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26th September 2016

Petrel Resources plc
("Petrel" or "the Company")

Interim Statement for the period ended 30 June 2016

The main focus of Petrel in the period under review was on activity in the **Irish Atlantic Porcupine Basin**: Petrel has a 15% carried interest in two Frontier Exploration Licences, FEL 3/14 and FEL 4/14, which total 1,050km^2 and are operated by 85% holder Woodside Energy.

Petrel recently applied under the 2015 Bid Round and was awarded an additional two Licensing Options, LO 16/24 and LO 16/25. Petrel operates and owns these Licensing Options 100%.

During that Irish Atlantic Bid Round, 17 companies applied for 46 Licensing Options – the most successful Irish Bid Round yet. Among the successful companies were Exxon-Mobil, Statoil, ENI, Nexen-CNOOC and Woodside.

Joint Venture with Woodside Energy in the Irish Atlantic Porcupine Basin

The 'Bréanann' 3D seismic acquisition programme was successfully completed over c. 2,392km^2 of the northern Porcupine Basin, 150km west off the Kerry coast, south-western Ireland. Water depth of the survey was 500m to 1,300m, but likely water depth for Petrel's targets is likely to be 600 to 800m.

The state-of-the-art 3D seismic was acquired over 40 days with PGS as contractor. Circa 1,400km^2 is directly over or around FEL 3/14, in which Petrel has a 15% carried interest.

Processing of the (Pre-Stacked Depth Migration) seismic data is now underway at the DownUnder GeoSolutions (DUG) operation in Australia. We expect early results in January, with interpretation complete by mid-2017.

This work is intended to de-risk the identified primary targets of Upper Jurassic to Lower Cretaceous age, which may lead to one or more well commitments in the phase 2017 through 2021. Petrel is fully carried on the expenditure.

2015 Irish Atlantic Bid Round

Petrel was been awarded 924 km^2 of prospective Irish Atlantic Porcupine Basin acreage in June 2016 by way of two Licensing Options.

We obtained our priority bid, Licensing Option 16/24, including 664 km^2 bordering the Connemara oil-field discovered by BP in 1983.

The Licensing Option 16/24 work programme is now underway with the acquisition of relevant available seismic and well data not already in Petrel's database. These North-Western Porcupine Basin blocks are a priority, giving the best opportunity at a quality farm-out in a challenging environment. We are particularly encouraged at pinch-outs being mapped in our priority 35/1 area which extend into 35/2. The source rock is already established, as is the presence of good to excellent reservoir sands. The main risk is seal.

Further information is available in our announcement of 10th June 2016.

Ghanaian Tano Acreage

The Ghanaian Ministry of Energy and the Ghanaian National Petroleum Commission are actively considering the current re-application by Pan Andean Resources Ltd (30% Petrel, 60% Clontarf, 10% local interests) over a licence block in the prospective Tano Basin, West Africa.

There is a long drawn out process in relation to an agreement reached in 2010 but not implemented. In 2014, we agreed to withdraw a court case to force the Ghanaian authorities to respect our signed Petroleum Agreement. There was a dispute over the coordinates of our acreage. Following discussions with the Ghanaian authorities, we were offered new, and in our opinion improved, co-ordinates. As announced on 19 September 2016, we have accepted the new acreage in principle. We now move into negotiation of the licence terms and look forward to providing shareholders with further updates in due course.

This acreage seems more prospective than the deep-water acreage the technical team recently reviewed. It combines the medium water attractions of recent nearby discoveries with potential for pinch-outs up-dip of those producing discoveries.

Despite past delays, there seems to be a renewed urgency and flexibility in discussions, though there can be no guarantee of a positive outcome given the need for all Petroleum Agreements to be ratified by the Ghanaian Cabinet and Parliament.

Iraqi Turbulence Continues

Petrel holds a 5% carry through to production on any commercial production achieved by Oryx, a Canadian listed company, in the Wasit province, Iraq. Iraq has experienced another year of political and economic turmoil. Production from southern fields has continued to creep upwards to circa 4.35 million barrels daily (mmbod), despite infrastructural and decision-making challenges. This production serves internal demand of 0.8mmbod, leaving c. 3.55mmbod available for export. This is about 20% more than the pre-2003 output under sanctions, but well short of Iraq's potential.

