10166359 (England and Wales)

PENNPETRO ENERGY PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE 15 MONTH PERIOD ENDED 31 MARCH 2023

CONTENTS

COMPANY INFORMATION

Directors	David Lenigas *(Executive Chairman)* Olof Nils Rapp *(Senior Non-Executive Director)* Thomas Evans *(Executive Director)* Andrew Clifford *(Non-Executive Director)*	
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Chairman's Statement

Dear Shareholders,

I am pleased to present the annual results for Pennpetro Energy Plc ("Pennpetro") for the period ended 31 March 2023, as the new Executive Chairman, replacing Olof Rapp who has held the position on an interim basis since the departure of Keith Edelman. and I thank them both from their support of the Company.

We have changed the year end this year for the publishing of our Annual Report from a 31 December year end date to 31 March year end date so that all of our subsidiary companies reported on the same date.

As reported last year after selling oil commercially for only one month from our initial well (COG #1) in the Gonzales field in Texas, as the world went into lockdown, we suspended all operations and activities in Texas, in line with the requests of the US Government and Texas State Legislators. The re-opening of the COG #1 well will be a priority for us this coming year.

Covid put the Company into a difficult position, however I'm please to now report that post the last two capital raises in April 2023 and July 2023 totalling £1.8m (gross), Pennpetro is in a much stronger financially position and is now back operating in Texas and is planning a very busy oil production year ahead.

During the reporting period the Company investigated expanding its operative horizons outside of Texas by initially agreeing to farm into the onshore Tunisian assets held by Upland Resources Limited. We outlined this expansionary activity through our RNS which we announced to the LSE on the 21 July 2022. Upon both Tom Evans and Andy Clifford, the President of our subsidiary company Nobel Petroleum USA Inc., who had been contracted as the Operator, visiting Tunisia and engaging with the relevant Tunisian Government authorities, it was evident that there were certain outstanding issues that Upland had failed to deliver upon resulting in the decision of Pennpetro to terminating the farm-in.

Texas has always been a Pennpetro focus and during the period the Company signed a Participation, Development and Option Agreement with Millennium PetroCapital Corporation in March 2023 regarding certain of their operational assets located adjacent to our own Gonzales areas. The active area comprises 250,000 acres being the Area of Mutual Interest. This Agreement has been subsequently expanded upon with Pennpetro taking full ownership of the Chalk Talk #1H, Chalk Talk #4 and Chalk Talk #3H (including Whistling Starits #5H sidetrack) wells, as announced on from 27 June 2023.

Additionally, and in a very exciting development for the Company, we also executed on 28 March 2023 a farm-in agreement with UKOG Limited and Horse Hill Developments Limited, both subsidiaries of UK Oil & Gas Plc, to drill the next infill oil production well at Horse Hill Oil Field – the Horse Hill 3 well. This field, just to the north of London's Gatwick Airport, continues to produce 35° to 41° degree API sweet quality oil from the discovery well, and according to UKOG, the HH-1 well production to mid-March 2023 totalled over 185,000 barrels. Pennpetro must undertake a new 3D seismic programme over Horse Hill as a prerequisite to drilling HH-3. The farm-in agreement is not yet unconditional, but Pennpetro is hopeful that the Horse Hill Development partners will sanction the Pennpetro involvement.

During the reporting period, the Company expanded its capital base by the placement of 1,166,667 ordinary new shares to raise £350,000 (gross) during March 2022 for additional working capital purposes, and the appointment of Peterhouse Capital Limited as our corporate broker. We also agreed the appointment of Zeus Partners as joint broker and financial advisor.

Since the period end, the Company raised £1.5 million (gross) with the issue of 10,000,000 new shares together with support from existing shareholders as to their contributing shares. This financing closed on 11 April 2023.

This financing was followed by a further raise for £300,000 in May 2023 with the issuance of 5,800,000 new shares and again with the support from existing shareholders. The Company also has access to a $20 million financing facility, signed in May 2021, which remains undrawn.

Pennpetro has a lot to get on with operationally this year. Ideally, we would like to see at all of the Chalk Talk 1 and 4 wells, Chalk Talk #3H well (including the Whistling Straits #5 sidetrack) and City of Gonzales (COG #1) wells contributing to the Company's cashflow between now and the end of 2023. We see a lot of expansion potential for oil production in Texas on top of our existing well portfolio and will endeavour to pursue low-cost oil production as we move forward.

The past few years have been more than challenging for Pennpetro. Tom Evans and his team have done a remarkable job in keeping the Company alive through very difficult circumstances and I thank them for their herculean efforts in doing so. I would also like to thank our valued shareholders, partners and contractors for their assistance over the past few years. Here's looking forward to a much more fruitful 2023. Success if all about oil production and we now have at least 4 wells to bring on line in Texas and potentially a very exciting opportunity of drilling the next Horse Hill production well in the UK.

David Lenigas
Executive Chairman
18 October 2023

Executive Director's Statement

The reporting period for 15 months to the 31 March 2023 saw no oil production from Gonzales County in Texas. Our COG #1 well was shut in due to Covid related shut downs as per US Government instructions. Production had not been restarted by the end of the period, but plans are being put in place to look at putting COG #1 back into production by the end of Calendar Year 2023.

On the 16 March 2023 Pennpetro announced that its wholly owned subsidiary, Nobel Petroleum USA Inc. ("Nobel") has reached an important milestone towards becoming an oil producer again with the execution of the Participation, Development and Option Agreement and Joint Operating Agreement with Millennium PetroCapital Corporation ("Millennium") for a proposed 250,000 acre (1,011 square kilometres) Area of Mutual Interest ("AMI") petroleum joint venture in Gonzales County, Texas. That announcement followed the earlier RNS, dated 10 October 2022, announcing the signing of the initial heads of terms agreement with Millennium.

On 28 March 2023, just prior to the end of the reporting period, the Company made a number of very significant announcements. These included a fresh financing for £1.5 million (gross), the commitment to participate with Millennium in the Whistling Straits #5H sidetrack well off the Chalk Talk #3H well and the appointment of Mr David Lenigas as the Company's new Executive Chairman.

By the 14 April 2023, the well has been drilled to 10,195 feet MD with a 7,632.22 feet true vertical depth ("TVD") having reached our target and penetrated the crestal portion of the microfracture swarm. It was reported that oil shows were seen on the rig's skimmer tanks from 8,120 feet over numerous extended intervals with gas flares registering between 129-226 units of gas including C1 through ti C4.

At that time, Nobel was paying 33.33% of the cost to drill and complete this joint development well connected to the storage tanks for a net 25% working interest (18.75% net revenue interest) as well as a prospect fee which covers sunk costs relating to leasing, land, legal, 3D seismic licensing, geological and geophysical analysis.

Millennium, the Whistling Straits #5H well operator attempted to flow the well with a JET pump and the partners decided that this pump was unsuitable for this well and a down hole ESP pump would be better suited.

On 27 June 2023, Nobel Petroleum USA Inc. ("Nobel") signed a series of agreements with Millennium PetroCapital Corporation ("Millennium") to increase its stake in the Whistling Straits #5H well from a 25% working interest ("WI") to a 100% WI with 75% net revenue interest ("NRI") and to assume operatorship of the well with immediate effect in addition to 2,036.38 acres of oil leases.

