



162 Clontarf Road

Dublin 3,

D03 F6T0

Ireland

Tel: +353 1 833 2833

Fax: +353 1 833 3505

info@petrelresources.com

23rd September 2019

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

Interim Statement for the six months ended 30 June 2019

Petrel Resources plc (AIM: PET) today announces financial results for the six months ended 30th June 2019.

Petrel's main focus in the period under review was on re-building its Iraqi presence, the Ghanaian Tano 2A Block Petroleum Agreement, and the Irish Atlantic Porcupine Basin:

Aware of the need to strengthen Petrel's balance sheet so as to facilitate re-qualification in Iraq, and ratification in Ghana, Petrel welcomed an influential group of substantial investors on board for an initial 29.99% of the enlarged share capital. The net proceeds will be utilised to acquire and develop assets in the Middle East, particularly Iraq, and North Africa. The Middle East & North Africa (MENA) region offers unique oil & gas opportunities for those able to operate. Petrel has worked in the Middle East since 1999, and has shown the ability to operate in challenging circumstances, without loss of life or equipment.

The group of new investors in Petrel are nominating two directors. They bring significant financial and hydrocarbon experience in the MENA region, and may inject additional capital and projects on agreed terms.

Iraq:

While challenges remain, the Iraqi government encourages international investors with Iraqi operating experience. The security situation has dramatically improved since 2018. Iraq remains exempt from OPEC quotas, and Iraqi oil output has reached 4.7 million barrels of oil daily.

The next Iraqi bidding round (for exploration of blocks with gas potential) is expected during 2020. The model contract is expected to be an updated version of the Iraqi hybrid exploration and development contract, incorporating aspects of service contract and production sharing. These terms are more attractive for international explorers than in prior bid rounds.

The improving security situation in western Iraq has again made possible field-work on prime western desert exploration blocks, including Block 6, on which we worked from 2002. Similarly, the Merjan oil discovery, by Mobil in 1982, which has recently been packaged with Kifl & west Kifl oilfields, has arisen as a possible development project. The Merjan oilfield and surroundings, on which Petrel operated a Technical Cooperation Agreement in joint venture with Japanese giant Itochu from 2004 through 2007, has recently been covered by 1,000 km sq a 3d seismic survey conducted by the Iraqi Oil Exploration Company. This enhanced data should further minimise the risks & costs of development.

Ghana:

Separately, Petrel and its partners are making slow progress with the Ghanaian authorities. Petrel and its partners have entered into discussions with prospective partners, whose resources may expedite and ease

the planned ratification of Tano 2A Block in the prospective Ghana western basin, where circa 200,000 barrels of oil daily are now being produced.

Irish Atlantic Porcupine Basin:

Despite 3d seismic programmes by several majors, the anticipated multi-well drilling programme in the Irish Atlantic has been delayed by a politically-inspired private members' bill hoping to ban future licence rounds and extensions. There were only 3 wells since 2013, including an unsuccessful ultra-deep Iolar well by CNOOC & Exxon Mobil during 2019.

The bill was recently rejected by the Irish government, but there is no guarantee that a future government would not adopt a different approach.

In terms of prospectivity, the Porcupine Basin has established source rock, moderate to excellent reservoirs, but the historical issue has been top-seal. The industry expects discoveries but it needs several wells to test the many plays.

There are 2 basic plays which attracted bigger players since 2013: Cretaceous plays similar to west Africa, e.g. Ghana, and the 'Conjugate Margin' Jurassic play modelled on eastern Canadian discoveries.

The re-arrival of majors (ExxonMobil, Equinor, CNOOC/Nexen, ENI, Total, etc. since 2015 is mainly due to the 'eastern Canadian Jurassic play' which should equally apply to the Irish Atlantic (which was joined to Canada until the Jurassic).

The province is frontier (with only 33 wells so far in the Porcupine basin), with several sub-economic discoveries (Connemara, Spanish Point, Burren, etc. (as well as the Corrib gas-field further north in the Slyne Trough).

Frontier Exploration Licence (FEL) 11/18:

Petrel's Joint Venture with Woodside Energy is now focused on the key FEL 11/18 – with several shallow water and rock targets, located only 150km southwest of Kerry/Cork. There are a wide variety of potential drill targets, especially of mid-depth of late Jurassic / early Cretaceous age.

Petrel acquired this 10% working interest at no cost, as part of the resolution of prior issues under arbitration. FEL 11/18 covers circa 1,579km² of acreage, combining a number of play types in reasonable water and rock depths.

