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ON AIM  
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19 May 2008

Chariot Oil & Gas Limited

### **PLACING AND ADMISSION TO TRADING ON AIM**

Chariot Oil & Gas Limited, an independent oil and gas exploration group, focused on the exploration of the South Atlantic margins, specifically Namibia, today announces details of a Placing and the Admission of its Ordinary Shares to trading on AIM, a market operated and regulated by London Stock Exchange plc. Based on the Placing Price of 130 pence per Ordinary Share, the Company is expected to have a market capitalisation of approximately £183.5 million at Admission. The Ordinary Shares will trade on AIM under the symbol: "CHAR".

KPMG Corporate Finance is acting as Nominated Adviser and BMO Capital Markets Limited is acting as Broker to the Company.

The Directors consider that Chariot offers the following investment highlights:

- a portfolio of oil and gas exploration Licences in Namibia, covering ten Blocks, eight of which are offshore and two of which are onshore;
- the engagement of HRT Petroleum, a global petroleum system specialist, who is applying the same suite of analysis tools which have previously led to large discoveries offshore Brazil;
- identification of one Prospect and six Leads to date. Three of the Leads identified comprise a multi-layer Prospect and may be considered as such;
- a mean prospective resource volume of 3.9 billion barrels of oil;
- a management team that has the exploration and commercial expertise to lead the development of the Group's assets; and
- preliminary discussions underway with a potential farm-out partner to provide funding, mitigate risk and expedite exploration and potential development.

Kevin Broger, CEO of Chariot said: *"We are very pleased to announce the admission of Chariot to AIM as we believe it presents a highly prospective investment opportunity in oil and gas exploration. Namibia is a frontier exploration region with regards to oil and gas, but our exploration efforts to date strongly suggest that our Blocks may hold significant hydrocarbon accumulations. Our findings are further supported by the fact that our Blocks have analogous geology to the petroliferous provinces offshore Brazil and Angola with which they share a common geological history and petroleum system style. Admission to AIM positions us well to develop our proposition further."*

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*Capitalised terms in this announcement have the same meaning as in the Company's Admission document.*

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#### **Placing Statistics**

- |   |                |
|---|----------------|
| • Placing Price (per Ordinary Share)                                  | 130 pence      |
| • Total number of Placing Shares being issued pursuant to the Placing | 34,615,000     |
| • Number of Ordinary Shares in issue following Admission              | 141,173,471    |
| • Market capitalisation at the Placing Price on Admission             | £183.5 million |
| • Estimated gross proceeds of the Placing receivable by the Company   | £45.0 million  |

#### **Key investment highlights**

- a portfolio of oil and gas exploration Licences in Namibia, both offshore and onshore;
- the engagement of HRT Petroleum, a global petroleum system specialist, who is applying the same suite of analysis tools which have previously led to large discoveries offshore Brazil;
- identification of one Prospect and six Leads to date. Three of the Leads identified comprise a multi-layer Prospect and may be considered as such;
- a mean prospective resource volume of 3.9 billion barrels of oil;
- a management team that has the exploration and commercial expertise to lead the development of the Group's assets; and
- preliminary discussions underway with a potential farm-out partner to provide funding, mitigate risk and expedite exploration and potential development.

### **Chariot's assets**

Chariot was incorporated in Guernsey on 13 August 2007, and is the holding company for the Group which is involved in oil and gas exploration focusing on the South Atlantic margins, specifically Namibia, using state of the art technology for offshore exploration.

The Group currently holds licences covering ten Blocks in Namibia, eight of which are offshore and two of which are onshore. All of these Blocks are currently in the exploration phase. In order to progress such exploration, the Group has engaged the services of a global petroleum system specialist, High Resolution Technology & Petroleum Ltda ("HRT Petroleum") as the Group's independent technical consultant. HRT Petroleum has extensive experience of the application of deep water technologies in the discovery of new oil and gas fields from its prior work on the South Atlantic margins (primarily in Brazil but also in western Africa). HRT Petroleum has developed specialist technologies which have previously led to large discoveries offshore Brazil and these are being applied to Chariot's Blocks. The exploration focus to date has been to use this expertise and state of the art technology to build a basin model for Namibia.