Nobel also has the exclusive right to acquire a 100% WI in two nearby Chalk Talk wells (Chalk Talk #1H and Chalk Talk #4H) for no additional costs, if Nobel determines that production can be restored to one or both wells within a 90 day evaluation period. In August 2023, Nobel exercised its rights to buy 100% of Chalk Talk #1H and #4H. Initial production rates typically range from 100-400 barrels of oil per day ("bopd"), based on unfracked analog wells within the Austin Chalk Play for new wells. The Chalk Talk #1H well has previously produced 55,000 barrels of oil between June 2020 and July 2022 while the Chalk Talk #4H well produced 6,400 barrels of oil between June 2021 and November 2021. Both wells were producing at rates of approximately 15-20 bopd prior to being shut-in and Nobel hopes to restore production to similar levels or better after a thorough evaluation and contingent upon a well workover.

The Company plans to bring on oil production from Chalk Talk #1H, Chalk Talk #3H (Whistling Straights #5H sidetrack) and COG #1 wells during 2023.

Going back to our City of Gonzales operations, our focus during the latter part of 2021 and 2022 was to continue to develop our proven reserve base at our licences in Gonzales, which had been previously curtailed by Covid-19 and the ensuing pandemic conditions imposed across all of the United States.

According to the Group's Competent Person's Report ("CPR"), prepared in December 2017, Pennpetro had a Working Interest in 2,000 Mbbl of oil and 1,000 MMcf of gas across its Gonzales leases. On 6 August 2019, Nobel increased its working interest in the portfolio of petroleum interests from 75% to 100%, thereby its Working Interest is now over 4,000 MBBL (4 millions barrels) of oil and 2,000 MMcf (2 Bcf) of gas resulting in a substantive uplift in our valuation metric.

Tunisia

In July 2022 the Company farmed into the prospective onshore Saouaf petroleum permit in Tunisia held by Upland Resources Limited. Unfortunately, post a visit by myself and Andy Clifford to Tunisia and engaging with the relevant Tunisian Government authorities, it was not possible to continue with this project due to substantive unresolved Upland Resources limited issues regarding the veracity of the permit. We elected to terminate our engagement in November. However, Tunisia is an area to which we may well return in the future as we have built excellent relationships within the country, which has an attractive suite of under-explored and under-developed opportunities.

United Kingdom - Horse Hill

On the United Kingdom domestic front, it was announced on 28 March 2023 that the Company had signed an agreement with UKOG Limited and Horse Hill Developments Limited both subsidiaries of UK Oil & Gas Plc to farm-in and drill the next infill oil production well at the Horse Hill Oil Field located about 2 km north of Gatwick Airport. The Agreement covers Horse Hill and its surrounding licences covering an aggregate area of 142.9 square kilometres.

The drilling of a new crestal infill, designated Horse Hill-3, will be undertaken post completion of a high-definition 3D seismic survey. We will receive a direct licence interest of 49% inclusive production. UKOG advised in mid-March that continuing commitments and financing costs remain low, manageable and flexible. The farm-in agreement is not yet unconditional.

Corporate

Pennpetro's Board currently comprises four Directors, who collectively have extensive international experience and a proven track record in investment, corporate finance and business acquisition, operation and development and are well placed to implement the Company's business objectives and strategy highly active plays. The appointment of Andy Clifford in April 2020, a highly seasoned and experienced oil professional as the President of the Company's operational subsidiary Nobel Petroleum USA, Inc., together with the recent appointment of David Lenigas as our new Executive Chairman, emphasises the Company's dedication to its forward development profile.

Outlook

In line with our strategy, all our operations are in highly active plays where the economics of drilling and producing remain attractive at sub-US$30 oil prices. With this aim we are taking advantage of the prior industry downturn to accelerate the positioning of our South Texas leasehold position in favour of the Austin Chalks and Eagleford Shales. With a strategic foothold in these prolific, low-cost plays established and a proven management team in place, we will look to further expand our position in this US onshore sweet spot, as and when management considers it most advantageous to do so.

For 2022 and early 2023, our main objectives were to exit the prior pandemic issues and to build upon the initiative that commenced with the completion of our initial well, COG#1-H, and to further acquire additional land leases.

Finally, I would like to thank the Board, management team and all our advisers for their hard work over the last fifteen months and also to our shareholders for their continued support.

Tom Evans

Thomas Evans
Executive Director
18 October 2023

Operations Report

Summary

Nobel Petroleum USA, Inc., has operational teams on the ground working from its offices in Houston. During the period, one new horizontal well in which the Group has an interest commenced completion activity. The Group was planning to initiate an encompassing 3D seismic survey in 2020 with Dawson Geophysical Company to complement its comprehensive well logs geological analysis, together with an enhanced programme of additional new petroleum leasing contiguous to the area, with proposed planning to provide a further number of permitted drilling locations by year end. However, the onset of COVID-19 curtailed these plans.

In addition, the Company's subsidiary, Pennpetro USA Corp, Inc., through its highly regarded Houston based technical teams, has continued to examine a number of asset opportunities encompassing producing hydrocarbons with offsetting strategic leasehold interests capable of both additional infill and expansionary drilling locations. These activities are completed through the Company's operational enterprise, Nobel Petroleum USA, Inc.

As reported on in the Operations report in the previous section, we have acquired 100% ownership and become operator to the recently drilled Whistling Straights #5 well in Gonzales country Texas, together with the acquisition and assumption of the operatorship of the Chalk Talk #1-H and #4-H wells, again both in Gonzales County, Texas. We will be reverting to the ongoing development of the COG assets once we have completion of the newly acquired assets from Millennium PetroCapital Corporation.

SOUTH TEXAS

The Company, through its indirect wholly owned subsidiary, Nobel Petroleum USA, Inc., holds interests in acreage within active oil and gas plays within the County of Gonzales, State of Texas: The Austin Chalk, and Eagleford Shale horizontal development and vertical development of the Buda formation. Nobel Petroleum USA, Inc. has observed an increase in the value of its interests within its project acreage, due in part to uplifting its active equity interests and increased consolidation of its acreage positions, together with the continued operational successes to the immediate south of its operational area.

Of particular interest is the recent drilling being undertaken to the southern edge of the Nobel operational area by the Millennium Group, who have averaged over 400 bpd of oil.

Austin Chalk

The play covers an extensive area with over a million acres yet to be developed and runs all the way from the Pearsale Field south of Gonzales to the giant Giddings Oil Field, the largest oilfield found in Texas in the past 50 years to the north of Gonzales, and further north onto the North Rayou Jack Field. Recently, this play has extended into western Louisiana with a number of major players including EOR Resources and Marathon acquiring strong acreage positions. The Austin Chalk overlays the oil rich Eagleford Shale, with both formations capable of interacting with each other, and is a low permeability fractured reservoir that has been the target for horizontal drilling since the mid-1980s and consists of interbedded chalks, volcanic ash, and marls. It is located at drill depths from 7,000 to 8,000 feet. It can be a liquids-rich play, yielding high volumes of oil and condensate. Initial production rates can range over 1,000 bopd with ultimate reserves exceeding 500 MBO per well.

Eagleford Shale

The Eagleford continues to prove itself as a world-class crude oil formation having produced in excess of 2.9 billion barrels of crude oil and condensate. This play is classified as a petroleum system in that it is a self-sourced reservoir with seals. Migration of Eagleford hydrocarbons was primarily along bedding planes during the expulsion phase. Absent of traps, hydrocarbons migrated up-dip or north where vertical natural fractures were encountered. These natural fractures were associated with the regional fault trends. Here, the hydrocarbons migrated into the extensively fractured Austin Chalk. Initial production rates with laterals can exceed 1,000 bopd.