The Western Desert, where Petrel has an interest in exploration ground, is impossible for international companies to operate in. Neither Wasit nor provincial contracts have been a priority for the Iraqi federal government over the past year. Nonetheless, Wasit (situated east of Baghdad) continues to be relatively quiet by the standards of the region, with a limited number of reported incidents.

We are encouraged that the Iraqi Government now plans to develop a small Wasit refinery, with a design capacity of 0.15mmbod, which would provide a local market for any output. Oil is already being produced at the nearby Ahdab oilfield, operated by China National Petroleum Corporation, and Badra field operated by Gazprom Neft, both in Wasit.

Future

Since 2014 the hydrocarbons industry has had to weather severe storms. Costs have been slashed – as has exploration. But so far, our key Atlantic Joint Venture has not been adversely affected. On the contrary, the recent Irish Bid Round attracted a record 46 applications from 17 companies, including Exxon-Mobil, Statoil, Woodside and Nexen/CNOOC. This surge in international interest has already boosted 3D seismic programmes and will in time, we hope, lead to wells and discoveries. It is an exciting time to be in the Porcupine Basin. Petrel is funded for current activities.

John Teeling
Chairman
23rd September 2016

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

Ends

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Petrel Resources plc
Financial Information (Unaudited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six Months Ended		Year Ended
	30 Jun 16	**30 Jun 15**	**31 Dec 15**
	unaudited	**unaudited**	**audited**
CONTINUING OPERATIONS	**€'000**	**€'000**	**€'000**
Administrative expenses	(107)	(148)	(228)
OPERATING LOSS	(107)	(148)	(228)
Investment revenue	1	1	1
LOSS BEFORE TAXATION	(106)	(147)	(227)
Income tax expense	-	-	-
LOSS FOR THE PERIOD	(106)	(147)	(227)
Other comprehensive income			
Exchange differences	(61)	237	306
TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD	(167)	90	79
LOSS PER SHARE - basic and diluted	(0.11c)	(0.15c)	(0.23c)

CONDENSED CONSOLIDATED BALANCE SHEET

	30 Jun 16	**30 Jun 15**	**31 Dec 15**
	unaudited	**unaudited**	**audited**
	€'000	**€'000**	**€'000**
ASSETS:			
NON-CURRENT ASSETS			
Financial assets	4,211	4,211	4,211
Intangible assets	1,907	1,767	1,871
	6,118	5,978	6,082
CURRENT ASSETS			
Trade and other receivables	20	46	19
Cash and cash equivalents	984	1,166	1,111
	1,004	1,212	1,130
TOTAL ASSETS	7,122	7,190	7,212
CURRENT LIABILITIES			
Trade and other payables	(392)	(281)	(315)
	(392)	(281)	(315)
NET CURRENT ASSETS	612	931	815
NET ASSETS	6,730	6,909	6,897
EQUITY			
Share capital	1,246	1,246	1,246
Share premium	21,416	21,416	21,416
Reserves	(15,932)	(15,753)	(15,765)
TOTAL EQUITY	6,730	6,909	6,897

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital €'000	Share Premium €'000	Capital Conversion Reserves €'000	Share based Payment Reserves €'000	Translation Reserves €'000	Retained Losses €'000	Total Equity €'000
As at 1 January 2015	1,246	21,416	8	26	349	(16,226)	6,819
Total comprehensive income				-	237	(147)	90
As at 30 June 2015	1,246	21,416	8	26	586	(16,373)	6,909
Total comprehensive loss				-	68	(80)	(12)
As at 31 December 2015	1,246	21,416	8	26	654	(16,453)	6,897
Total comprehensive loss				-	(61)	(106)	(167)
As at 30 June 2016	1,246	21,416	8	26	593	(16,559)	6,730

