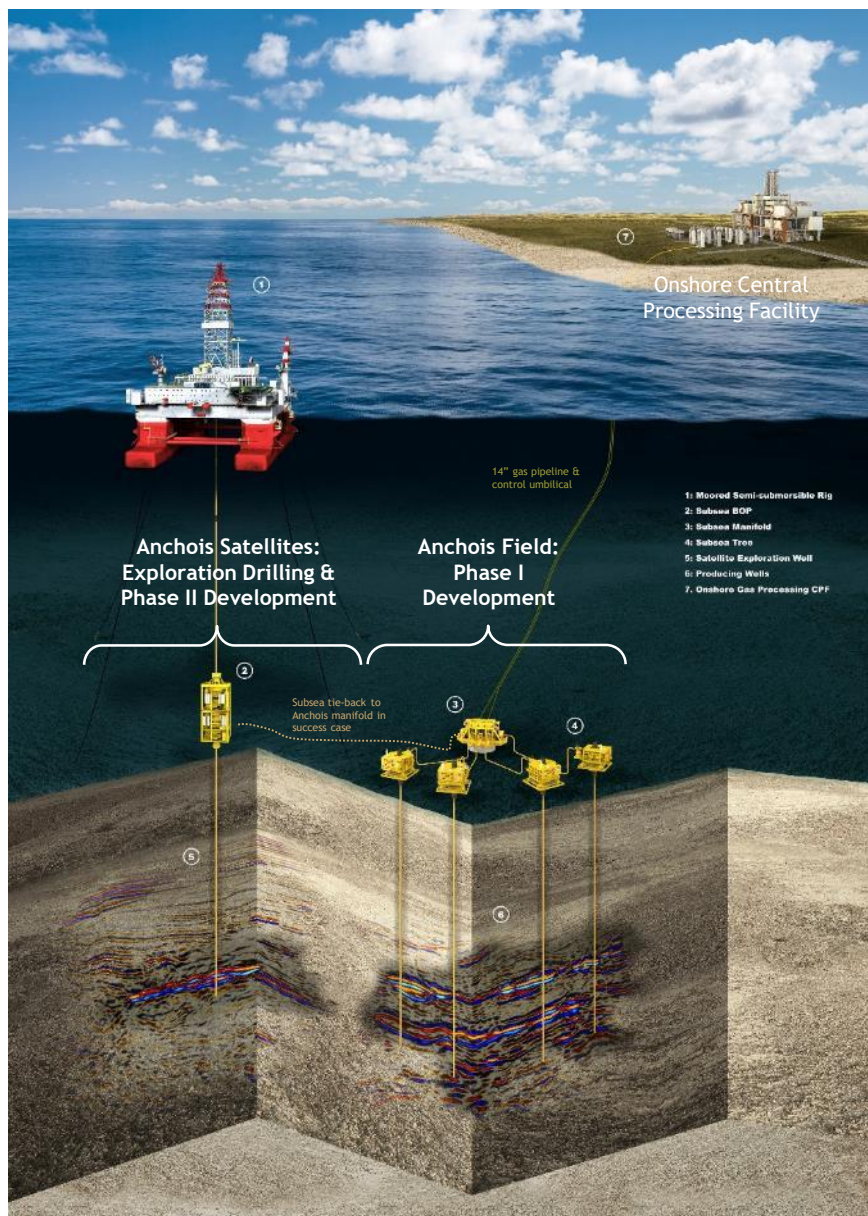


# Anchois Reservoir Description - Gas Sand B





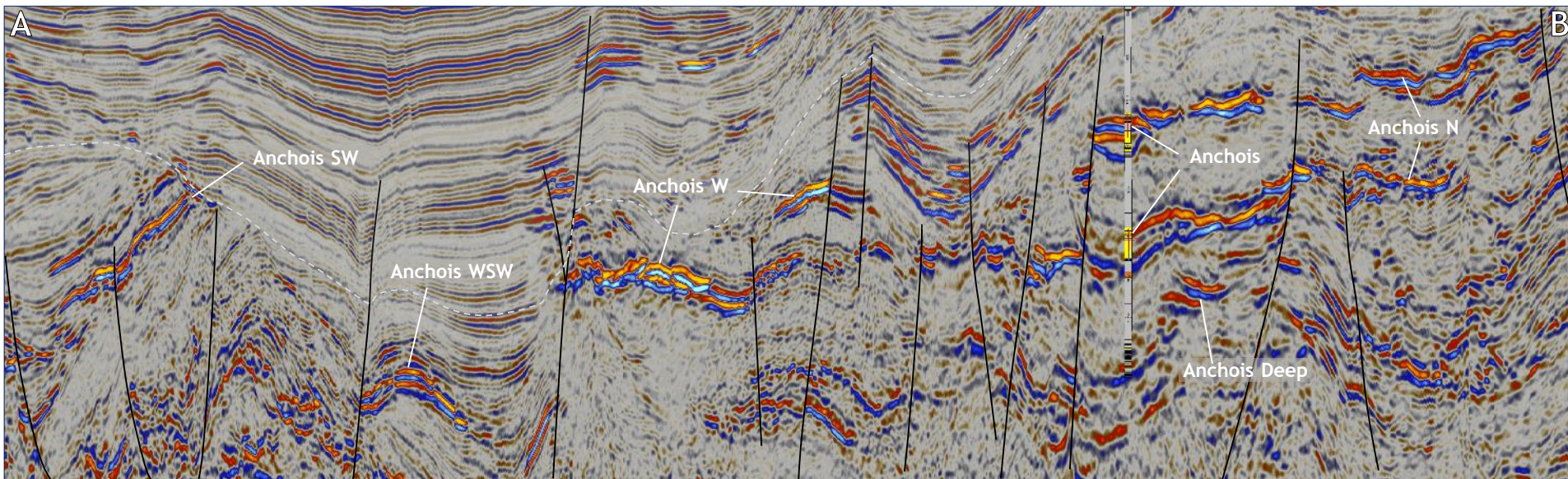