Buda Formation

The Buda is a biomicritic limestone lying below the Eagleford Shale and above the Del Rio Shale. There has been an increase in the focus on, and the development of, the Buda formation by a number of US operators in South Texas, with a number of horizontal wells having been completed. It is a development we are following closely.

As previously identified, while the Buda has always been acknowledged as a resource play in South Texas, it sits at the bottom of our drilling prognosis, as it can be drilled as a separate vertical completion and added to our overall horizontal programme. Furthermore, its unit spacing can be brought significantly down to 40 acres, thereby fulfilling a separate in-fill operation alongside our horizontal drilling focus.

Tom Evans

Thomas Evans
Executive Director
18 October 2023

Financial Report

The financial results for the group for the 15 Months ended 31 March 2023 are presented below:

The financial results for the 15 Months ended 31 March 2023 show a loss after tax of $318,902 (2021: loss $1,311,707).

The majority of the cost contributing to the Group's loss for the year included legal and professional fees, loan arrangement fees, directors' emoluments and interest charges, which were in line with the Board's expectations. This has been partially offset by a gain on loan modification of $497,939.

The Group's borrowings at 31 March 2023 were $4,018,369 (2021: $4,256,262). In addition, as reported in the prior year, the repayment date for the loan facility with Petroquest Energy Limited was extended a further year to 31 December 2024.

The Group had cash balances at 31 March 2023 of $46,792 (2021: $1,828) and short-term investments of $82,224 (2021: $34,914). The year-on-year movement in cash and short-term investments was primarily a result of cash raised from equity issues less cash used in operating activities and development expenditure.

As at 31 March 2023, the Group had $878,000 (2021 $878,000) still available to draw under its loan facility of $5m with Petroquest Energy Limited.

In addition, the Group had a receivables balance at 31 March 2023 of $315,299 (2021: $309,456).

$100,000 was capitalised during the year to property, plant and equipment in connection with the Millennium Petrocapital Corporation Participation, Development and Option Agreement. As at 31 March 2023, total property, plant and equipment held by the Group was $1,484,931 (2021: $1,384,931).

The cumulative drilling-related expenditure capitalised in intangible assets remained at $4,233,890 at 31 March 2023 (2021: $4,233,890).

Tom Evans

Thomas Evans
Executive Director
18 October 2023

Strategic Report

The Directors present their strategic report on the group for the 15-Month Period ended 31 March 2023.

Principal Activities

The principal activity of the Group is onshore oil and gas exploration and production in the United States of America. Pennpetro Energy Plc acts as a holding company and provides direction and other services to its subsidiaries.

Pennpetro USA Corp., holds 100% of the US operational subsidiary Nobel Petroleum USA, Inc. ("Nobel USA"), an independent oil and gas production company based in the City of Gonzales, Gonzales County, Texas, USA. Nobel USA's core area of business is in the Austin Chalk and Eagleford Shale oil and gas horizontal formations together with the lower oil and gas reservoir, the Buda Formation in South Texas, United States.

The review of business and future developments is included in the Executive Directors' Statement and the Operations Report. A review of the financial performance and position is included in the Financial Report.

A summary of the operations conducted by the Group is detailed in both the Executive Directors' Statement and the Operations Report.

Strategic Approach

The Board's strategic intent is to maximise shareholder value through the continuing investment into new wells and leases in proven US onshore formations and participating alongside established operators in multiple wells, while further reducing costs, where applicable.

The Company provides shareholders with exposure to the high growth associated with the producing oil and gas sector. This is achieved with a low overhead base.

Key Performance Indicators

The Board monitors the overall performance of the Group by reference to certain key milestones.

The Group considers its financial KPI's to include:

Key performance indicators	2023 $	2021 $
Net cash flows from operating activities	(389,892)	(251,740)
Cash and short-term investments	129,016	36,742
Headroom on loan facilities	878,000	878,000

Participation in well drilling programmes are monitored on an individual project basis in terms of revenue and cost per barrel of oil or Mcf (one thousand cubic feet) of gas, together with the anticipated payback period on each project.

Board diversity
Although the Board consisted of four male Directors, the Board supports diversity in the boardroom. Aside from the Directors, there are no employees in the Company. The Board will pursue an equal opportunity policy and seek to employ those persons most suitable to delivering value for the Company.

Corporate responsibility
The Group operates a management system that embodies Environmental, Health, Safety and Social Responsibility principles.

A number of objectives have been set by the Board to address these principles and the Executive director is responsible for demonstrating to the Board that these principles are adhered to in its US Oil and Gas operation.

The policy of the Board of Pennpetro is to be fully accountable for the necessary practices, procedures and means being in place so as to ensure that each objective is demonstrated and that continuous improvement practices are operating to ensure that the required practices, procedures and means are being monitored, refined and optimised as necessary.

The objectives of the Environment, Health, Safety and Social Responsibility Policy include:

- The Group shall manage all operations in a manner that protects the environment and the health and safety of employees, third parties and the community.

- Risk identification, assessment and prioritisation can reduce risk and mitigate hazards to employees, third parties, the community and the environment. Management of risk is a continuous process.

- The use of internationally recognised standards, procedures and specifications for design, construction and commissioning activities are essential for achieving operational excellence.

- The minimisation of environmental risks and liabilities are integral parts of the Group's operations.

- Third parties who provide materials and services or operate facilities on the Group's behalf have an impact on Environmental, Health and Safety and Social Responsibility excellence. It is essential that third-party services are provided in a manner consistent with the Group's Policy.

- Preparedness and planning for emergencies are essential to ensuring that all necessary actions are taken if an incident occurs, to protect employees, third parties, the public, the environment, the assets and brand of Pennpetro.

- Open and honest communication with the communities, authorities and stakeholders with which the Group operates builds confidence and trust in the integrity of Pennpetro.

Corporate responsibility (continued)

- The Group has determined that the greenhouse gas emissions from the operations of the Company and its subsidiaries are sufficiently low that it does not have responsibility to produce the disclosures required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. The reason for this is that there was only limited activity from its US based operating subsidiary during the current and prior period.

During 2022, the Group closely monitored the limited drilling, completion and production operations of its COG#1-H well and there have been no breaches of any applicable Acts recorded against the Group during the reporting period.

Task Force on Climate-related Financial Disclosures (TCFD)

This section of the report sets out our climate-related disclosures in relation to the four pillars of the TCFD framework; Governance, Strategy, Risk Mitigation and Metrics & Targets.

Governance

The Board of Directors is responsible for oversight of climate related risks and opportunities – refer to the principal risk exposure on climate related matters on page 16. Climate related risks and opportunities are reviewed each six months.

Strategy

The principal focus of environmental risk is around potential flaring gas related issues but is highly cognisant as to the impact of climate change issues prevailing within the petroleum industry.

The Company's operational activity is situated in Texas, where weather patterns can influence activities. The county of Gonzales where activities are located can be impacted by windstorms and especially hurricanes during certain months of the year. This can lead to flooding of operational sites as has happened to the Company in the past resulting in severe flooding to drilling operations, resulting in additional expenditures for water recovery.

Risk Management

The Board of Directors is responsible for identifying and assessing climate related risks. There is currently no formal process for this, though the Board is considering development of this area as the Group's activities are expected to increase in the coming years.

