29 September 2020

Chariot Oil & Gas Limited

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

H1 2020 Results

Chariot Oil & Gas Limited (AIM: CHAR), the Atlantic margins focused energy company, today announces its unaudited interim results for the six-month period ended 30 June 2020.

- **New Executive Team appointed with new values, mission and energy to create growth and deliver positive change through investment in projects that are driving the energy revolution**
- **Upgrade of audited total remaining recoverable resource to in excess of 1 Tcf for Anchois, representing a 148% increase (comprising 361 Bcf 2C contingent resources and 690 Bcf 2U prospective resources)**
- **New ventures are being evaluated, defined by Chariot's values, strengths and the scalability of the opportunities**

Adonis Pouroulis, Acting CEO of Chariot commented:

"This is an exciting phase in the evolution of the Company as the new team takes action to drive the Lixus opportunity forward and bring in value-accretive new ventures that play into the energy transition theme. With each day that passes more potential in the Lixus licence is uncovered, delineating a major gas resource with strong ESG credentials and national significance for Morocco.

Africa is the one continent where population growth and demand for power are rising rapidly and are projected to continue to rise throughout this century. With this, Chariot is ideally placed with its Moroccan gas development foothold to reach out and invest into other alternative projects that embody our core values, demonstrate our vision and create value for shareholders as we seek to make the Company more relevant to future energy needs.

The work the team has undertaken to advance the Anchois project during the period, in what is shaping up to be a multi-Tcf prospective licence area, has served to enhance its commerciality and bring a highly scalable, fundable development opportunity onto the radar of institutional financing. We look forward to further project endorsements and hope to announce more progress in the coming months as the gap narrows between the market's perception of the Company and what management feel is currently a vastly undervalued clean energy investment proposition."

Further Information

Anchois Gas Field Development

Resources

- 3D PSDM seismic reprocessing and updated Independent Assessment completed, by Netherland Sewell & Associates Inc. ("NSAI"), with material upgrade of audited total remaining recoverable resource to in excess of 1 Tcf for Anchois (comprising 361 Bcf 2C contingent resources and 690 Bcf 2U prospective resources)
- Ability for the low-risk prospective targets (C, M and O sands) to be drilled at low cost as part of any appraisal or development drilling activity on the Anchois Discovery (A and B sands); the development of which brings the potential for material free cash flow
- Existing exploration upside of a combined 1.8Tcf 2U audited prospective resource in other Lixus prospects further added to with the identification of additional Mio-Pliocene gas play prospects, with a preliminary internal Chariot estimate of c.1Tcf

Development Plan

- Reservoir and integrated asset modelling completed, Pre-FEED study commissioned and optimised development concept finalised with a major engineering consultancy, with initial reference base case economics highly encouraging
- 70MMscfd base case production rate, equivalent to a power generating potential of c.600MW electricity and with capex reduced c.30% relative to 2019 feasibility study. Work continues to further reduce uncertainties in the range of costs

Gas Market

- Large and growing energy market in Morocco with attractive indicative pricing of US$8/mmbtu in power generation and US$10-11/mmbtu in industry based on public information of other operators in Morocco
- Engagement continues with potential off-takers both within the domestic Moroccan gas market and through the Maghreb-Europe pipeline to potential off-takers in the European gas market

Funding

- Discussions continue with a variety of parties for the provision of development debt finance. The feedback is encouraging and demonstrates the project's fundability and materiality at an institutional level
- An active E&P partnering process is ongoing to fund the appraisal well. New pre-stack depth migration ("PSDM") reprocessed data with material resource upgrade has encouraged further groups to come into the data room

New Business

- Team continues to evaluate new value-accretive business opportunities that play to our strengths as energy professionals and our long-standing presence and experience across the African continent

Capital Discipline Maintained

- Unaudited cash balance as at 30 June 2020 of US$5.8 million
- No debt or remaining work commitments
- Restructuring in April 2020 brought organisational and other savings to reduce annual cash overheads by c.45%, from US$4.5 million to US$2.5 million
- Key skills retained and operating capability to scale up when appropriate, with prevailing market conditions making preservation of cash an imperative

Exploration Portfolio

- Non-cash impairments of US$66.7 million in respect of Namibia and Brazil, reflective of change in strategic direction and Management's approach to non-core assets in the current challenging market environment