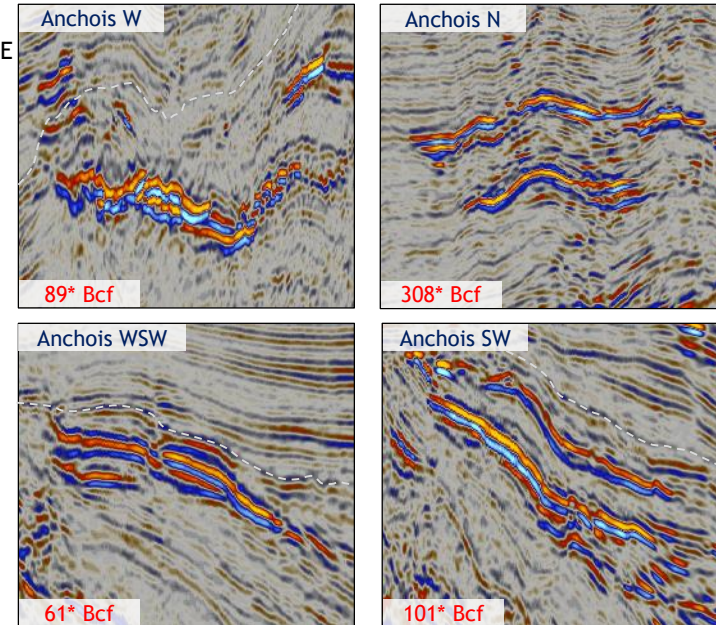
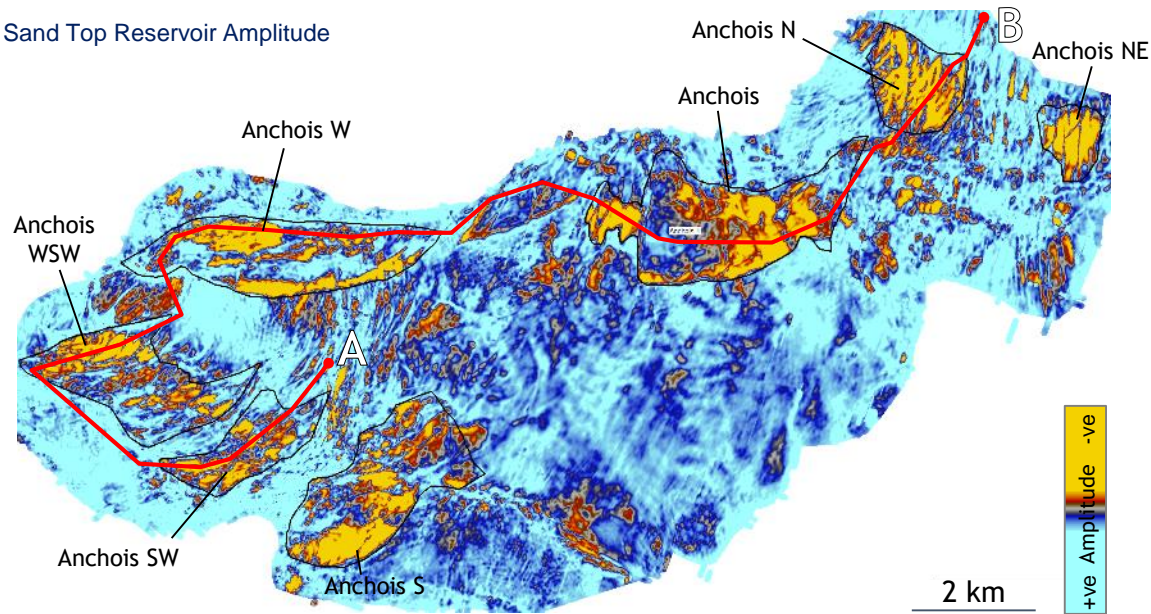
# Anchois Field - Conceptual Development Plan