As current onsite operations are limited at present, there have not been significant physical environmental risks identified. The Board works with the operator at its sites to ensure measures are in place to mitigate the impact of climate-related risks such as flooding or storm damage.

The Directors also monitor the activities of the Texas petroleum authority – the Texas Railroad Commission – regarding obligations and regulatory matters with operational requirements on both a State and Federal perspective such that the Company can be pro-active in complying with new requirements.

Metrics and targets

The Group has limited operational and administrative activity at present and hence the Directors are in the process of developing climate related metrics and targets appropriate to the current extent of operations. The Group performs regular checks of air quality operational equipment and analyses the results against local township vectors.

The Directors have assessed there to be limited Scope 1 and Scope 3 emissions from the Group's administrative and operational activities; Scope 3 emissions relating to the supply chain have not yet been evaluated.

Viability statement

In accordance with provision 31 of the UK Corporate Governance Code (2018), the Board has assessed the prospects of the Company over a three-year period, taking account of the Company's current position and principal risks. For information regarding Group's going concern position and funding requirements over the next twelve months, please see the Going Concern section in the accounts.

Time frame

The Board believes that three years is the most appropriate time frame over which the Board should assess the long-term viability of the Group. The three years was considered appropriate as this allows for the time to bring on the planned wells in Texas and undertake further well enhancements on those wells, in addition to conducting the 3D seismic work on the Horse Hill Project and drilling the Horse Hill 3 production well. The Group's current activities, as at the date of this report, do not currently generate any revenues or positive operating cash flow, though oil production is scheduled to start in the last quarter of 2023 from its Texas operations. The Group expects to generate modest positive net cash flow when oil production regularly exceeds 50 barrels of oil per day. Although higher oil production numbers are targeted, a sustainable minimum production level of 50 bopd (at current oil prices of approximately US$90 WTI) would represent around US$100,000 per month in revenues which is more than sufficient to cover costs.

Assessing viability

Apart from the Board anticipating revenues to commence from oil production in the later part of 2023, the main assumption in the Board making its viability assessment is the ability of the Group to raise further funds should additional funding be required to drill new wells or acquire new oil projects. The funding for the Horse Hill project, should the Joint Venture proceed, will come from either surplus cash flow from Texas oil production, or fresh equity raises, or farming down a percentage of the Horse Hill 3 drilling costs to a third-party, or a combination of the aforesaid. If the Group was unsuccessful in raising the funds for the Horse Hill Project, there will be little adverse impact as the project would not commence. There are no penalties against the Group for not undertaking the Horse Hill Project.

Principal risk

The Directors have carried out an assessment of the principal risks facing the Group as described on the preceding pages including those that threaten its business model, future performance, solvency or liquidity. The Directors are confident that they have put in place a strong management team wide-ranging expertise in oil exploration and development who are capable of dealing with the risk management in order to safeguard the Group's assets. The directors are aware that the risks that could have the most adverse effect are funding and capital markets, oil and gas exploration risks and production risks and movements in global oil prices.

Confirmation of viability

Taking account of these matters, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the next three year period, assuming that the oil production from the oil wells in Texas meet the Company's expectations. The Horse Hill Project is something the Company would like to proceed with, however this is still conditional on the current Horse Hill Development Limited ("HHDL") partners to approve the deal with Pennpetro as announced. Should the HHDL partners agree to proceed with the venture, Pennpetro can then elect to fund the 3D seismic work for a small consideration of approximately £350,000. The Group could then decide whether to proceed with earning in to the Horse Hill 3 production well for 49% of oil production by spending an estimated £3.5m to £4m that can either be funded from cash reserves at the time, a fresh equity raise or bringing in a partner or a combination of these funding measures. The Company's going concern statement is detailed in note 2.3 to these accounts.

Section 172 statement

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders and other matters in their decision making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders, the impact of its activities on the community, the environment and the Company's reputation for good business conduct, when making decisions. In this context, acting in good faith and fairly, the Directors consider what is most likely to promote the success of the Company for its members in the long term. We explain in this annual report, and referenced herein, how the Board engages with stakeholders.

Promotion of the Company for the benefit of the members as a whole
The Director's believe they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

The requirements of s172 are for the Directors to:

- Consider the likely consequences of any decision in the long term,
- Act fairly between the members of the Company,
- Maintain a reputation for high standards of business conduct,
- Consider the interests of the Company's employees,
- Foster the Company's relationships with suppliers, customers and others, and
- Consider the impact of the Company's operations on the community and the environment.

The Company is quoted on the London Stock Exchange and its members will be fully aware, through detailed announcements, shareholder meetings and financial communications, of the Board's broad and specific intentions and the rationale for its decisions.

When selecting investments, issues such as the impact on the community and the environment have actively been taken into consideration.

The Company pays its employees and creditors promptly and keeps its costs to a minimum to protect shareholders funds. The application of the s172 requirements can be demonstrated in relation to the some of the key decisions made during 2022 and 2023:

As previously reported herein under Operations, our current focus is on the development of recently acquired assets from Millennium PetroCapital Corporation.

The Company recognising the global impact of environmental concerns, instigated due diligence with regard to expanding its experiences and core competencies within the fossil environment and petroleum drilling to specific green energy initiatives securitised with US intellectual property filings to be expanded internationally.

Risks and Uncertainties
The Group's activities expose it to a variety of risks and uncertainties.

Market risk
The Group operates in an international market for hydrocarbons and is exposed to risk arising from variations in the demand for and price of the hydrocarbons. Oil and gas prices historically have fluctuated widely and are affected by numerous factors over which the Group does not have any control, including world production levels, international economic trends, currency exchange fluctuations, inflation, speculative activity, consumption patterns and global or regional political events. The Group will consider hedging against the risks of fluctuating oil prices and currency exchange once the initial well is in commercial production.

Environmental risk
The Group's operations are subject to environmental regulation in all the jurisdictions in which it operates. The Group is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would adversely affect the Group's operations. There can be no assurance that such new environmental legislation once implemented will not oblige the Group to incur significant expenses and undertake significant investments. The Group identifies, assesses and prioritises environmental risks on an ongoing basis, as part of its management system.

Oil and gas exploration and production risks
Whilst Nobel Petroleum USA, Inc., a Group subsidiary, took over the operatorship during 2019 with the formal approval of the regulator, the Texas Railroad Commission, and is the Working Interest owner, the previous operator is still engaged under sub-contracting terms. This allows the Group to fully integrate its operational teams in Houston.

Although it does not engage in exploration activities, per se, it might engage in some limited exploration activity if it was in an area offsetting producing assets and the Company decided such activity was worthwhile on a minimised risk basis to enhance its lease profile. There are significant risks and hazards inherent in the exploration and production of oil and gas, including environmental hazards, industrial incidents, labour disputes, fire, drought, flooding and other acts of God. The occurrence of any of these hazards can delay or interrupt production and increase production costs. The Group operates a management system that embodies Environmental, Health, Safety and Social Responsibility principles in order to mitigate these hazards.

There is no guarantee that oil and/or gas will be discovered in any of the Group's existing or future licences/permitted acreage or that commercial quantities of oil and/or gas can be recovered.

Licences and title
The leases in which the Group has or is seeking to have an interest will be subject to termination after the primary term of such leases unless there is current production of oil and/or gas in commercial quantities. If a lease is not extended after the primary term, the Group may lose the opportunity to develop and discover any hydrocarbon resources on that lease area. The Group retains the services of a team of experienced land managers who monitor and report on the Group's portfolio of leases to the Executive director on an ongoing basis. In taking an assignment of an oil and/or gas lease, the Group would, in accordance with industry practice, rely on the warranty provisions.