HRT Petroleum has carried out a petroleum system and hydrocarbon evaluation of the Blocks, analysing a significant amount of seismic and other data. Interpretation of this data has led to the identification of one Prospect and six Leads. Three of the Leads identified comprise a multi-layer Prospect and may be considered as such.

Following the integration of all data collected to date, together with the application of a volumetric calculation, HRT Petroleum has predicted that the Prospect and the six Leads identified to date contain:

- a mean original oil in place of 15.7 billion barrels; and
- a mean prospective resource volume of 3.9 billion barrels of oil

The Group has developed a work programme that will enable the current Prospect and Lead inventory to be further explored.

Kevin Broger, CEO, has over 22 years in the oil and gas industry and previously worked as Team Lead Brazil New Ventures at Encana, one of Canada's leading exploration and production companies. Peter Kidney, non-executive Chairman, has over 25 years experience in the natural resources sector and was a founding director and is currently non-executive director of AIM company Providence Resources.

### **Offshore Namibian basins**

The Namibian offshore basins are located in the south-eastern part of the South Atlantic margin (on the west African side) and extend from land out to the 3,000 metre isobath. These basins are directly

related to the rifting of the African and the South American plates during the Lower Cretaceous period. Evolution of the South Atlantic rift started in the Jurassic era with a rift system that evolved into the passive margin basins of the present day.

The Group, by using HRT Petroleum's expertise and experience, has found a general similarity between the southern Brazilian giant petroliferous provinces, such as the Greater Campos and Santos Basins, and the west Namibian margin basins. The absence of a specific salt sequence in offshore Namibia has resulted in a different evolution for some sediments and which consequently has affected trap formation and other characteristics. However, importantly, the rift and sag sequences are very similar to those observed in the Greater Campos Basin. As a result, one can predict possible exploration analogues offshore Namibia.

### **Company strategy**

In the short term, the Group's strategy is to continue to explore the potential resources within its Blocks and to obtain further data to clarify the Prospect and Leads that have been identified by HRT Petroleum.

A critical element of the Group's strategy will also be to explore the possibility of a farm-out agreement with a major oil company to provide funding, mitigate risk and expedite exploration and potential development. Preliminary farm-out discussions with a major oil company have been initiated by the Group. These discussions are at an early stage and there is no certainty that an agreement will be reached. Further funding, via a farm-out or otherwise, will be required by the Group to scale-up its exploration activities and to enable drilling to take place in the future.

In addition to the continued exploration and development of its existing Blocks, the Directors also intend to introduce production cash flows and other exploration opportunities. The Directors' intention is primarily to remain focused on the South Atlantic margins to capitalise on its current and developing experience and expertise in this area.

### **Reasons for the Placing and Admission**

The primary purpose of the Placing is to raise sufficient funds to allow the Group to continue with the exploration of its Blocks, to develop the Prospect and Leads identified to date and to provide the Group with additional working capital to execute its business strategy outlined above.

The Directors consider that Admission will be an important step in the Group's development and will enhance its standing in the market. It will also enable the Group to access finance which may be required in order to allow the Group to progress its current and future developments and, if the Board so determines, to expand in its chosen markets both organically and through selective acquisitions.

### **Use of proceeds**

The Company is seeking to raise £40.5 million (after expenses) through the Placing which will be used to:

- continue the Group's current exploration programme and, in particular, to ensure the Group is able to fulfil its work programme obligations under the Licences. The proceeds on Admission are expected to fund the Group's work programme over the next two years;
- repay Shareholder Loans;
- provide working capital and funds for general corporate purposes; and

- evaluate and potentially fund new projects.