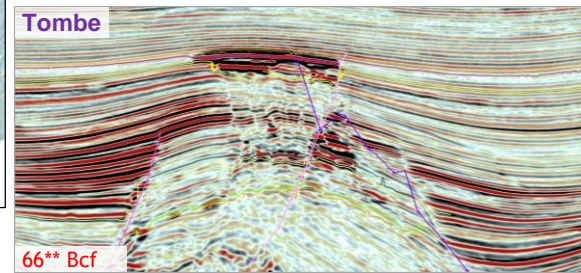
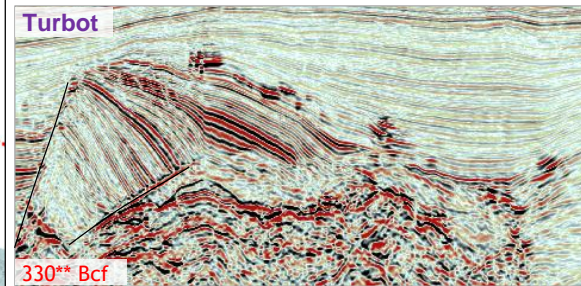
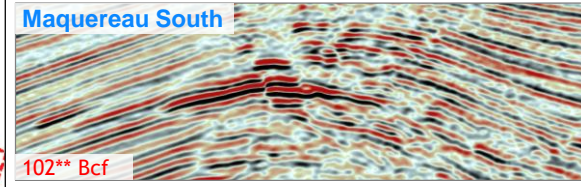