Our 10% stake brings access to all historic data, as well as circa 1,600km² of state-of-the-art 3D seismic data.

Frontier Exploration Licence (FEL) 3/14:

Petrel's 100% operated FEL 3/14 work programme from 8/2018 (when Woodside exited their 85% operating working interest) until end 8/2019 is nearing completion.

We have applied for a further extension to seek drilling partners, but this has not yet been granted.

Licensing Option (LO) 16/24:

Petrel has proposed a work programme for the conversion of our recently expired Licensing Option 16/24 into a Frontier Exploration Licence – but Petrel is not yet ready to commit to drilling a well until this acreage has been farmed down.

Licensing Option 16/24 includes 664km² bordering the Connemara oil-field discovered by BP in 1983. Though sufficient oil did not flow to be commercial, the proximity to mobile oil enhances our acreage.

John Teeling

Chairman

20th September 2019

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

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

Beaumont Cornish - Nominated Adviser

Felicity Geidt

+44 (0) 020 7628 3396

Roland Cornish

Novum Securities Limited – Broker

+44 (0) 20 399 9400

Colin Rowbury

Blytheweigh – PR

+44 (0) 20 7138 3206

Julia Tilley

+44 (0) 207 138 3553

Fergus Cowan

+44 (0) 207 138 3208

Teneo

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	30 June	Ended
	2019	2018	31 Dec
	unaudited	unaudited	audited
	€'000	€'000	€'000
CONTINUING OPERATIONS			
Administrative expenses	(115)	(104)	(239)
OPERATING LOSS	<u>(115)</u>	<u>(104)</u>	<u>(239)</u>
LOSS BEFORE TAXATION	<u>(115)</u>	<u>(104)</u>	<u>(239)</u>
Income tax expense	-	-	-
LOSS FOR THE PERIOD	<u>(115)</u>	<u>(104)</u>	<u>(239)</u>
Other comprehensive income			
Exchange differences	24	57	96
TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD	<u>(91)</u>	<u>(47)</u>	<u>(143)</u>
LOSS PER SHARE - basic and diluted	<u>(0.11c)</u>	<u>(0.10c)</u>	<u>(0.27c)</u>

CONDENSED CONSOLIDATED BALANCE SHEET

	30 June	30 June	31 Dec
	2019	2018	2018
	unaudited	unaudited	audited
	€'000	€'000	€'000
ASSETS:			
NON-CURRENT ASSETS			
Intangible assets	2,593	2,357	2,523
	<u>2,593</u>	<u>2,357</u>	<u>2,523</u>
CURRENT ASSETS			
Trade and other receivables	59	39	58
Cash and cash equivalents	178	108	330
	<u>237</u>	<u>147</u>	<u>388</u>
TOTAL ASSETS	<u>2,830</u>	<u>2,504</u>	<u>2,911</u>
CURRENT LIABILITIES			
Trade and other payables	(643)	(558)	(633)
	<u>(643)</u>	<u>(558)</u>	<u>(633)</u>
NET CURRENT ASSETS	<u>(406)</u>	<u>(411)</u>	<u>(245)</u>
NET ASSETS	<u>2,187</u>	<u>1,946</u>	<u>2,278</u>
EQUITY			
Share capital	1,307	1,246	1,307
Capital conversion reserve fund	8	8	8
Capital redemption reserve	209	0	209
Share premium	21,601	21,416	21,601
Share based payment reserve	27	27	27
Translation reserve	519	456	495
Retained deficit	(21,484)	(21,207)	(21,369)
TOTAL EQUITY	<u>2,187</u>	<u>1,946</u>	<u>2,278</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital €'000	Share Premium €'000	Capital Redemption Reserves €'000	Capital Conversion Reserves €'000	Share based Payment Reserves €'000	Translation Reserves €'000	Retained Losses €'000	Total Equity €'000
As at 1 January 2018	1,246	21,416	0	8	27	399	(21,103)	1,993
Total comprehensive income					-	57	(104)	(47)
As at 30 June 2018	1,246	21,416	0	8	27	456	(21,207)	1,946
Shares issued	270	185						455
Share issue expenses							(27)	(27)
Shares cancelled	(209)		209					0
Total comprehensive loss					-	39	(135)	(96)
As at 31 December 2018	1,307	21,601	209	8	27	495	(21,369)	2,278
Total comprehensive loss					-	24	(115)	(91)
As at 30 June 2019	1,307	21,601	209	8	27	519	(21,484)	2,187