This report was approved by the Board on 18 October 2023 and signed on its behalf:

David Lenigas
Executive Chairman

The Directors present their Annual Report and the audited Financial Statements for the 15-month period ended 31 March 2023.

The Company's ordinary shares are listed on the London Stock Exchange, on the Official List pursuant to Chapter 14 of the Listing Rules, which sets out the requirements for Standard Listings.

Organisation Review
The Board is responsible for providing strategic direction for the Group. This incorporates setting out objectives, management policies and performance criteria. The Board assesses its performance against these on a monthly basis.

Composition of the Board at 31 March 2023 was one Executive Director, Executive Chairman and two Non-Executive Directors. During the year, on 28 March 2023, David Lenigas joined the Company as Executive Chairman, replacing Olof Rapp who had acted in an interim capacity. The Board believes that the present composition provides an appropriate mix to conduct the Group's affairs.

The Board is responsible for monitoring risks and uncertainties faced by the Group. These risks and uncertainties are detailed in the Strategic Report and note 3 to the financial statements.

The corporate governance arrangement of the Group is disclosed in the Corporate Governance Report.

Directors and Directors' interests
The Directors who held office during the year to the date of approval of these financial statements, together with their beneficial interests in the ordinary shares of the Company, are shown below.

	31 March 2023		31 December 2021	
	Ordinary shares (number)	Share options (number)	Ordinary shares (number)	Share options (number)
Olof Rapp	2,000,000	-	2,000,000	425,000
Thomas Evans (1)	500,000	-	5,000,000	425,000
Andy Clifford	1,000,000	-	-	-

(1) Thomas Martin Evans shares are held by FHF Securities (A'Asia) Limited. FHF assisted the Company in contributing 4,500,000 shares to the April 2023 placement. The 4,500,000 shares are under agreement with the Company to be replaced through the mechanism of a new prospectus.

The Directors who held office at 31 March 2023 are summarised as follows:

Name of Director	Position
David Lenigas	Executive Chairman
Thomas Evans	Executive Director
Olof Rapp	Senior Non-Executive Director
Andy Clifford	Non-Executive Director

Directors' Remuneration
The Remuneration Committee assesses the appropriateness of the nature and amount of emoluments of the Directors on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and senior executive team.

The Directors' remuneration and policies for appointment or replacement of directors are disclosed in the Directors' Remuneration Report.

Dividends
The Directors do not recommend the payment of a dividend (2021: $Nil).

Share capital and major shareholdings
The issued share capital of the Company as at 31 March 2023 comprised 84,499,071 Ordinary shares of 1p (2021: 76,452,106). This increased to 100,299,071 in July 2023 following the share issues described at note 28 to the financial statements.

The Company has only one class of share capital formed of ordinary shares. All shares forming part of the ordinary share capital have the same rights and each carry one vote.

As at 14 July 2023 the Company had been notified of the following interests in the Company's ordinary share capital:

	Number of shares	Percentage (%)
Peel Hunt Holdings Limited	8,238,346	8.21
Global Investment Strategy UK Limited	6,400,000	6.38
Barnard Nominees Limited	6,000,000	5.98
Bank of New York (Nominees) Limited	4,950,000	4.94
Vidicos Nominees Limited	4,193,152	4.18
W B Nominees Limited	3,869,876	3.86
J M Finn Nominees Limited	3,666,666	3.66
Merrill Lynch Professional Clearing Group Limited	3,333,333	3.32
Griffin Asset Management Limited	3,255,500	3.25
Invictorium Limited	3,200,000	3.19
Mrs. B. Shaw	3,200,000	3.19
FHF Corporate Finance Limited	3,184,560	3.18
Mrs. P. Evans	3,100,000	3.09

To the best of the Directors' knowledge, no shareholder directly or indirectly exercises, or could exercise, control over the Company.

Going Concern
The Group's business activities, together with the factors likely to affect its future development and performance are set out in the Executive Director's Statement. In addition, notes 3 and 24 to the financial statements disclose the Group's and Company's objectives, policies and processes for managing financial risks and capital.

Going Concern (continued)

The Directors have prepared cashflow forecasts as part of their assessment of the going concern position of the Company and Group. The Board of Directors have considered these forecasts and have a reasonable expectation that the Company and Group has adequate resources to continue in operational existence through to 30 November 2024 as projected. The forecasts include the Group's obligations on funding the initial Millennium well but do not include any planned expenditure in regard to Horse Hill, as the Directors do not expect any such payments to be required during the going concern assessment period.

This is subject to material adverse unforeseen events that may occur, including but not limited to oil and gas prices and further hinderances to operations

The Group completed share issues in April 2023 and July 2023 which raised a total of £1,800,000. As at 29 September 2023 the group had a cash balance of US$693,438, after paying general administrative expenses, regulatory fees, costs related to the placings, the final instalment of US$537,557 to Millenium Petrocapital to complete the acquisitions, and certain down payments for mobilisation of the workover rig and ancillary equipment.

On 29 June 2022, Petroquest Energy Limited, an unrelated corporate party, extended the repayment date on the loan owing by Nobel Petroleum LLC. The revised maturity date on the loan is 31 December 2024. Petroquest Energy Limited have further formally confirmed to the Directors that the loan can be further extended to 31 December 2025 if required.

The Directors have considered the above matters and continue to consider it appropriate to prepare the Group and Company financial statements on a going concern basis.

Events after the Reporting Period

On 11 April 2023, the Company raised £1,500,000 gross proceeds through the issue of 10,000,000 new ordinary shares together contributions from existing shareholders of a further 39,526,195 shares at a price of 3p per share.

On 14 July 2023, the Company raised £300,000 gross proceeds from the issue of 5,800,000 new ordinary shares together with contributions from existing shareholders of a further 9,200,000 shares at a price of 2p per share.

Provision of Information to Auditor
So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Independent Auditor
The auditor, Crowe U.K. LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006. Crowe U.K. LLP has signified its willingness to continue in office as auditor.

This report was approved by the board on 18 October 2023 and signed on its behalf:

David Lenigas
Executive Chairman

As at the date of this report, the following directors held office in the Company:

Thomas Martin Evans, Executive Director
Thomas Evans started his career as a financial executive with Extel Financial Ltd, moving to equity sales at Barclays de Zoete Wedd Ltd and RBC Dominion Securities Limited, director CIBC World Markets Limited prior to founding Bishopsgate Capital Management Ltd in 2000 dealing in institutional fund management which was merged with Athanor Capital Partners Ltd assuming the role of Chief Investment Officer, expanding all the combined entities FSA regulated permitted businesses. Established TME Consulting creating UCITS compliant umbrella structure to be marketed to both retail and wholesale clients. CEO and founder of the Caplain group created to acquiring stockbroking and wealth management entities and Aerarius PCC Ltd (Guernsey) fund structure for European investment strategies.

Olof Nils Anders Rapp, Senior Non-Executive Director
Olof Rapp has vast international experience in the aerospace and automotive sector and has held leading managerial positions with Rolls- Royce International, Volvo Truck Corporation and VistaJet International in South America, Middle East and Asia. His last position at Rolls Royce was as Regional Director, Malaysia, with overall responsibility for Rolls-Royce Plc's business in Malaysia and Brunei (Aviation, Marine, Nuclear and Oil & Gas) and represented the company at the highest level. His last position at Volvo was Managing Director of Volvo Malaysia, where he led a successful restructuring of the company. Olof serves as a Board Director in Serunai Commerce Sdn Bhd and is a Senior Advisor to Partners in Performance Pty Ltd. He is also Vice President of the Malaysian Swedish Business Association.