CONDENSED CONSOLIDATED CASH FLOW

	Six Months Ended 30 June 16 unaudited €'000	Six Months Ended 30 June 15 unaudited €'000	Year Ended 31 Dec 15 audited €'000
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the period	(106)	(147)	(227)
Investment revenue recognised in loss	(1)	(1)	(1)
	(107)	(148)	(228)
Movements in Working Capital	54	(49)	(11)
CASH USED IN OPERATIONS	(53)	(197)	(239)
Investment revenue	1	1	1
NET CASH USED IN OPERATING ACTIVITIES	(52)	(196)	(238)
INVESTING ACTIVITIES			
Payments for exploration and evaluation assets	(48)	(74)	(111)
NET CASH USED IN INVESTING ACTIVITIES	(48)	(74)	(111)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(100)	(270)	(349)
Cash and cash equivalents at beginning of the period	1,111	1,331	1,331
Effect of exchange rate changes on cash held in foreign currencies	(27)	105	129
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	984	1,166	1,111

Notes:

1. **INFORMATION**

The financial information for the six months ended 30 June 2016 and the comparative amounts for the six months ended 30 June 2015 are unaudited.

The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. The interim financial statements have been prepared applying the accounting policies and methods of computation used in the preparation of the published consolidated financial statements for the year ended 31 December 2015.

The interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2015, which are available on the Company's website www.petrelresources.com

The interim financial statements have not been audited or reviewed by the auditors of the Group pursuant to the Auditing Practices board guidance on Review of Interim Financial Information.

2. No dividend is proposed in respect of the period.

3. **LOSS PER SHARE**

	30 June 16	**30 June 15**	**31 Dec 15**
	€	**€**	**€**
Loss per share – Basic and Diluted	(0.11c)	(0.15c)	(0.23c)

Basic and diluted loss per share

The earnings and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	€'000	**€'000**	**€'000**
Loss for the period attributable to equity holders	(106)	(147)	(227)
Weighted average number of ordinary shares for the purpose of basic earnings per share	99,681,992	99,681,992	99,681,992

Basic and diluted loss per share are the same as the effect of the outstanding share options is anti-dilutive.

4. **INTANGIBLE ASSETS**

	30 June 16	**30 June 15**	**31 Dec 15**
Exploration and evaluation assets:	**€'000**	**€'000**	**€'000**
Opening balance	1,871	1,539	1,539
Additions	70	96	156
Exchange translation adjustment	(34)	132	176
Closing balance	1,907	1,767	1,871

Exploration and evaluation assets at 30 June 2016 represent exploration and related expenditure in respect of projects in Ireland and Ghana. The directors are aware that by its nature there is an inherent uncertainty in relation to the recoverability of amounts capitalised on the exploration projects.

The directors believe there were no facts or circumstances indicating that the carrying value of these intangible assets may exceed their recoverable amount and thus no impairment review was deemed necessary by the directors. The realisation of these intangible assets is dependent on the successful discovery and development of economic reserves and is subject to a number of significant potential risks, as set out below:

- Licence obligations;
- Funding requirements;
- Political and legal risks, including title to licence, profit sharing and taxation;
- Exchange rate risk;
- Financial risk management;
- Geological and development risks;

Directors' remuneration of €15,000 (December 2015: €30,000) and salaries of €7,500 (December 2015: €15,000) were capitalised as exploration and evaluation expenditure during the period.

Regional Analysis	**30 Jun 16**	**30 Jun 15**	**31 Dec 15**
	€'000	**€'000**	**€'000**
Ghana	909	888	911
Ireland	998	879	960
	1,907	1,767	1,871

5. SHARE CAPITAL

	2016	2015
	€	€
Authorised:		
200,000,000 ordinary shares of €0.0125	**2,500,000**	2,500,000

Allotted, called-up and fully paid:

	Number	**Share Capital**	**Premium**
		€	**€**
At 1 January 2015	99,681,992	1,246,025	21,416,085
Issued during the period	-	-	-
At 30 June 2015 and at 31 December 2015	99,681,992	1,246,025	21,416,085
Issued during the period	-	-	-
At 30 June 2016	99,681,992	1,246,025	21,416,085

6. POST BALANCE SHEET EVENTS

At the Company's Annual General Meeting held on 28th July 2016 resolutions were put to the meeting amending the Memorandum and Articles of Association to reflect the new Companies Act 2014 of Ireland. The resolutions were passed.

7. The Interim Report for the six months to June 30th, 2016 was approved by the Directors on 23rd September 2016.

8. The Interim Report will be available on the company's website at www.petrelresources.com.