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18 September 2023

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

Unaudited Interim Statement for the six months ended 30 June 2023

Petrel Resources plc (AIM: PET) today announces unaudited financial results for the six months ended 30th June 2023.

Petrel is a hydrocarbon explorer with interests in Iraq, and Ghana.

Highlights

- Petrel has fine-tuned its Iraqi proposals, following feedback. We have contractors and suppliers identified but seek improved fiscal terms to attract partners.
- An updated Merjan oil field development proposal has been submitted to the Ministry with a view to finalising a licence agreement.
- Iraqi oil output fell to 4.2 million barrels daily in July 2023, in line with OPEC+ output cut agreements. Iraqi potential is substantially higher, while infrastructural issues are being addressed.
- However, despite strong energy prices, and recovered demand, oil & gas explorers' shares remain out-of-favour in the London market – though there is Australian interest.
- Fiscal terms in the Middle East still reflect historical conditions rather than current market realities. Politicians are slow to agree contractual terms that maximise value for all parties.
- Ratification discussions on Tano 2A block with Ghanaian authorities continue – though the authorities have sought to chip away at the acreage and fiscal terms previously agreed. A new realism seems evident.

Chairman's Statement

Europe is de-industrialising, due to policies generally hostile to reliable fuels, but global oil & gas demand continues to recover, as Asia recovers from lock-downs.

The withdrawal of most majors from non-core basins undermined the farm-out market after 2014. Majors who had entered OPEC country projects, often on uneconomic terms, now exit marginal or non-core projects as they buy shares back and issue record dividends instead of exploring.

Institutional reluctance to invest in exploration for reliable fuels continues. Available funds are from private clients and traders demanding discounts. We prefer to avoid incurring work commitments requiring dilution at current prices. We prefer to prepare early-stage projects to farm down when markets turn.

The world is changing: BRICS+ now have a larger GDP than the G-7. Europe is declining, but Asia is not. The future is in the Global South (Brazil, India, Indonesia and China, which, along with Nigeria and Mexico). Australian brokers and investors have profited through the liquidity of Petrel's sister company, Clontarf Energy plc. They press Petrel Resources plc to accept Australian and Asian participation. So far, we have avoided dilution, [but as we roll out high-potential new projects, and the share price hopefully rises, it may be attractive to accept funding].

Petrel has assessed various expansion projects, which failed due diligence or did not deliver funding on satisfactory terms. These included oil and gas, as well as in new, dynamic sectors. Proposals are many but cash at market rates is sometimes lacking.

Petrel offers a 23-year AIM record, with potential liquidity and capital appreciation for robust opportunities. As investors re-focus on 'hard industries' and cash flow, we very much consider this is a time of opportunity.

Financing

The directors and their supporters funded working capital needs, and are prepared to participate in any necessary, future fundings.

The board expects to add another one or more Non-Executive Director with the next major deal.

David Horgan
Chairman
17 September 2023

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

Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement. In addition, market soundings (as defined in MAR) were taken in respect of the matters contained in this announcement, with the result that certain persons became aware of inside information (as defined in MAR), as permitted by MAR. This inside information is set out in this announcement. Therefore, those persons that received inside information in a market sounding are no longer in possession of such inside information relating to the company and its securities.

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Petrel Resources plc
Financial Information (Unaudited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six Months Ended		Year Ended
	30 June 23	30 June 22	31 Dec 22
	unaudited	unaudited	audited
	€'000	€'000	€'000
Administrative expenses	(164)	(140)	(311)
	-	-	-
OPERATING LOSS	(164)	(140)	(311)
LOSS BEFORE TAXATION	(164)	(140)	(311)
Income tax expense	-	-	-
LOSS FOR THE PERIOD	(164)	(140)	(311)
Other comprehensive income	-	-	-
TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD	(164)	(140)	(311)
LOSS PER SHARE - basic and diluted	(0.09c)	(0.09c)	(0.19c)