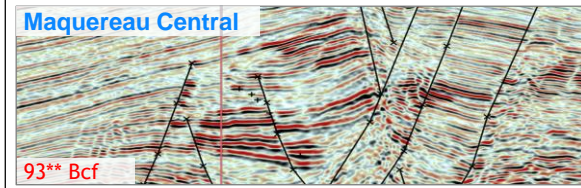
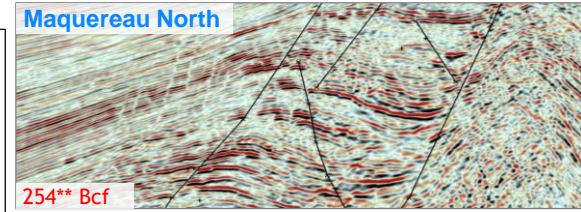
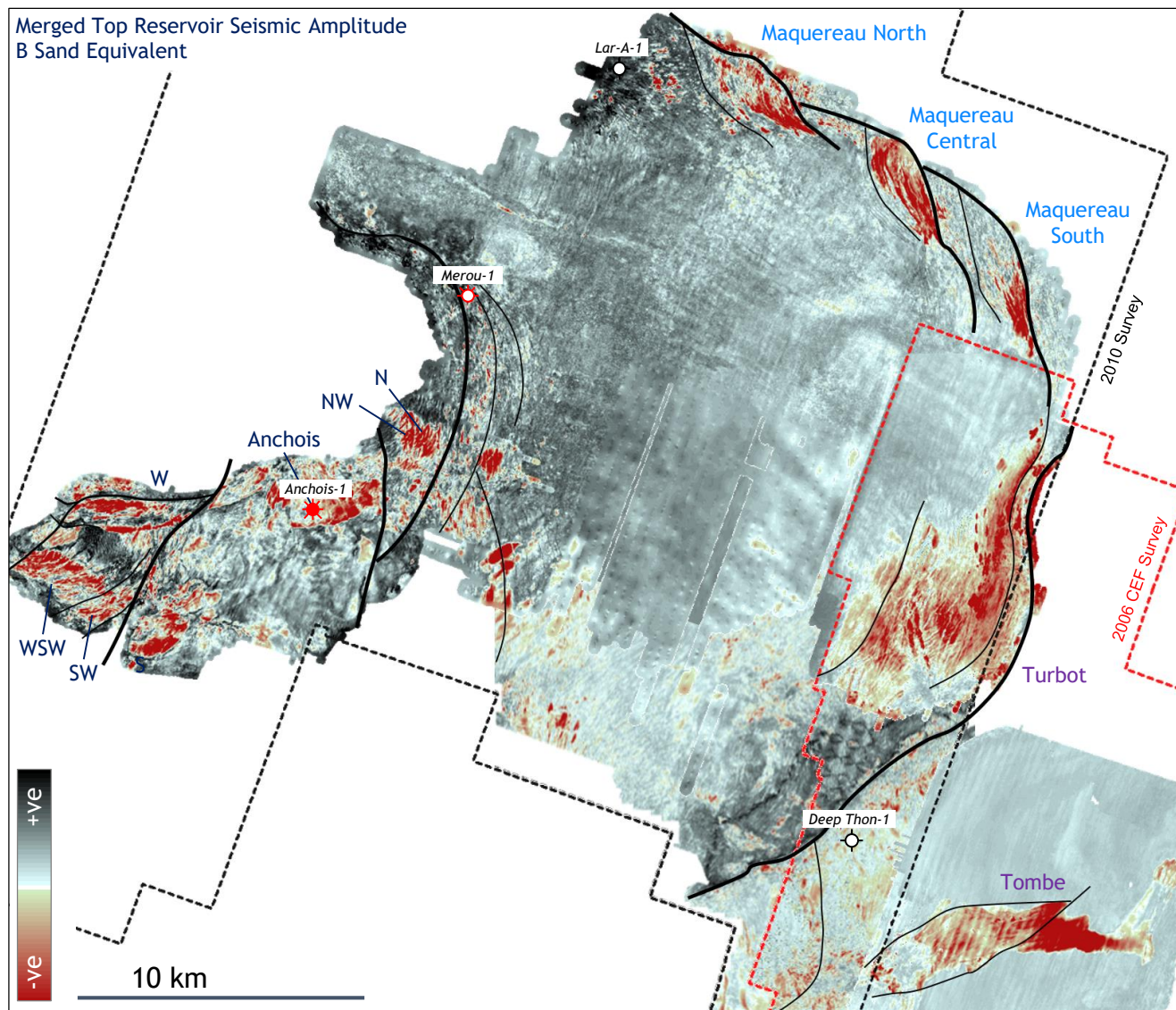
# Lixus - Anchois Satellites