CONDENSED CONSOLIDATED CASH FLOW

	Six Months Ended		Year Ended
	30 June 2019	30 June 2018	31 Dec 2018
	unaudited €'000	unaudited €'000	audited €'000
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the period	(115)	(104)	(239)
	(115)	(104)	(239)
Movements in Working Capital	9	(38)	(27)
CASH USED IN OPERATIONS	(106)	(142)	(266)
NET CASH USED IN OPERATING ACTIVITIES	(106)	(142)	(266)
INVESTING ACTIVITIES			
Payments for exploration and evaluation assets	(47)	(120)	(196)
NET CASH USED IN INVESTING ACTIVITIES	(47)	(120)	(196)
FINANCING ACTIVITIES			
Shares issued	0	0	455
Share issue expenses	0	0	(27)
NET CASH GENERATED FROM FINANCING ACTIVITIES	0	0	428
NET DECREASE IN CASH AND CASH EQUIVALENTS	(153)	(262)	(34)
Cash and cash equivalents at beginning of the period	330	371	371
Effect of exchange rate changes on cash held in foreign currencies	1	(1)	(7)
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	178	108	330

Notes:**1. INFORMATION**

The financial information for the six months ended 30 June 2019 and the comparative amounts for the six months ended 30 June 2018 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 2018.

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 2018, 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 19	30 June 18	31 Dec 18
	€	€	€
Loss per share – Basic and Diluted	(0.11c)	(0.10c)	(0.27c)

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	(115)	(104)	(239)
Weighted average number of ordinary shares for the purpose of basic earnings per share	104,557,246	99,681,992	87,733,283

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 19	30 June 18	31 Dec 18
	€'000	€'000	€'000
Exploration and evaluation assets:			
Opening balance	2,523	2,179	2,179
Additions	47	120	241
Exchange translation adjustment	23	58	103
Closing balance	2,593	2,357	2,523

Exploration and evaluation assets at 30 June 2019 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.

Relating to the remaining exploration and evaluation assets at the financial year 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 2018: €30,000) and salaries of €7,500 (December 2018: €15,000) were capitalised as exploration and evaluation expenditure during the period.

Regional Analysis	30 Jun 19 €'000	30 Jun 18 €'000	31 Dec 18 €'000
Ghana	918	866	911
Ireland	1,675	1,491	1,612
	<u>2,593</u>	<u>2,357</u>	<u>2,523</u>

5. SHARE CAPITAL

	2019 €'000	2018 €'000	
Authorised:			
800,000,000 (Dec 18: 200,000,000) ordinary shares of €0.0125	10,000	2,500	
	<u> </u>	<u> </u>	
Allotted, called-up and fully paid:			
	Number	Share Capital €'000	
		Premium €'000	
At 1 January 2018	99,681,992	1,246	21,416
Issued during the period	21,622,622	270	185
Shares cancelled	(16,747,368)	(209)	-
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2018	104,557,246	1,307	21,601
Issued during the period	-	-	-
	<u> </u>	<u> </u>	<u> </u>
At 30 June 2019	99,681,992	1,246	21,416
	<u> </u>	<u> </u>	<u> </u>

Movements in issued share capital

On 25 July 2018 the company received shareholder approval for the following transaction:

- the contract between Amira Petroleum N.V., Amira International Holding Limited and the Company for the purchase of 16,147,368 ordinary shares of €0.0125 each in the capital of the Company for nominal consideration; and
- the contract between Hannam & Partners (Advisory) Group Services Ltd and the Company for the purchase of 600,000 ordinary shares of 0.0125 each in the capital of the Company for nominal consideration.

The aggregate 16,747,368 ordinary shares of €0.0125 each were immediately cancelled upon their repurchase by the Company.

The purchase consideration of £20 was funded by the issue of 1000 Ordinary shares of €0.0125 at 2p per share.

On 11 October 2018 a total of 21,621,622 shares were placed at a price of 1.85 pence per share. Proceeds were used to provide additional working capital and fund development costs.

6. POST BALANCE SHEET EVENTS

On 30 July 2019 the company announced that the Company had arranged a placing at €0.0125 per share raising €559,861 by the issue of 44,788,913 new ordinary shares in the Company representing 29.99% of the enlarged share capital.

The net proceeds from the placing will be utilised by the Company to acquire and develop assets in the Middle East and North Africa.

7. The Interim Report for the six months to 30th June 2019 was approved by the Directors on 20th September 2019.

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