CONDENSED STATEMENT OF FINANCIAL POSITION

	30 June 23	30 June 22	31 Dec 22
	unaudited	unaudited	audited
	€'000	€'000	€'000
ASSETS:			
NON-CURRENT ASSETS			
Intangible assets	933	933	933
	933	933	933
CURRENT ASSETS			
Trade and other receivables	30	12	34
Cash and cash equivalents	51	30	166
	81	42	200
TOTAL ASSETS	1,014	975	1,133
CURRENT LIABILITIES			
Trade and other payables	(935)	(847)	(890)
	(935)	(847)	(890)
NET CURRENT LIABILITIES	(854)	(805)	(690)
NET ASSETS	79	128	243
EQUITY			
Share capital	2,223	1,963	2,223
Capital conversion reserve fund	8	8	8
Capital redemption reserve	209	209	209
Share premium	21,812	21,786	21,812
Share based payment reserve	27	27	27
Retained deficit	(24,200)	(23,865)	(24,036)
TOTAL EQUITY	79	128	243

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	Retained Losses €'000	Total Equity €'000
As at 1 January 2022	1,963	21,786	209	8	27	(23,725)	268
Total comprehensive income					-	(140)	(140)
As at 30 June 2022	1,963	21,786	209	8	27	(23,865)	128
Issue of shares	260	26	-	-	-	-	286
Total comprehensive income					-	(171)	(171)
As at 31 December 2022	2,223	21,812	209	8	27	(24,036)	243
Total comprehensive income					-	(164)	(164)
As at 30 June 2023	2,223	21,812	209	8	27	(24,200)	79

CONDENSED CONSOLIDATED CASH FLOW

	Six Months Ended		Year Ended
	30 June 23	30 June 22	31 Dec 22
	unaudited	unaudited	audited
	€'000	€'000	€'000
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the period	(164)	(140)	(311)
Foreign exchange	1	2	3
	(163)	(138)	(308)
Movements in Working Capital	49	68	89
CASH USED IN OPERATIONS	(114)	(70)	(219)
NET CASH USED IN OPERATING ACTIVITIES	(114)	(70)	(219)
FINANCING ACTIVITIES			
Shares issued	-	-	286
NET CASH USED IN FINANCING ACTIVITIES	-	-	286
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(114)	(70)	67
Cash and cash equivalents at beginning of the period	166	102	102
Effect of exchange rate changes on cash held in foreign currencies	(1)	(2)	(3)
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	51	30	166

Notes:

1. INFORMATION

The financial information for the six months ended 30 June 2023 and the comparative amounts for the six months ended 30 June 2022 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 2022.

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 2022, 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. GOING CONCERN

The Group incurred a loss for the period of €164,206 (2022: loss of €310,813) and had net current liabilities of €854,017 (2022: €689,811) at the balance sheet date. These conditions as well as those noted below, represent a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern.

Included in current liabilities is an amount of €902,531 (2022: €857,531) owed to key management personnel in respect of remuneration due at the balance sheet date. Key management have confirmed that they will not seek settlement of these amounts in cash for a period of at least one year after the date of approval of the financial statements or until the Group has generated sufficient funds from its operations after paying its third party creditors.

The Group and Company had a cash balance of €51,098 (2022: €166,309) at the balance sheet date. Additional finance may be required to fund working capital requirements and develop existing projects. As the Group is not revenue or cash generating it relies on raising capital from the public market.

These conditions as well as those noted below, represent a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern.

As in previous years the Directors have given careful consideration to the appropriateness of the going concern basis in the preparation of the financial statements and believe the going concern basis is appropriate for these financial statements. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

4. LOSS PER SHARE

Basic loss per share is computed by dividing the loss after taxation for the year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue and ranking for dividend during the year. Diluted earnings per share is computed by dividing the loss after taxation for the year by the weighted average number of ordinary shares in issue, adjusted for the effect of all dilutive potential ordinary shares that were outstanding during the year.