He was born in Gothenburg, Sweden, and studied International Business at IHM Business School.

Andy C. Clifford, Non-Executive Director
Andy has over 42 years of experience in domestic and international exploration, development and production and a proven track record of exploration and acquisition success in practically every important basin in the world and credited with the discovery of over 2 billion BOE of reserves worldwide, having worked for ExxonMobil, Kuwait Foreign Petroleum, BHP Billiton, Aurora Gas and Saratoga, where he successfully drilled and completed horizontal wells in SE Louisiana. He is a frequent speaker and published author on a variety of energy related topics and as able to run the day to day operations as well as handle the legal, environmental and financial aspects of the business. He has been actively involved in raising over $400 million of private equity, public equity and debt since leaving BHP Billiton in 1998. His positions at BHP included VP Strategic Planning worldwide and VP Exploration Americas and he personally negotiated contracts in many countries of the world, including Algeria, Congo, Myanmar, Russia, Trinidad and Vietnam, to name a few. He has rung the opening bell at NYSE and his company won Oil & Gas Investor's prestigious Turnaround of the Year Award in 2010. He has a BSc degree in Geology/Geophysics from the University of London.

David Anthony Lenigas, Executive Chairman
David is a mining engineer (David attended Curtin University Kalgoorlie School of Mines obtaining a B.Sc. Mining Engineer (Distinction) and has a First-Class Managers Ticket, Western Australia) with extensive senior corporate experience across stock exchanges in the UK, Australia, Canada, and South Africa, and has been responsible for raising many millions of dollars both in private equity and on public stock exchanges. He has been Chairman of various mining and petroleum focused exploration and development companies with operations in Australia, Spain, UK, Trinidad and the USA.

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company Financial Statements in accordance with the UK adopted International Accounting Standards.

Under Company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and Group as at the end of the financial year and of the profit or loss of the Group for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the applicable UK adopted international accounting standards has been followed subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the website is the responsibility of the Directors. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements and other information included in annual reports may differ from legislation in other jurisdictions.

The Company is compliant with the London Stock Exchange regarding the Company's website.

The Company recognises the importance of, and is committed to, high standards of corporate governance.

Corporate Governance Practices
Pennpetro Energy plc has a standard listing on the London Stock Exchange and is thus not required to comply with the requirements of the U.K. Corporate Governance Code ("the Code") as issued by the Financial Reporting Council. The disclosures below are required by the UKLA's Disclosure and Transparency Rule 7.

The Board is committed to ensuring the highest standards of corporate governance, and voluntarily complies with, subject to a small number of exceptions listed below, the supporting principles and provisions set out in the Code.

The following describes the ways in which the Company does not comply with the detailed provisions of the Code and the Board's rationale thereon:

- given the size of the Board and the Company's current limited operational status, certain provisions of the Corporate Governance Code (in particular the provisions relating to the composition of the Board and the division of responsibilities between the Chairman and chief executive and executive compensation), are not being complied with by the Company as the Board does not consider these provisions to be appropriate for the Company;

- the Board as a whole will review audit and risk matters, on the basis of adopted terms of reference governing the matters to be reviewed and the frequency with which such matters are considered. The Board as a whole will also take responsibility for the appointment of auditors and payment of their audit fee, monitor and review the integrity of the Company's financial statements and take responsibility for any formal announcements on the Company's financial performance;

- the Board as a whole will be responsible for the appointment of executive and non-executive Directors. The Company does not currently believe it is necessary to have a separate nominations committee at this time. The requirement for a nominations committee will be considered on an ongoing basis;

- the Board believes in the benefits of diversity, including the need for diversity in order to effectively represent shareholders' interests. This diversity is not restricted to gender but also includes geographic location, nationality, skills, age, educational and professional background. The board's policy remains that selection should be based on the best person for the role;

- the Board as a whole will consider the Board's size, structure and composition and the scale and structure of the Directors' fees, taking into account the interests of Shareholders and the performance of the Company;

- the Board does not comply with the provision of the Corporate Governance Code that at least half of the Board, excluding the Chairman, should comprise non-executive directors determined by the Board to be sufficiently independent;

- the Company has in place procedures ensuring compliance with the new Market Abuse Regulation and the Board will be responsible for taking all proper and reasonable steps to ensure compliance with the Market Abuse Regulation by the Directors; and

- the Company will not seek Shareholder approval at a general meeting in respect of any further acquisitions it may make, unless it is required to do so for the purposes of facilitating the financing arrangements or for other legal or regulatory reasons.

The Board of Directors

As at 31 March 2023, the Board of Directors comprised four members: one Executive Director, Executive Chairman and two Non-Executive Directors. The Executive Chairman, Executive Director and Non-Executive director have a wealth of experience analytically covering the oil and gas industry. Similarly, the Senior Non-Executive Director has extensive corporate and financial experience.

The Company has a policy of appraising Board performance annually and had adopted an internal policy of regular face to face meetings in which all Board members discuss any issues as and when they arise in relation to the Board or any individual member's performance.

Board Meetings

The Board ordinarily meets on a bi-monthly basis and as and when further required, providing effective leadership and overall management of the Group's affairs by reference to those matters reserved for its decision. This includes the approval of the budget and business plan, major capital expenditure, acquisitions and disposals, risk management policies and the approval of the financial statements. Formal agendas, papers and reports are sent to the Directors, in a timely manner, prior to the Board meetings. Board meetings were mostly held telephonically.

	Number held and entitled to attend	**Number actually attended**
Thomas Evans	15	15
Olof Rapp	15	15
Andy Clifford	15	4
David Lenigas	1	1

Internal Controls

The Board recognises the importance of both financial and non-financial controls and has reviewed the Group's control environment and any related shortfalls during the year. Since the Group was established, the Directors are satisfied that, given the current size and activities of the Group, adequate internal controls have been implemented. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of the current activity and proposed future developments of the Group, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Relations with Shareholders

The Board is committed to providing effective communication with the shareholders of the Company. Significant developments are disseminated through stock exchange announcements and regular updates on the Company website. The Board views the Annual General Meeting as a forum for communication between the Group and its shareholders and encourages their participation in its agenda.

David Lenigas
Executive Chairman
18 October 2023

The Company's Remuneration Committee comprises one Senior Non-Executive Director, Olof Rapp.

Pennpetro's Remuneration Committee operates within the terms of reference approved by the Board. In the year to 31 March 2023, the Remuneration Committee documented one review.

The items included in this report are unaudited unless otherwise stated.

Committee's main responsibilities

- The Remuneration Committee considers the remuneration policy, employment terms and remuneration of the Executive Director;

- The Remuneration Committee's role is advisory in nature and it makes recommendations to the Board on the overall remuneration package for the Executive Director in order to attract, retain and motivate high quality executives capable of achieving the Company's objectives;

- The Remuneration Committee also reviews proposals for any share option plans and other incentive plans, makes recommendations for the grant of awards under such plans as well as approving the terms of any performance-related pay schemes;

- The Board's policy is to remunerate the Company's executives fairly and in such a manner as to facilitate the recruitment, retention and motivation of suitably qualified personnel; and

- The Remuneration Committee, when considering the remuneration packages of the Company's executives, will review the policies of comparable companies in the industry.