### Expected timetable

- Admission effective and dealings commence on AIM
- Despatch of definitive share certificates

19 May 2008  
2 June 2008

### For further information please contact:

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Kevin Broger, CEO

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*Capitalised terms in this announcement have the same meaning as in the Company's Admission document.*

*Copies of the Admission document will be available for a period of one month from the registered office of the Company, situated at Sydney Vane House, Admiral Park, St. Peter Port, Guernsey, GY1 2HU, the offices of the Company's adviser as to English law, Memery Crystal LLP, 44 Southampton Buildings, London, WC2A 1AP, United Kingdom and the Company's nominated adviser, KPMG Corporate Finance, 8 Salisbury Square, London EC4Y 8BB, United Kingdom. The Admission document is also available at the Company's website: [www.chariotoilandgas.com](http://www.chariotoilandgas.com)*

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*BMO Capital Markets Limited, which is authorised and regulated by the FSA and is a member of London Stock Exchange plc, is acting exclusively for the Company, as broker, in relation to the Placing and will not be responsible to anyone other than the Company for providing the protections afforded to clients of BMO Capital Markets Limited or advising any other person on the Placing.*

### Notes to editors:

#### 1) Namibia

Namibia is located on the Atlantic coast of southern Africa. It shares borders with Angola and Zambia to the north, Botswana to the east and South Africa to the south. Namibia is an ethnically diverse republic which gained political independence from South Africa in 1990. Since

becoming independent, Namibia has operated as a stable democracy and the country currently has a population of approximately 2.1 million people. The Namibian government has also pursued free-market principles designed to promote commercial development and has actively encouraged foreign investment. The Namibian Foreign Investment Act, which was passed in 1990, provides for freedom from nationalisation, freedom to remit capital and profits, currency convertibility and a process for settling disputes equitably. Namibia's 2007 gross domestic product was US\$6.7 billion and its gross domestic real growth rate was 4.5 per cent. (Source: Central Intelligence Agency World Fact Book.) Namibia has a country risk profile of BBB, putting it on a par with Brazil and South Africa (Source: Economist Intelligence Unit).

Namibia has a variety of natural resources and is a significant producer of diamonds, uranium, zinc and copper. The country is also a source of gold, lead, silver, tin, vanadium, gemstones, tantalite, phosphate, sulphur and salt. The economy of Namibia is currently heavily dependent on the extraction and processing of such minerals for export and at present, mining, being its second largest industry, represents some 20 per cent. of Namibia's gross national product. A number of major resource companies are already operating in Namibia including Anglo American plc, Areva CI, BHP Billiton Limited, De Beers SA and Rio Tinto plc.

## **2) Namibian oil and gas resources**

The Namibian oil and gas sedimentary basins are relatively under-explored frontier basins for hydrocarbon accumulations. To date, there has been a total of 14 wells drilled offshore Namibia. Of these, seven were classified as exploratory while seven were development or appraisal wells in the Kudu field, which is so far the only commercial hydrocarbon system discovery offshore Namibia. Five of the seven exploration wells were drilled in shallow waters. The only two deep water wells drilled up to now, are located in the Walvis Basin (well 2012/13-1 which was drilled by Sasol in 1995) and in the Lüderitz Basin (well 2513/8-1 which was drilled by Norsk Hydro in 1998). These wells were not found to contain the necessary evidence to support further exploration in these areas.

Over the past four years, in the Directors' opinion, there has been increased interest in Namibia as a prospective region for oil and gas exploration driven by enhanced global deep water offshore experience and expertise, improved gas prices and demand for gas off-takes and there is also new evidence which suggests that Namibia may have oil resources as well as gas. The offshore Namibian basins can also be considered strategically important, being located in close proximity to South Africa's energy market.

The Kudu field, as the only proven hydrocarbon system offshore Namibia to date, is located in the southern portion of offshore Namibia off the mouth of the Orange River. The field is thought to contain over 3 trillion cubic feet of gas (Source: Tullow Oil). With power shortages facing the southern African region, the Namibian government has committed to the development of this field.