B Sand Top Reservoir Amplitude





# Lixus - Additional Prospects





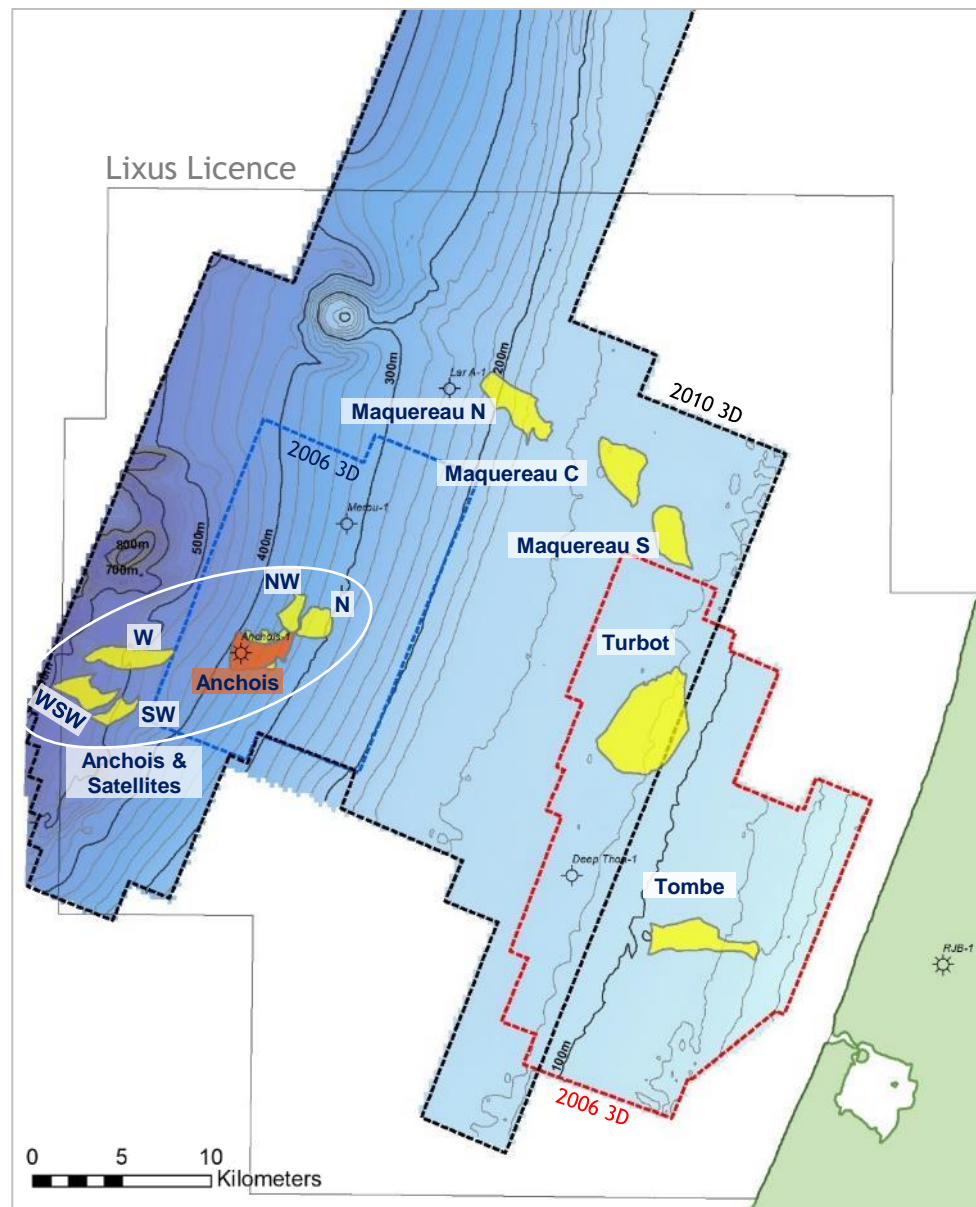
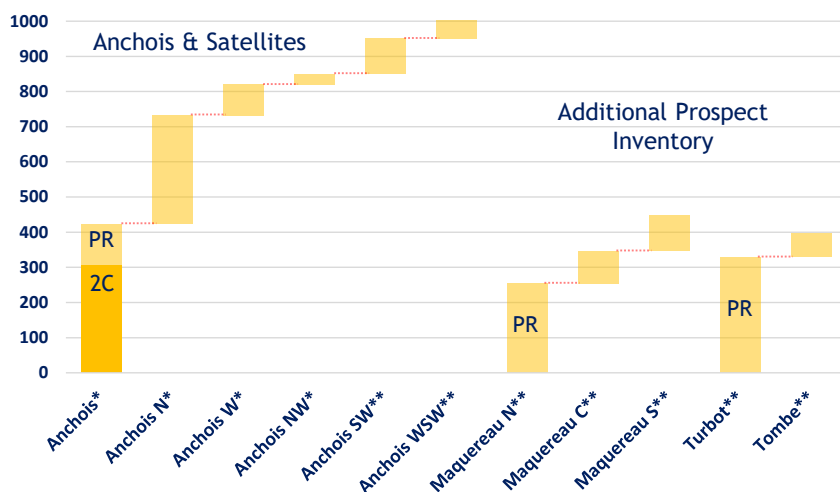
# Lixus - Exploration Portfolio

- Area is covered by >1700 km<sup>2</sup> of existing 3D data
- All on-block discoveries exhibit AVO anomalies, all dry wells have no anomalies
- AVO products available and interpreted on the 2006 3D seismic surveys, with 2010 data now under analysis
- Anchois & Satellites are an amplitude-supported discovery and prospect inventory with remaining recoverable resources of **> 1 Tcf\***
- Additional Inventory has resources of **> 800 Bcf\*\***

## Exploration Work Programme:

- 3D reprocessing, AVO and quantitative interpretation
- Optional exploration drilling