Directors' remuneration (audited)
Fees and benefits of $146,532 were payable to Directors who held office during the year ended 31 March 2023 (2021: $340,922).

Director Thomas Evans has received a loan of £10,000 which was outstanding as at 31 March 2023. The loan is repayable within 12 months.

	Salary $	Valuation of options $	Taxable benefits $	Other receipts received $	Pension benefits $	2023 Total $
Andy Clifford	53,934	-	-	-	-	53,934
Olof Rapp	46,299	-	-	-	-	46,299
David Lenigas	-	-	-	-	-	-
Thomas Evans	46,299	-	-	-	-	46,299
	146,532	**-**	**-**	**-**	**-**	**146,532**

	Salary $	Valuation of Options $	Taxable Benefits $	Other receipts received $	Pension benefits $	2021 Total $
Keith Edelman	13,528	27,601	-	-	-	41,129
Thomas Evans	40,306	79,913	-	-	-	120,219
Olof Rapp	40,306	79,913	-	-	-	120,219
Philip Nash	17,558	41,797	-	-	-	59,355
	111,698	**229,224**	**-**	**-**	**-**	**340,922**

The Director's remuneration is disclosed in full in the above table and is not linked to performance.

All Directors' service contracts are kept available for inspection at the Company's registered office.

All shares and interests held by the Directors are disclosed in the Directors' report.

The share options expired on 2 November 2021. No options were exercised.

Total pension entitlements (audited)
The Company currently does not have any pension plans for any of the Directors and does not pay pension amounts in relation to their remuneration.

The Company has not paid out any excess retirement benefits to any Directors or past Directors.

Payments to past directors (audited)
The Company has not paid any compensation to past Directors.

Payments for loss of office (audited)
No payments were made for loss of office during the year.

Directors' interests in share warrants (audited)
None of the Directors had interests in share warrants.

Directors' and Officers' indemnity insurance
The Company has made qualifying third-party indemnity provisions for the benefit of its Directors and Officers. These were made during the previous period and remain in force at the date of this report.

Consideration of shareholder views
The Remuneration Committee considers shareholder feedback received and guidance from shareholder bodies. This feedback, plus any additional feedback received from time to time, is considered as part of the Company's periodic reviews of its policy on remuneration.

Statement of policy on Directors' remuneration
The Company's policy is to maintain levels of remuneration so as to attract, motivate, and retain Directors and Senior Executives of the highest calibre who can contribute their experience to deliver industry leading performance with the Company's operations. Currently Director's remuneration is not subject to specific performance targets.

In future periods, the Company may implement a remuneration policy so that a meaningful proportion of Executive remuneration is structured so as to link rewards to corporate and individual performance, align their interests with those of shareholders and to incentivise them to perform at the highest levels. The Remuneration Committee considers remuneration policy and the employment terms and remuneration of the Directors and makes recommendations to the Board of Directors on the overall remuneration packages for Directors. No Director takes part in any decision directly affecting their own remuneration.

Policy for new appointments
Base salary levels will take into account market data for the relevant role, internal relativities, the individual's experience and their current base salary. Where an individual is recruited at below market norms, they may be re-aligned over time (e.g. two to three years), subject to performance in the role. Benefits will generally be in accordance with the approved policy.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation and/or incidental expenses as appropriate.

Policy on payment for loss of office
Payment for loss of office would be determined by the Remuneration Committee, taking into account contractual obligations.

Other matters
The Company does not currently have any annual or long-term incentive schemes in place for any of the Directors and as such there are no disclosures in this respect.

David Lenigas
Executive Chairman
18 October 2023

The Audit Committee comprises two Directors, Olof Rapp and Tom Evans. It oversees the Company's financial reporting and internal controls and provides a formal reporting link with the external auditors. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly report remains with the Board.

Main Responsibilities
The Audit Committee acts as a preparatory body for discharging the Board's responsibilities in a wide range of financial matters by:

- monitoring the integrity of the financial statements and formal announcements relating to the Company's financial performance;
- reviewing significant financial reporting issues, accounting policies and disclosures in financial reports, which are considered to be in accordance with the key audit matters identified by the external auditors;
- overseeing that an effective system of internal control and risk management systems are maintained;
- ensuring that an effective whistle-blowing, anti-fraud and bribery procedures are in place;
- overseeing the Board's relationship with the external auditor and, where appropriate, the selection of new external auditors;
- approving non-audit services provided by accounting firms; and
- ensuring compliance with legal requirements, accounting standards and the Listing Rules and the Disclosure and Transparency Rules.

Governance
The Code requires that at least one member of the Audit Committee has recent and relevant financial experience. Both directors have served in financial executive and managing director roles. As a result, the Board is satisfied that the Audit Committee has recent and relevant financial experience.

Members of the Audit Committee are appointed by the Board and whilst shareholders, the Company believes they are considered to be independent in both character and judgement.

The Company's external auditor, Crowe U.K. LLP, did not provide any non-audit services in the period.

The Audit Committee believes that the Company does not require an internal audit function due to the current size of the organisation and its operations.

Meetings
In the year to 31 March 2023 the two members of the Audit Committee have met twice. The

key work undertaken by the Audit Committee is as follows;

- interview of external auditors and recommendation to the Board;
- review of audit planning and update on relevant accounting developments;
- consideration and approval of the risk management framework, appropriateness of key performance indicators;
- consideration and review of full-year results;
- review of the effectiveness of the Audit Committee; and
- review of internal controls.

The Code states that the Audit Committee should have primary responsibility for making a recommendation on the appointment, reappointment or removal of the external auditor.

External auditor

The Audit Committee appointed Crowe U.K. LLP as auditors to the Company, commencing with the first audit of the year ended 31 December 2018. The external auditor has unrestricted access to the Audit Committee Chairman. The Committee is satisfied that Crowe U.K. LLP has adequate policies and safeguards in place to ensure that auditor objectivity and independence are maintained.

The external auditors report to the Audit Committee annually on their independence from the Company. In accordance with professional standards, the partner responsible for the audit is changed every five years. The current auditor, Crowe U.K. LLP were first appointed by the Company in 2019 following a tender process and therefore the current partner is due to rotate off the engagement after completing the March 2023 audit. Having assessed the performance objectivity and independence of the auditors, the Committee will be recommending the reappointment of Crowe U.K. LLP as auditors to the Company at the 2023 Annual General Meeting.