- Despite write-downs, Chariot will retain its interest in Namibia and Brazil with no work commitments going forward and will continue to host data-rooms for marketing of both assets
- Key third-party offset wells are expected in 2020-2021 in Brazil and Namibia which will help to inform prospectivity and value of Chariot's acreage
- A further non-cash impairment of US$0.5 million has been booked against drilling inventory held from previous drilling campaigns

Board Changes in the Post Period

- Adonis Pouroulis, previously Non-Executive Director and the Company founder, took over as Acting CEO in July 2020
- To further strengthen the Company's leadership team, both Julian Maurice-Williams and Duncan Wallace joined the Board in July as executive directors in roles of Chief Financial Officer and Technical Director respectively

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

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NOTES TO EDITORS

ABOUT CHARIOT

Chariot Oil & Gas Limited is an independent energy company which holds a high value, low risk gas development project with strong ESG credentials in a fast growing emerging economy with a clear route to early monetisation, delivery of free cashflow and material exploration upside.

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

Chariot Oil & Gas Limited

Chief Executive's Review

Covid-19 and the global social and economic upheaval this year has brought pause for thought for the E&P sector, as in many other areas of business, trends that had been gradual are now accelerating. Consumer preferences for energy consumption have shifted dramatically towards a more sustainable, clean, renewable and alternative fuels driven solutions to demand. At the same time, retail and institutional investors now apply environmental, social and governance ("ESG") principles to portfolios to such an extent that those who have not adapted risk becoming irrelevant. Since being founded we have partnered with majors, drilled four potentially transformational but dry wells, including two as operator, and secured c.1 Tcf gas resource. However, investor appetite for a pure E&P play has declined and been overtaken by an approach that considers ESG metrics in all investment decisions. This impact is felt in all levels of funding to the company, including direct equity investment into Chariot but also partnering with companies across the energy value chain at the asset level and, most importantly, providers of debt finance for development.

We believe the Anchois Gas Development Project possesses these highly sought-after ESG criteria due to its potential as an enabler of Morocco's stated aim to transition to renewables and increase the use of gas in power generation. Gas has been a growing component of the power generation mix as part of the national strategy to reduce imports and transition to lower carbon energy, however, facilities in Morocco are underutilised and coal still dominates, accounting for around two thirds of power generation in 2019. Much of the installed power capacity in the form of Combined Cycle Gas Turbines ("CCGT"), which are a form of highly efficient energy generation technology that combines a gas-fired turbine with a steam turbine, are not fully utilised. Connection into these installed power stations could be easily achieved through the nearby Mahgreb-Europe gas pipeline. By increasing the proportion of gas in that energy mix there is potential for substantial savings in carbon emissions throughout the time of transition to a wider uptake of renewable energy. In a market where quality ESG investments with a clear path to free cashflow are scarce, we see this development as a rare opportunity to help a country deliver on its stated energy transition goals but also build a high performing business supplying a reliable source of cheap, sustainable energy to the population of a power hungry, growing economy. Chariot wants to be part of the energy transition solution for Morocco.

The Company has gone through significant change this year. Firstly, steps were taken in April to restructure to a lower cost base whilst retaining key skills and operational capabilities. Secondly, and more fundamentally, the changes to the Board and new Executive Team have ushered in a new vision and energy for future growth. Building on the already strong technical skills and dynamic culture in place, the new team is taking an entrepreneurial approach as it seeks out new ventures that are value accretive and play to our strengths as energy professionals with a wide footprint across the continent of Africa.

We believe this change in strategy will yield near term cashflow, bring superior financial performance, high growth in shareholder value, helping to accelerate the transition to a lower-carbon global economy and redraw the profile of the Company as it seeks to invest in projects that are driving the new energy revolution.

Lixus Offshore Licence – Building a Sustainable Moroccan Energy Business

The completion of the reprocessing of the 3D PSDM seismic data has resulted in a significant upgrade of audited total remaining recoverable resource to in excess of 1 Tcf for Anchois (comprising 361 Bcf 2C contingent resources and 690 Bcf 2U prospective resources). The reprocessed data has derisked existing exploration prospects and also uncovered new prospects in the Mio-Pliocene gas play, with early internal estimates of c.1 Tcf. Adding these further exploration targets could lift the total licence resources to c.4 Tcf (sum of 2C plus 2U resources including independent and preliminary internal estimates).

We have completed additional reservoir and integrated-asset modelling leading on to a Pre-FEED study with Xodus, a major engineering consultancy. Work to date has defined an optimised development concept and an initial reference base case. With improved metrics, the base case now provides for 70MMscfd plateau production rate, equivalent to power generation potential of c.600MW electricity and with a reduction in the expected capex of c.30% relative to the earlier 2019 feasibility study. Work continues to reduce uncertainties in the range of costs, but factoring in the already favourable fiscal regime in Morocco the results of these studies are highly encouraging and further serve to fully describe a highly commercially valuable project.