Other companies that are already operating offshore of Namibia include BHP Billiton Limited, Hunt Oil Co, Neptune Petroleum Limited and Sintezneftegaz Namibia Limited. In 2007, Sintezneftegaz Namibia Limited announced its intention to drill a new exploration well in Block 1711 situated in the Namibe basin off the northern coast of Namibia and drilling commenced in April 2008.

## **3) Namibia - conjugate margin to Brazil**

The Namibian offshore basins are located in the south-eastern part of the South Atlantic margin (on the west Africa side) and extend from land out to the 3,000 metre isobath. These basins are directly related to the rifting of the African and the South American plates during the Lower Cretaceous

period. Evolution of the South Atlantic started in the Jurassic era with a rift system that evolved into the passive margin basins of the present day.

The Group, using HRT Petroleum's expertise and experience, has found a general similarity between the southern Brazilian giant petroliferous provinces, such as the Greater Campos and Santos Basins, and the west Namibian margin basins. The absence of a specific salt sequence (Aptian) in offshore Namibia has resulted in a different evolution for some sediments (post Aptian) which consequently has affected trap formation and other characteristics. However, importantly, the rift and sag sequences are very similar to those observed in the Greater Campos Basin. As a result, one can predict possible exploration analogues offshore Namibia.

In the southern Brazilian petroliferous provinces, there have recently been some significant discoveries of hydrocarbon reserves in the deeper horizons of the Greater Campos Basin, estimated to hold between 12 and 30 billion barrels or more of oil equivalent in three fields (Source: BG Group). Such discoveries were achieved further to the drilling of over 1,100 exploratory wells in the Campos Basin and 117 wells in the Santos Basin.

Only two deep water wells have been drilled in offshore Namibia to date, it is therefore, at present, a highly under-explored region. However, the Directors consider that evidence of the presence of identical elements and processes of active petroleum systems, coupled with the application of HRT Petroleum's proven technology enhances the opportunity presented by the Group's assets.

In particular, there is both direct and indirect evidence in Namibia of the presence of the same source rocks to those of the Brazilian counterpart basins with respect to their depositional sequences, rock types and oil fingerprinting. Direct evidence includes the penetration of organic-rich, high total organic carbon intervals in exploration and deep sea drilling project wells, penetrations of potential reservoir zones with shows of oil and gas, and the accumulation of gaseous and liquid hydrocarbons in the Kudu field. Indirect evidence includes potential gas chimneys and gas hydrate zones recognised on seismic data, and the presence of oil seeps detected using RADARSAT imagery.

#### **4) Chariot Board of Directors**

- ***William Peter Kidney (aged 52), non-executive Chairman***, is a fellow of the Institute of Chartered Accountants and has 25 years of experience in natural resources, including oil and gas. He was previously the Chief Executive Officer of the quoted mining company, ARCON International Resources Plc which was taken over by Lundin Mining in 2005. He is also a founding director and currently a non-executive director of Providence Resources Plc, an oil and gas exploration and production company admitted to trading on AIM. From 2004 to 2006, Peter also acted as the Chairman of the Irish Mining Industries Association, IMEG.
- ***Kevin Eric John Broger (aged 47), Chief Executive Officer***, has over 22 years of oil and gas industry experience. Prior to joining Chariot, he was Team Lead Brazil New Venture Explorations for Encana Corporation, one of Canada's largest exploration and production companies, where he was responsible for developing its Brazil exploration asset base of offshore blocks. He was actively involved in significant discoveries in 2003 in Brazil and in 1993 in Alberta. He is a qualified geologist and is a professional member of a number of Canadian geological and geophysical societies. Kevin has a degree in Geology from the University of Waterloo in Ontario, Canada.

