



162 Clontarf Road
Dublin 3,
D03 F6T0
Ireland
Tel: +353 1 833 2833
Fax: +353 1 833 3505
info@petrelresources.com

20th September 2017

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

Interim Statement for the six months ended 30 June 2017

The main focus of Petrel in the period under review was on activity in the Irish Atlantic Porcupine Basin:

Joint Venture with Woodside Energy in the Irish Atlantic Porcupine Basin:

On behalf of the joint venture, contractor PGS has acquired state-of-the-art 3D seismic data across FEL 3/14, a 475km² block in which Petrel is 15% carried by operator Woodside Energy. Circa 1,400km² of the 3D seismic acquired is directly over or around FEL 3/14.

The 'Bréanann' 3D seismic acquisition programme was successfully completed in 40 days, over a total area of c. 2,392km² of the northern Porcupine Basin, 150km west off the Kerry coast, southwestern Ireland. Water depth of the survey was 500m to 1,300m, but the likely water depth for Petrel's targets is 600m to 800m.

Processing of the (Pre-Stacked Depth Migration) 3D seismic data is now being completed at the DownUnder GeoSolutions (DUG) operation in Australia. Quality is reported to be excellent. We expect data interpretation by late 2017.

3D seismic interpretation of pre-rift and syn-rift unconformities will be conducted by the operator, Woodside Energy.

This work is intended to de-risk identified primary targets of Upper Jurassic to Lower Cretaceous age, which may lead to a well commitment in the 2nd work phase from August 2018 through August 2022. Petrel is fully carried on the expenditure.

Discussions are underway which may lead to the arbitration process on the former FEL 4/14 being withdrawn.

Licensing Options

Petrel also holds 924km² of prospective Irish Atlantic Porcupine Basin acreage in June 2016 by way of two Licensing Options.

Licensing Option 16/24 includes our priority bid for 664km² of prime acreage bordering the Connemara oil-field discovered by BP in 1983. The Licensing Option 16/24 work programme is underway with the acquisition, reprocessing and re-interpretation 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 – as elsewhere in the Porcupine Basin. The main targets are at the Base Cretaceous, which has not yet been specifically targeted in the Porcupine Basin. These North-Western Porcupine Basin blocks constitute a well-located holding offering majors a tempting farm-in at a time of renewed interest.

Licensing Option 16/25 is a second priority to Licensing Option 16/24, as it covers only one block (45/27). Our geophysics team is reprocessing the limited number of historic 2D seismic lines covering Block 45/27, though we are also hopeful of regional insights emerging from the considerable work underway on neighbouring blocks.

Ghanaian Tano Basin Petroleum Agreement

The new Ghanaian NPP Government is reviewing historic Petroleum Agreements, with stated focus on early development. 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.

During 2017 Petrel had constructive discussions with the Ghanaian Ministry of Energy, with a mutual desire to resolve all outstanding issues and complete the ratification process.

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. Little progress has been made on this project, as Iraq has experienced another year of political and economic turmoil.

As in recent years, conflict has been concentrated in the north and west of the country. However, there have recently been tribal and inter-militia clashes in the south over contracts, territory and patronage at a time when the security services are focused elsewhere.

So far, the impact of this unrest on oil production from the southern fields has been limited, with output flat at 4.5 million barrels daily (mmbod). Internal demand of 0.8mmbod leaves c. 3.7 mmbod available for export – which has remained consistent despite infrastructural and decision-making challenges – though it remains well below the 2008 target of 6.5 and 2012 target of 8.5mmbod. Iraqi output is actually higher than

immediately before the November 2016 OPEC + Non-OPEC cuts.

Despite security progress against Da'esh, the Western Desert, where Petrel has an interest in exploration ground, is still impossible for international companies to effectively operate in these areas.

Neither Wasit nor provincial contracts have been a priority for the Iraqi Federal Government over the past year. Nonetheless, Wasit (situated east of Baghdad) has experienced a limited number of reported incidents.