Discussions are ongoing with state electricity company, private power generators and industrial users within the domestic Moroccan gas market and through the Mahgreb-Europe pipeline to potential off-takers in the European gas markets.

In the post period discussions have progressed with a range of interest parties to provide development debt finance. These discussions take into account the estimated capex required to bring the development online, anticipated to be in the region of US$300-500 million, but they also identify Lixus as being an important strategic asset, with strong ESG credentials, that has the potential to help Morocco transition to a low carbon economy, as it seeks to satisfy an anticipated doubling in domestic demand for energy over the next 20 years.

Separately the Company is currently engaged with a consortium of industry players looking to participate in the Anchois Gas Development and an active E&P partnering process is ongoing with further groups due to attend the data room in the coming period.

Exploration Portfolio

Whilst an impairment has been recognised in respect of the non-core Namibian and Brazilian assets, reflecting the changing macro environment and the strategy, Chariot will retain its interest in the assets with no work commitments going forward and will continue to host data-rooms for marketing of both assets.

Financial Review

The Group remains debt free and had a cash balance of US$5.8 million at 30 June 2020 (US$9.6 million at 31 December 2019), with no remaining work commitments across the portfolio.

In light of the challenging business environment which has been further compounded by the impact of Covid-19, exploration in both Namibia and Brazil has been assessed as non-core with any potential future value to be derived from drilling of offset wells by third parties nearby, which are anticipated to spud in 2020-2021. Whilst the Company retains the Central Blocks, Namibia and BAR-M Blocks, Brazil and will continue to host data-rooms for potential partnering, a non-cash impairment charges totalling US$66.7 million have been recorded against the full book value of Namibia and Brazil.

The Group has further assessed the carrying value of its remaining inventory from earlier drilling campaign and has provided fully against the remaining value, resulting in a charge of US$0.5 million.

Other administrative expenses of US$1.7 million (30 June 2019: US$1.5 million) are slightly higher than the prior period reflecting one-time restructuring costs incurred in the period which are expected to decrease annual cash overhead from c.US$4.5 million to c.US$2.5 million.

Finance income of US$0.4 million (30 June 2019: US$0.1 million) relates to the holding of higher cash balances in Sterling to meet administrative expenses in the current year resulting in higher foreign exchange gains. Finance expenses of less than US$0.1 million (30 June 2019: <US$0.1 million) reflect the unwinding of the discount on the lease liability under IFRS 16.

Share-based payments charges of US$0.2 million (30 June 2019: US$0.4 million) are marginally lower than the prior period due to the vesting of historic awards of employee deferred shares.

Corporate

In the post period a new executive leadership team has been assembled and as I step into the role of Acting CEO, I would like to welcome Julian Maurice-Williams and Duncan Wallace onto the Board as executive directors as Chief Financial Officer and Technical Director respectively. Together with the Chariot team we are focused and energised to deliver on the new strategy.

Outlook

The recent strides forward made in sub-surface description of Lixus with the completion of the 3D PSDM seismic reprocessing and independently audited resource upgrades have elevated this project to a materiality that is grabbing the attention of the industry and wider market. In addition to the active farm-out process, discussions being held with gas off-takers are encouraging. The discussions held with institutional lenders have underlined the quality of the asset and development opportunity and we now look ahead to the next steps in our objective to secure project finance.

As demonstrated by the recent development concept work with a high calibre engineering consultancy, this project has a clear path to first gas using existing technologies and engineering design. As all the elements of the Anchois Gas Development Project come together and we seek out new ventures, this is an exciting time for shareholders and all who are involved in the Company and we look forward to providing more progress updates throughout the remainder of 2020 as value is generated for shareholders.