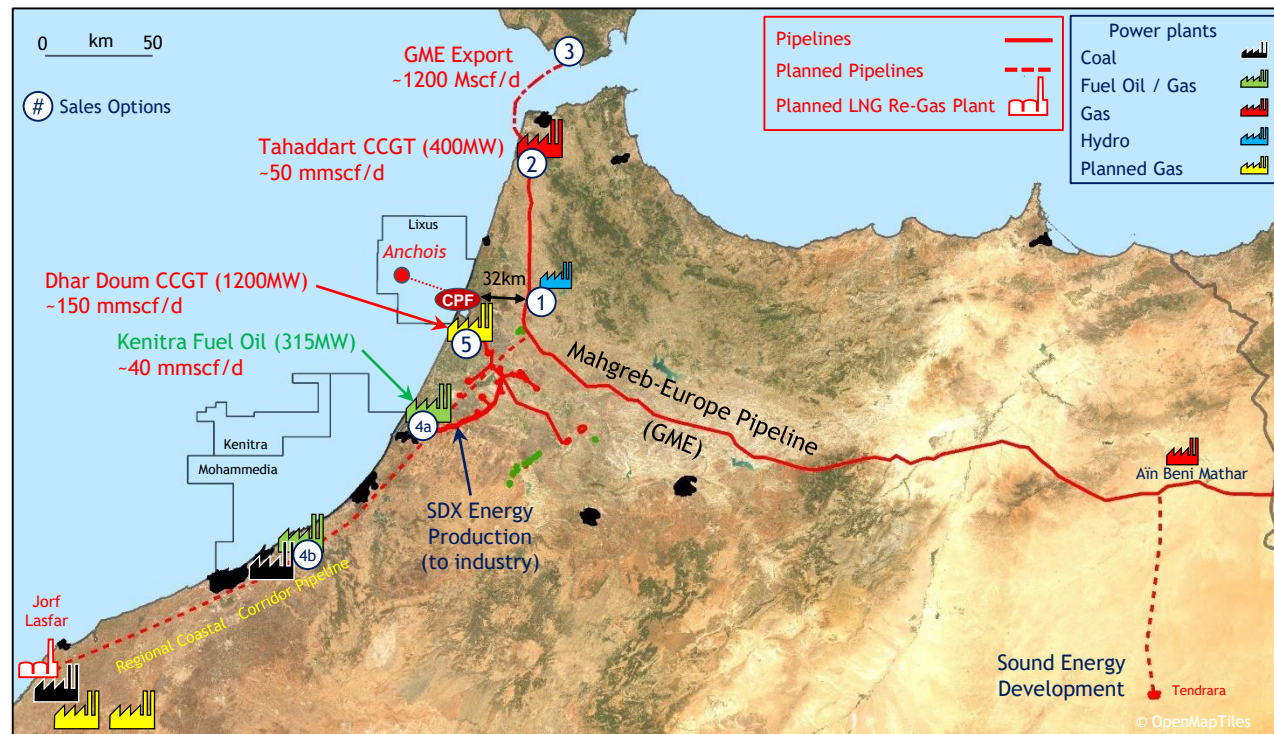
2C Resource of Anchois and Prospective Resource (PR) of Anchois Satellites and the additional Prospect Inventory\* (Bcf)