The following table sets out the computation for basic and diluted earnings per share (EPS):

	30 June 23	30 June 22	31 Dec 22
	€	€	€
Loss per share – Basic and Diluted	(0.09c)	(0.09c)	(0.19c)

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:

Loss for the period attributable to equity holders	€'000 (164)	€'000 (140)	€'000 (311)
Denominator for basic and diluted EPS	Number 177,871,800	Number 157,038,467	Number 160,919,745

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

5. INTANGIBLE ASSETS

	30 June 23	30 June 22	31 Dec 22
	€'000	€'000	€'000
Exploration and evaluation assets:			
Opening balance	933	933	933
Additions	-	-	-
Impairment	-	-	-
Closing balance	933	933	933

Exploration and evaluation assets relate to expenditure incurred in exploration in Ghana. The directors are aware that by its nature there is an inherent uncertainty in Exploration and evaluation assets and therefore inherent uncertainty in relation to the carrying value of capitalized exploration and evaluation assets.

During 2018 the Group resolved the outstanding issues with the Ghana National Petroleum Company (GNPC) regarding a contract for the development of the Tano 2A Block. The Group has signed a Petroleum Agreement in relation to the block and this agreement awaits ratification by the Ghanaian government.

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;
- Exchange rate risks;
- Uncertainty over development and operational costs;
- Political and legal risks, including arrangements with Governments for licences, profit sharing and taxation;
- Foreign investment risks including increases in taxes, royalties and renegotiation of contracts;
- Financial risk management;
- Going concern and
- Ability to raise finance.

Regional Analysis	30 Jun 23	30 Jun 22	31 Dec 22
	€'000	€'000	€'000
Ghana	933	933	933

6. SHARE CAPITAL

	2023 €'000	2022 €'000
Authorised:		
800,000,000 ordinary shares of €0.0125	10,000	10,000

Ordinary Shares -nominal value of €0.0125 Allotted, called-up and fully paid

	Number	Share Capital €'000	Share Premium €'000
At 1 January 2022	157,038,467	1,963	21,786
Share issue	-	-	-
At 30 June 2022	157,038,467	1,963	21,786
Share issue	20,833,333	260	26
At 31 December 2022	177,871,800	2,223	21,812
Share issue	-	-	-
At 30 June 2023	177,871,800	2,223	21,812

Movements in issued share capital

There was no movement in the issued share capital of the company in the current period.

7. OTHER RESERVES

	Capital Redemption Reserve €'000	Capital Conversion Reserve Fund €'000	Share Based Payment Reserve €'000
Balance at 1 January 2022	209	8	27
Movement during the year	-	-	-
Balance at 30 June 2022 and 31 December 2022	209	8	27
Movement during the year	-	-	-
Balance at 30 June 2023	209	8	7

Capital redemption reserve

The Capital redemption reserve reflects nominal value of shares cancelled by the Company.

Capital conversion reserve fund

The ordinary shares of the company were re-nominalised from €0.0126774 each to €0.0125 each in 2001 and the amount by which the issued share capital of the company was reduced was transferred to the capital conversion reserve fund.

Share Based Payment Reserve

The share-based payment reserve arises on the grant of share options under the share option plan. Share options expired are reallocated from the share-based payment reserve to retained deficit at their grant date fair value.

8. RETAINED DEFICIT

	Retained Deficit €'000
At 1 January 2022	(23,725)
Profit/(Loss) for the period	(140)
At 30 June 2022	(23,865)
Profit/(Loss) for the period	(171)
At 31 December 2022	(24,036)
Profit/(Loss) for the period	(164)
At 30 June 2023	(24,200)

Retained deficit

Retained deficit comprises of losses incurred in the current and prior years.

9. POST BALANCE SHEET EVENTS

There are no material post balance sheets events affecting the Group.

10. The Interim Report for the six months to 30th June 2023 was approved by the Directors on 17 September 2023.

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