Adonis Pouroulis
Acting Chief Executive Officer

28 September 2020

Chariot Oil & Gas Limited

Consolidated statement of comprehensive income for the six months ended 30 June 2020

	Notes	Six months ended 30 June 2020 US$000 Unaudited	Six months ended 30 June 2019 US$000 Unaudited	Year ended 31 December 2019 US$000 Audited
Share based payments		(236)	(355)	(651)
Provision against inventory		(524)	-	-
Impairment of exploration asset	4	(66,666)	-	-
Other administrative expenses		(1,736)	(1,543)	(3,395)
Total operating expenses		(69,162)	(1,898)	(4,046)
Loss from operations		**(69,162)**	**(1,898)**	**(4,046)**
Finance income		361	102	190
Finance expense		(38)	(69)	(183)
Loss for the period before taxation		**(68,839)**	**(1,865)**	**(4,039)**
Tax expense		(1)	(11)	(11)
Loss for the period and total comprehensive loss for the period attributable to equity owners of the parent		**(68,840)**	**(1,876)**	**(4,050)**
Loss per ordinary share attributable to the equity holders of the parent – basic and diluted	**3**	**US$(0.19)**	**US$(0.01)**	**US$(0.01)**

Chariot Oil & Gas Limited

Consolidated statement of changes in equity for the six months ended 30 June 2020

	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 2020 (unaudited)							
As at 1 January 2020	**6,268**	**356,503**	**796**	**5,408**	**(1,241)**	**(281,174)**	**86,560**
Loss and total comprehensive loss for the period	-	-	-	-	-	(68,840)	(68,840)
Share based payments	-	-	-	236	-	-	236
Transfer of reserves due to issue of share awards	157	2,101	-	(2,258)	-	-	-
As at 30 June 2020	**6,425**	**358,604**	**796**	**3,386**	**(1,241)**	**(350,014)**	**17,956**
For the six months ended 30 June 2019 (unaudited)							
As at 1 January 2019	**6,264**	**356,336**	**796**	**4,928**	**(1,241)**	**(277,124)**	**89,959**
Loss and total comprehensive loss for the period	-	-	-	-	-	(1,876)	(1,876)
Share based payments	-	-	-	355	-	-	355
Transfer of reserves due to issue of share awards	4	167	-	(171)	-	-	-
As at 30 June 2019	**6,268**	**356,503**	**796**	**5,112**	**(1,241)**	**(279,000)**	**88,438**

For the year ended 31 December 2019 (audited)							
As at 1 January 2019	**6,264**	**356,336**	**796**	**4,928**	**(1,241)**	**(277,124)**	**89,959**
Loss and total comprehensive loss for the year	-	-	-	-	-	(4,050)	(4,050)
Share based payments	-	-	-	651	-	-	651
Transfer of reserves due to issue of share awards	4	167	-	(171)	-	-	-
As at 31 December 2019	**6,268**	**356,503**	**796**	**5,408**	**(1,241)**	**(281,174)**	**86,560**

Chariot Oil & Gas Limited

Consolidated statement of financial position as at 30 June 2020

	Notes	30 June 2020 US$000 Unaudited	30 June 2019 US$000 Unaudited	31 December 2019 US$000 Audited
Non-current assets				
Exploration and appraisal costs	4	12,311	76,006	78,264
Property, plant and equipment		59	134	94
Right of use asset: office lease		819	1,147	983
Total non-current assets		**13,189**	**77,287**	**79,341**
Current assets				
Trade and other receivables		711	1,347	781
Inventory		-	524	524
Cash and cash equivalents	5	5,845	12,137	9,635
Total current assets		**6,556**	**14,008**	**10,940**
Total assets		**19,745**	**91,295**	**90,281**
Current liabilities				
Trade and other payables		848	1,549	2,535
Lease liability: office lease		355	339	366
Total current liabilities		**1,203**	**1,888**	**2,901**
Non-current liabilities				
Lease liability: office lease		586	969	820
Total non-current liabilities		**586**	**969**	**820**
Total liabilities		**1,789**	**2,857**	**3,721**
Net assets		**17,956**	**88,438**	**86,560**
Capital and reserves attributable to equity holders of the parent				
Share capital	6	6,425	6,268	6,268
Share premium		358,604	356,503	356,503
Contributed equity		796	796	796
Share based payment reserve		3,386	5,112	5,408
Foreign exchange reserve		(1,241)	(1,241)	(1,241)
Retained deficit		(350,014)	(279,000)	(281,174)
Total equity		**17,956**	**88,438**	**86,560**