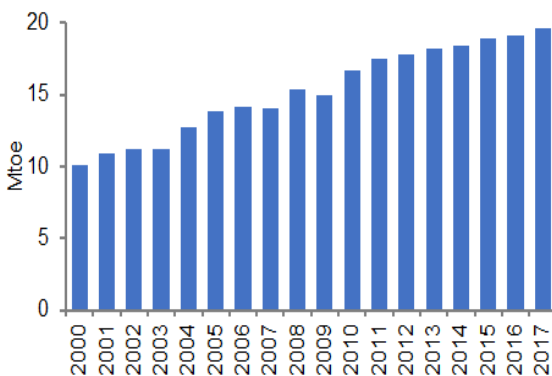


# Growing Moroccan Gas Market

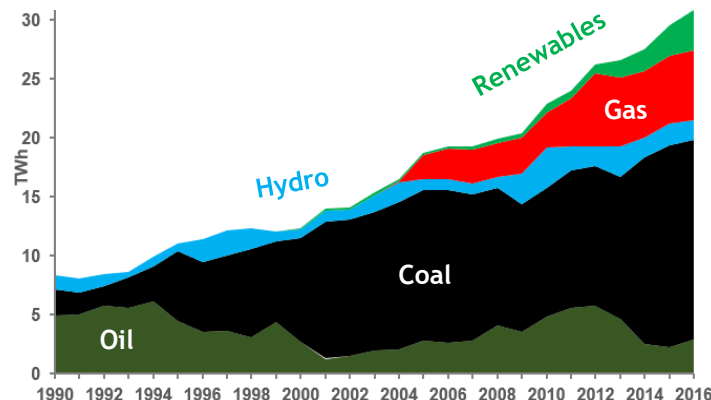
- Moroccan energy demand is forecast to double between 2015 and 2030
- Moroccan Power generation is principally from imported coal, fuel oil and gas
- Ministry of Energy focus is security of supply; access to energy at low cost; and to minimize the impact on the environment
- Supportive government with a desire to utilize indigenous gas vs. imported fossil fuels - 2018 petroleum imports expected to be ~\$6.6Bn
- \$8.50 - \$9/mcf** expected gas price to power sector (linked to \$70 - \$75/bbl Brent) sets a very attractive local gas price



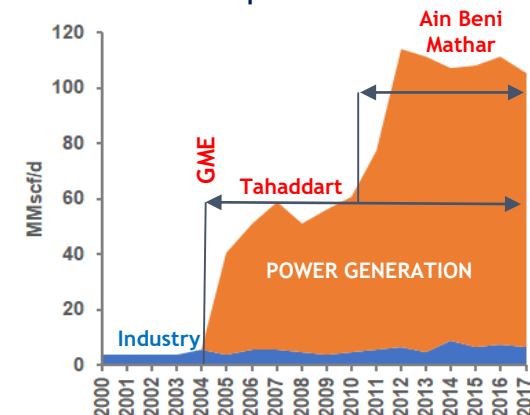
Primary Energy Demand



Power Generation



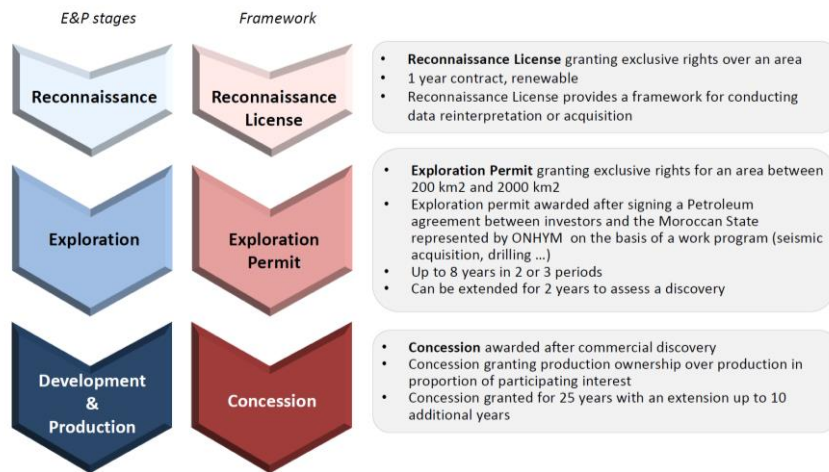
Gas Consumption





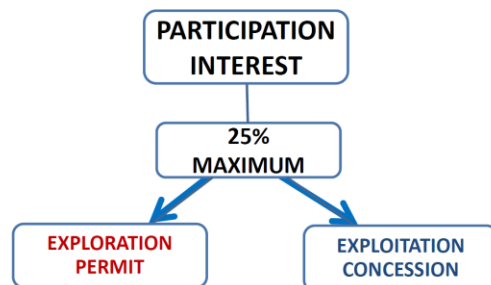
# Morocco Fiscal Terms

## A FLEXIBLE FRAMEWORK TO ADAPT TO EVOLVING NEEDS



## PARTNERS HOLD 75% OF PARTICIPATION INTEREST

### STATE PARTICIPATION



### FINANCING OF EXPLORATION

- STATE SHARE IS CARRIED DURING EXPLORATION PHASE
- ALL PAST EXPLORATION COSTS ARE TAX DEDUCTIBLE

## EXCEPTIONAL LOW ROYALTY RATE

### Royalty rates in Morocco:

	ONSHORE AND SHALLOW OFFSHORE	> 200m WATER DEPTH
<b>CRUDE OIL</b> 	<b>10%</b> The first 300,000 tons produced are exempted	<b>7%</b> The first 500,000 tons produced are exempted
<b>NATURAL GAS</b> 	<b>5%</b> The first 300 million m <sup>3</sup> produced are exempted	<b>3,5%</b> The first 500 million m <sup>3</sup> produced are exempted