- ***Heindrich Steven Ndume (aged 45), Country Director Namibia***, is a Namibian national with mining exploration experience throughout sub-Saharan Africa. Heindrich has played a unique role within the development of Namibia's mining and energy strategies, including acting as National Energy Council Secretary and World Energy Council Representative for the Namibian Ministry of Mines and Energy. He was also one of the founding shareholders of Greendale and Enigma.
- ***James Everett Burgess (aged 44), Commercial Director***, set up Everett Financial Management Limited in 1992 and sold it in 2003, since when he has been involved in numerous fund raisings and admissions to trading on AIM by a number of companies in the energy and resource sectors operating largely in the African continent. Prior to Everett Financial Management Limited, James worked with Hoare Govett, which is now part of ABN Amro. He is a non-executive Director of a number of companies, including Chromex Mining plc and European Business Jets plc both of which are listed on AIM.
- ***Adonis Pouroulis (aged 38), non-executive Director***, is the founder and the chairman of Petra Diamonds Ltd, a pan-African diamond mining company admitted to trading on AIM. He is also a consultant to Sirius Investment Management LP Incorporated, a fund management company active in raising capital to help finance early stage exploration. Adonis has extensive experience in the discovery and exploration of natural resources and bringing them into production, in particular within the mining industry.
- ***Norman Leighton (aged 57), non-executive Director***, is the owner and a co-director of Leighton & Leighton SNC, a company specialising in international trust and corporate administration. Norman has extensive experience acting as non-executive Director for a large number of companies. He is a Chartered Accountant and qualified as a fellow of the Institute of Chartered Accountants in England and Wales in 1984. He is a member of the Institute of Directors and of the Society of Trust and Estate Practitioners. Norman represents the interests of ICM, a major shareholder of Chariot.
- ***Robert Archibald Gilchrist Sinclair (aged 58), non-executive Director***, is managing director of the Guernsey-based Artemis Company and a director of a number of investment fund management companies and investment funds associated with Artemis Company. He is Chairman of Schroder Oriental Income Fund Limited, a director of ING UK Real Estate Income Trust Limited and chairman of its audit committee. He is a Fellow of the Institute of Chartered

Accountants in England and Wales and is resident in Guernsey. Robert represents the interests of Westward, a major shareholder of Chariot.

## **5) About HRT Petroleum:**

HRT-Petroleum is a leading consulting and service company in the areas of petroleum exploration & production and the environmental sciences at the hub of the oil and gas business in Latin America-Rio de Janeiro, Brazil. Its team of professionals with extensive domestic and international experience provides complete analysis and interpretation services in basin modeling, exploration risk assessment, petroleum geochemistry, seismic interpretation, structural geology, biology, oceanography and environment licensing and monitoring. These services include multi-client, analytical services, integrated studies and related consulting for the petroleum industry.

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*The distribution of the Ordinary Shares in Canada is being made only on a private placement basis exempt from the requirement that the issuer prepare and file a prospectus with the applicable securities regulatory authorities. The securities being offered pursuant to this document are not listed on any stock exchange in Canada and there is currently no public market for such securities in Canada. Chariot is not a reporting issuer within the meaning of applicable Canadian securities laws and is therefore exempt from compliance with any disclosure obligations that may be applicable to other Canadian public companies. Chariot currently has no intention of filing a prospectus with any securities regulatory authority in Canada to qualify the resale of its Ordinary Shares to the public, or listing its Ordinary Shares on any stock exchange in Canada. Accordingly, to be made in accordance with securities laws, any resale of the Ordinary Shares in Canada must be made under available statutory exemptions from registration and prospectus requirements or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. The above restrictions may severely restrict Canadian purchasers of Ordinary Shares from reselling the Ordinary Shares in Canada.*

*All statements other than statements of historical fact, contained in this announcement constitute "forward looking statements". In some cases forward looking statements can be identified by terms such as "may", "intend", "might", "will", "should", "could", "would", "believe", "anticipate", "expect", "estimate", "predict", "project", "potential", or the negative of these terms, and similar expressions. Such forward looking statements are based on assumptions and estimates and involve risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in Part 1 of the Admission Document entitled "Risk Factors". New factors may emerge from time to time that could cause the Company's business not to develop as it expects, and it is not possible for the Company to predict all such factors. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward looking statements except as required by law. Save as required by law, the Company disclaims any obligation to update any such forward looking statements in the announcement to reflect future events or developments.*

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