Chariot Oil & Gas Limited

Consolidated cash flow statement for the six months ended 30 June 2020

	Six months ended 30 June 2020 US$000 Unaudited	Six months ended 30 June 2019 US$000 Unaudited	Year ended 31 December 2019 US$000 Audited
Operating activities			
Loss for the period before taxation	(68,839)	(1,865)	(4,039)
Adjustments for:			
Provision against inventory	524	-	-
Impairment of exploration asset	66,666	-	-
Finance income	(361)	(102)	(190)
Finance expense	38	69	183
Depreciation and amortisation	198	196	401
Share based payments	236	355	651
Net cash outflow from operating activities before changes in working capital	**(1,538)**	**(1,347)**	**(2,994)**
Decrease in trade and other receivables	67	479	1,036
(Decrease) / increase in trade and other payables	(1,100)	120	930
Cash outflow from operating activities	**(2,571)**	**(748)**	**(1,028)**
Tax payment	(1)	(11)	(11)
Net cash outflow from operating activities	**(2,572)**	**(759)**	**(1,039)**
Investing activities			
Finance income	29	124	217
Payments in respect of property, plant and equipment	-	(66)	(67)
Payments in respect of intangible assets	(1,300)	(6,752)	(8,828)
Net cash outflow used in investing activities	**(1,271)**	**(6,694)**	**(8,678)**
Financing activities			
Payment of lease liabilities	(245)	(164)	(287)
Finance expense on lease	(38)	(52)	(97)
Net cash outflow from financing activities	**(283)**	**(216)**	**(384)**
Net decrease in cash and cash equivalents in the period	**(4,126)**	**(7,669)**	**(10,101)**
Cash and cash equivalents at start of the period	**9,635**	**19,822**	**19,822**
Effect of foreign exchange rate changes on cash and cash equivalent	336	(16)	(86)
Cash and cash equivalents at end of the period	**5,845**	**12,137**	**9,635**

Chariot Oil & Gas Limited

Notes to the interim financial statements for the six months ended 30 June 2020

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 2019. 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 2020 to 30 June 2020 is unaudited. The financial statements also incorporate the unaudited figures for the interim period 1 January 2019 to 30 June 2019 and the audited figures for the year ended 31 December 2019.

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 2019 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 2020	**Six months ended 30 June 2019**	**Year ended 31 December 2019**
Loss for the period US$000	(68,840)	(1,876)	(4,050)
Weighted average number of shares	371,519,129	367,274,992	367,405,011
Loss per share, basic and diluted*	**US$(0.19)**	**US$(0.01)**	**US$(0.01)**

*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

	30 June 2020	30 June 2019	31 December 2019
	US$000	US$000	US$000
Balance brought forward	**78,264**	**74,236**	**74,236**
Additions	713	1,770	4,028
Impairment	(66,666)	-	-
Net book value	**12,311**	**76,006**	**78,264**

As at 30 June 2020 the net book values of the three cost pools are Morocco US$12.3 million (31 December 2019: US$11.5 million), Central Blocks offshore Namibia US$Nil (31 December 2019: US$51.1 million), and Brazil US$Nil (31 December 2019: US$15.7 million).

In light of the challenging conditions since Covid-19 and general lack of appetite in the market for oil exploration, the activities in Namibia and Brazil have been assessed as non-core and as such full impairments have been recorded against each respective cost pool.

5. Cash and cash equivalents

As at 30 June 2020 the cash balance of US$5.8 million (31 December 2019: US$9.6 million) contains the following cash deposits that are secured against bank guarantees given in respect of exploration work to be carried out:

	30 June 2020	30 June 2019	31 December 2019
	US$000	US$000	US$000
Moroccan licences	650	650	650
	650	**650**	**650**

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 2020	At 30 June 2020	At 30 June 2019	At 30 June 2019	31 December 2019	31 December 2019
	Number	US$000	Number	US$000	Number	US$000
Ordinary shares of 1p each	378,868,721	6,425	367,532,909	6,268	367,532,909	6,268

Details of the Ordinary shares issued during the six month period to 30 June 2020 are given in the table below:

Date	Description	Price US$	No of shares
1 January 2020	**Opening Balance**		**367,532,909**
27 April 2020	Issue of share award	0.18	463,768
27 April 2020	Issue of share award	0.42	133,334
27 April 2020	Issue of share award	0.53	154,285
27 April 2020	Issue of share award	4.38	42,000
27 April 2020	Issue of share award	0.50	913,822
27 April 2020	Issue of share award	0.33	700,000
27 April 2020	Issue of share award	0.39	937,500
27 April 2020	Issue of share award	0.12	1,352,875
27 April 2020	Issue of share award	0.20	1,369,541
27 April 2020	Issue of share award	0.05	864,134
27 April 2020	Issue of share award	0.02	2,958,329
27 April 2020	Issue of share award	0.11	278,082
27 April 2020	Issue of share award	0.19	1,168,142
30 June 2020			**378,868,721**

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.