Annual Surface Rental is below 100\$/km<sup>2</sup>/year

## 10 YEARS OF TOTAL EXEMPTION FROM CORPORATE INCOME TAX

### NO TAXATION OF PROFITS DURING FIRST 10 YEARS OF PRODUCTION

- 10 YEARS TAX HOLIDAY** : From the start of commercial production, production concession holders are totally exempt from Corporate Income Tax
- NO "RING-FENCE"**  
All past exploration costs - including dry holes – are deductible from revenues of any exploitation concession



# Morocco Fiscal Terms

## A FLEXIBLE FRAMEWORK TO ADAPT TO EVOLVING NEEDS



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### Royalty rates in Morocco:

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### LIXUS OFFSHORE TERMS

- 8 year exploration term commenced 30<sup>th</sup> May 2019
- Initial Period Commitment - 3D seismic reprocessing & desktop studies
- First & Second Extension Periods Commitment - 1 well per period
- Exploitation Concession may be requested over any commercial accumulation:
  - 25 years (extendable by 10 years)
  - 3.5% royalty would apply to gas from Anchois
  - 31% corporate tax (exempt during first 10 years of revenues)
  - Royalty, rental, training, exploration, production and bonus expenditures are all tax deductible

Excellent project economics are supported by a combination of the attractive gas-price and exceptional contract terms, especially in first 10 years of production



from Corporate Income Tax

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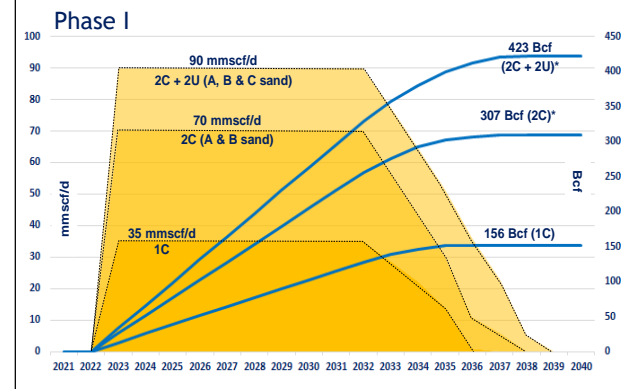
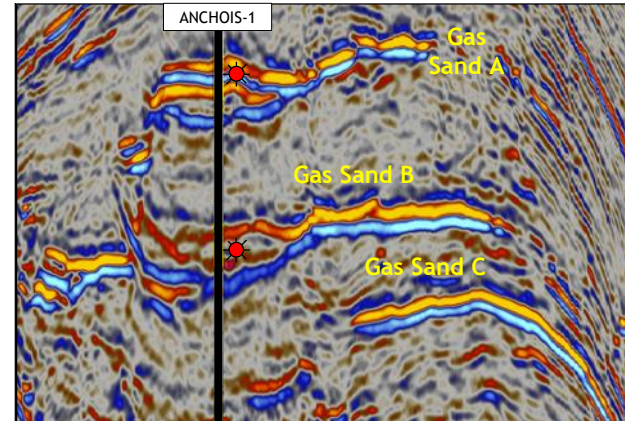
## FINANCING OF EXPLORATION

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# Lixus Offshore Project Opportunity

- Material gas resources at Anchois in discovered and low-risk undrilled gas sands - **423 Bcf**
- Development plan uses conventional technology, with the opportunity for **first gas by 2022-2023**
- Multiple potential off-takers exist, for power generation in Morocco, where energy demand is increasing, and overseas, with **attractive gas prices & fiscal terms**
- Low-risk, high-value exploration tie-back satellite prospects for Phase 2 development - **>500 Bcf**
- Additional production centres possible via drilling success from the wider prospect portfolio - **>800 Bcf**
- Chariot has a strong operational and exploration track record in Morocco and internationally
- Value-accretive strategic and joint-venture partners are being sought to mature the Anchois development project and maximise value from exploration upsides**



Country	Licence	2H 2019	1H 2020	2H 2020	1H 2021	2H 2021
MOROCCO	Lixus 75%	Seismic reprocessing	Drilling* Anchois-2 Appraisal well 423Bcf***		Joint drilling campaign opportunity	Drilling** Lixus Phase II exploration well