Future

Since 2014 the hydrocarbons industry has had to weather severe storms. Costs have been slashed – as has exploration and investment. But the November 2016 OPEC + Non-OPEC deal has been honoured 85% - well above market expectations. The oil price has recovered and historically high stocks are now falling sharply.

So far, our key Atlantic Joint Venture has not been adversely affected by oil price volatility. Planned 3D seismic was acquired in 2016, and processing was being completed in September 2017.

Indeed, success with similar plays in eastern Canada helped the 2015 Irish Bid Round attract 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 more wells and hopefully discoveries.

It is an exciting time to be in the Porcupine Basin, and Petrel is funded for current activities.

John Teeling

Chairman

19th September 2017

This announcement contains inside information.

ENDS

For further information please visit <http://www.petrelresources.com/> or contact:

Petrel Resources

John Teeling, Chairman

+353 (0) 1 833 2833

David Horgan, Director

Nominated Adviser and Broker

Northland Capital Partners Limited

Edward Hutton / Gerry Beaney (Corporate Finance)

+44 (0) 20 3861 6625

John Howes /Bonnie Hughes (Broking)

Public Relations

Blytheweigh

+44 (0) 207 138 3204

Nick Elwes

+44 (0) 783 185 1855

Camilla Horsfall

+44 (0) 787 184 1793

Teneo PSG

Luke Hogg

+353 (0) 1 661 4055

Alan Tyrrell

+353 (0) 1 661 4055

Petrel Resources plc
Financial Information (Unaudited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six Months Ended		Year
	30 June 17	30 June 16	Ended
	unaudited	unaudited	audited
	€'000	€'000	€'000
CONTINUING OPERATIONS			
Administrative expenses	(207)	(107)	(258)
OPERATING LOSS	<u>(207)</u>	<u>(107)</u>	<u>(258)</u>
Investment revenue	0	1	1
LOSS BEFORE TAXATION	<u>(207)</u>	<u>(106)</u>	<u>(257)</u>
Income tax expense	-	-	-
LOSS FOR THE PERIOD	<u>(207)</u>	<u>(106)</u>	<u>(257)</u>
Other comprehensive income			
Exchange differences	(210)	(61)	67
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u><u>(417)</u></u>	<u><u>(167)</u></u>	<u><u>(190)</u></u>
LOSS PER SHARE - basic and diluted	<u><u>(0.21c)</u></u>	<u><u>(0.11c)</u></u>	<u><u>(0.26c)</u></u>

CONDENSED CONSOLIDATED BALANCE SHEET

	30 June 17	30 June 16	31 Dec 16
	unaudited	unaudited	audited
	€'000	€'000	€'000
ASSETS:			
NON-CURRENT ASSETS			
Financial assets	4,211	4,211	4,211
Intangible assets	2,151	1,907	2,138
	<u>6,362</u>	<u>6,118</u>	<u>6,349</u>
CURRENT ASSETS			
Trade and other receivables	27	20	23
Cash and cash equivalents	407	984	745
	<u>434</u>	<u>1,004</u>	<u>768</u>
TOTAL ASSETS	<u><u>6,796</u></u>	<u><u>7,122</u></u>	<u><u>7,117</u></u>
CURRENT LIABILITIES			
Trade and other payables	(506)	(392)	(410)
	<u>(506)</u>	<u>(392)</u>	<u>(410)</u>
NET CURRENT ASSETS	<u>(72)</u>	612	358
NET ASSETS	<u><u>6,290</u></u>	<u><u>6,730</u></u>	<u><u>6,707</u></u>
EQUITY			
Share capital	1,246	1,246	1,246
Share premium	21,416	21,416	21,416
Reserves	(16,372)	(15,932)	(15,955)
TOTAL EQUITY	<u><u>6,290</u></u>	<u><u>6,730</u></u>	<u><u>6,707</u></u>

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 2016	1,246	21,416	8	26	654	(16,453)	6,897
Total comprehensive income				-	(61)	(106)	(167)
As at 30 June 2016	1,246	21,416	8	26	593	(16,559)	6,730
Total comprehensive loss				-	128	(151)	(23)
At 31 December 2016	1,246	21,416	8	26	721	(16,710)	6,707
Total comprehensive loss				-	(210)	(207)	(417)
As at 30 June 2017	1,246	21,416	8	26	511	(16,917)	6,290

CONDENSED CONSOLIDATED CASH FLOW

	Six Months Ended		Year Ended
	30 June 17 unaudited €'000	30 June 16 unaudited €'000	31 Dec 16 audited €'000
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the period	(207)	(106)	(257)
Investment revenue recognised in loss	0	(1)	(1)
	(207)	(107)	(258)
Movements in Working Capital	70	54	45
CASH USED IN OPERATIONS	(137)	(53)	(213)
Investment revenue	0	1	1
NET CASH USED IN OPERATING ACTIVITIES	(137)	(52)	(212)
INVESTING ACTIVITIES			
Payments for exploration and evaluation assets	(158)	(48)	(160)
NET CASH USED IN INVESTING ACTIVITIES	(158)	(48)	(160)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(295)	(100)	(372)
Cash and cash equivalents at beginning of the period	745	1,111	1,111
Effect of exchange rate changes on cash held in foreign currencies	(43)	(27)	6
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	407	984	745

Notes:**1. INFORMATION**

The financial information for the six months ended 30 June 2017 and the comparative amounts for the six months ended 30 June 2016 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 2016.

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 2016, 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 17	30 June 16	31 Dec 16
	€	€	€
Loss per share – Basic and Diluted	(0.21c)	(0.11c)	(0.26c)

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	(207)	(106)	(257)
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 17	30 June 16	31 Dec 16
	€'000	€'000	€'000
Exploration and evaluation assets:			
Opening balance	2,138	1,871	1,871
Additions	180	70	206
Exchange translation adjustment	(167)	(34)	61
Closing balance	2,151	1,907	2,138

Exploration and evaluation assets at 30 June 2017 represent exploration and related expenditure in respect of projects in Ireland, Iraq 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. In addition, the current economic and political situation in Iraq is uncertain.

On March 4th 2014, the company announced that it had finalised an 85% farm-out agreement with Woodside, Australia on its offshore Ireland acreage. The agreement covers all of Petrel's participating interest in licencing option 11/6 (comprising offshore Blocks 45/6, 45/11 and 45/16) and licencing option 11/4 (comprising offshore Blocks 35/23, 35/24 and western half of 35/25). Woodside will be operator of the licencing blocks. Petrel Resources received USD\$1,300,000 (€945,214) from Woodside for the 85% farm-out.

Relating to the remaining exploration and evaluation assets at the period end, the directors believe there were no facts or circumstances indicating that the carrying value of the 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 2016: €30,000) and salaries of €7,500 (December 2016: €15,000) were capitalised as exploration and evaluation expenditure during the period.

Regional Analysis	30 Jun 17 €'000	30 Jun 16 €'000	31 Dec 16 €'000
Ghana	887	909	962
Ireland	1,264	998	1,176
	<u>2,151</u>	<u>1,907</u>	<u>2,138</u>

5. SHARE CAPITAL

	2017 €	2016 €	
Authorised:			
200,000,000 ordinary shares of €0.0125	2,500,000	2,500,000	
	<u> </u>	<u> </u>	
Allotted, called-up and fully paid:			
	Number	Share Capital €	Premium €
At 1 January 2016	99,681,992	1,246,025	21,416,085
Issued during the period	-	-	-
	<u>99,681,992</u>	<u>1,246,025</u>	<u>21,416,085</u>
At 30 June 2016 and at 31 December 2016	-	-	-
Issued during the period	-	-	-
	<u>99,681,992</u>	<u>1,246,025</u>	<u>21,416,085</u>
At 30 June 2017	<u>99,681,992</u>	<u>1,246,025</u>	<u>21,416,085</u>

6. POST BALANCE SHEET EVENTS

There were no material post balance sheet events affecting the company or group.

7. The Interim Report for the six months to June 30th, 2017 was approved by the Directors on 19th September 2017.
8. The Interim Report will be available on the company's website at www.petrelresources.com.