David Lenigas
Executive Chairman
18 October 2023

Independent auditor's report to the members of Pennpetro Energy Plc

Opinion

We have audited the financial statements of Pennpetro Energy Plc (the "Parent Company") and its subsidiaries (the 'Group') for the 15 month period ended 31 March 2023 which comprise the consolidated statement of comprehensive income, the consolidated and parent company statements of financial position, the consolidated and parent company statements of changes in equity, the consolidated and parent company statements of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2023 and of the Group's loss for the 15 month period then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors 'use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors 'assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining management's assessment of going concern for the period to 30 November 2024.
- As part of our assessment we agreed the starting cash position in the projections to bank records and considered the impact of the cash raised through equity issues in April 2023 and July 2023.
- Assumptions over parent company expenditure were compared to actual amounts in the period ended 31 March 2023, and expectations of activity in the going concern period. Operating expenditure assumptions were agreed to supporting documentation where available and challenged for completeness.
- We considered the commitment to fund drilling costs for the Whistling Straits well as disclosed in note 25 to the financial statements and that this had been addressed in management's forecast.
- We considered the projected financial performance of the Group and Company and considered whether they have access to sufficient cash resources to be able to continue as a going concern.
- We reviewed the disclosures made in the financial statements relating to going concern and agreed these to be consistent with the assessment and our conclusions.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the financial statements as a whole to be $130,000 (2021 $120,000), based on approximately 2% of total assets. Materiality for the parent company financial statements as a whole was set at $80,000 (2021: $79,000), based on a percentage of total assets.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. Performance materiality was set at 70% of materiality for the financial statements as a whole, which equates to $91,000 (2021: $84,000) for the Group and $56,000 (2021: $55,000) for the parent.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors 'remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of $6,500 (2021: $3,600). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

The Company and Group finance function is based in the United Kingdom and a full scope audit was carried out thereon from our office, and with discussions with management as required and information being requested from the US where appropriate. This provided us with sufficient evidence for our opinion on the Group and Company financial statements

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our scope addressed the key audit matter
Carrying value of producing properties and capitalised drilling costs and equipment – see notes 4.2 and 13 The Group's primary focus is onshore oil and gas exploration and production in Texas, USA. As at 31 March 2023 assets totalling $5.7m (31 December 2021: $5.6m) were recognised comprising Petroleum Leases within property, plant and equipment of $1.5m (2021: $1.4m - assessed for impairment under IAS 36) and Drilling Costs within intangible assets of $4.2m (2021: $4.2m - assessed for impairment under IFRS 6). We considered the risk that these assets are impaired to be a key audit matter due to the judgements and estimates required to be made by management in making their impairment assessment.	We reviewed management's assessment which concluded that there were no indications of impairment. In considering this assessment we reviewed the following sources of evidence: • The primary lease agreements in place supporting the company's right of extraction; • The competent persons report that formed the basis of the recoverable amount; • Discussing plans and intentions with management, reviewing supporting budgets and evidencing planning work undertaken; and • Assessing oil price assumptions used when assessing the commercial potential and likely recoverable amount.

Key audit matter	How our scope addressed the key audit matter
Carrying value of investments on the parent company Statement of Financial Position – see notes 4.2 and 14 Included in the parent company Statement of Financial Position are investments in subsidiaries with a value of $6.4m. We considered the risk that these investments are impaired to be a key audit matter due to the judgements and estimates required to be made by management in making their impairment assessment.	• We obtained management's assessment of the recoverable amount of the parent company's investment in subsidiaries; • We assessed the methodology used. This was intrinsically connected with the valuation of the oil and gas assets, and we therefore considered whether the audit procedures set out in the above KAM gave any indication of impairment to the carrying value of the investments.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors 'remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors 'report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors 'report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements and the part of the directors 'remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors 'remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of the directors for the financial statements

As explained more fully in the directors 'responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We gained an understanding of the legal and regulatory framework applicable to the Group and Parent Company and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. The most significant identified was compliance with relevant regulations for oil and gas companies in the state of Texas, where the Group has the majority of its operations, and compliance with the UK Companies Act. Our work included enquiry of management, review of legal invoices and publicly available information on violations and inspections from the relevant authority in Texas.
- We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment. We considered the risk was greater in areas that involve significant management estimate or judgement and we designed our procedures accordingly to focus on such areas. Such procedures included testing of a sample of journal transactions to supporting explanations and documentation.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

We were first appointed by the Board on 25 March 2019 to audit the financial statements for the period ending 31 December 2018. Our total uninterrupted period of engagement is five years, covering the periods ending 31 December 2018 to 31 March 2023.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

M Stallabrass

Matthew Stallabrass
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

Date: 19 October 2023

	Note	15 Month ended 31 March 2023 $	Year ended 31 December 2021 $
Continuing Operations			
Revenue		-	-
Administrative expenses	6	(556,494)	(1,021,046)
Operating Loss		**(556,494)**	**(1,021,046)**
Gain on loan modification	20	497,939	-
Finance costs	9	(260,347)	(290,661)
Loss before Tax		**(318,902)**	**(1,311,707)**
Income tax	10	-	-
Loss for the year attributable to owners of the parent		**(318,902)**	**(1,311,707)**
Other Comprehensive Income:			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		50,127	(6,838)
Other Comprehensive Income for the Year		50,127	(6,838)
Total Comprehensive Income for the Year attributable to the owners of the parent		**(268,775)**	**(1,318,545)**
Loss per share attributable to the owners of the parent during the year			
Basic (cents per share)	11	(0.39)	(1.72)
Diluted (cents per share)		(0.39)	(1.72)

The notes on pages 42 to 68 form part of these financial statements.

	Note	31 March 2023 $	31 December 2021 $
ASSETS			
Non–Current Assets			
Property, plant and equipment	12	1,484,931	1,384,931
Intangible assets	13	4,233,890	4,233,890
Total Non-Current Assets		**5,718,821**	**5,618,821**
Current Assets			
Trade and other receivables	15	315,299	309,456
Short term investments	16	82,224	34,914
Cash and cash equivalents	17	46,792	1,828
Total Current Assets		**444,315**	**346,198**
TOTAL ASSETS		**6,163,136**	**5,965,019**
EQUITY AND LIABILITIES			
Equity Attributable to Owners of Parent			
Share capital	18	1,079,101	979,427
Share premium	18	6,610,719	4,121,700
Convertible reserve		4,172,846	6,021,575
Reorganisation reserve		(6,578,229)	(6,578,229)
Foreign exchange reserve		226,110	133,619
Retained losses		(4,332,766)	(4,013,864)
Total Equity		**1,177,781**	**664,228**
Current Liabilities			
Trade and other payables	21	966,986	1,044,529
Borrowings	20	-	4,256,262
Total Current Liabilities		**966,986**	**5,300,791**
Non- Current Liabilities			
Borrowings	20	4,018,369	-
Total Non-Current Liabilities		**4,018,369**	**-**
TOTAL EQUITY AND LIABILITIES		**6,163,136**	**5,965,019**

These financial statements were approved by the Board of Directors on 18 October 2023 and signed on its behalf by:

Tom Evans

Thomas Evans
Executive Director

Company registration number: 10166359

The notes on pages 42 to 68 form part of these financial statements.

	Note	31 March 2023 $	31 December 2021 $
ASSETS			
Non–Current Assets			
Investments in subsidiaries	14	6,440,980	7,038,631
Property, plant and equipment	12	-	-
Total Non–Current Assets		**6,440,980**	**7,038,631**
Current Assets			
Trade and other receivables	15	2,957,318	3,093,418
Short term investments	16	82,224	34,914
Cash and cash equivalents	17	-	-
Total Current Assets		**3,039,542**	**3,128,332**
TOTAL ASSETS		**9,480,522**	**10,166,963**
EQUITY AND LIABILITIES			
Equity Attributable to Shareholders			
Share capital	18	1,079,101	979,427
Share premium	18	6,610,719	4,121,700
Convertible reserve		4,172,846	6,021,575
Foreign exchange reserve		(334,293)	575,249
Retained losses		(3,406,463)	(2,866,030)
Total Equity		**8,121,910**	**8,831,921**
Current Liabilities			
Trade and other payables	21	1,358,612	1,335,042
Total Current Liabilities		**1,358,612**	**1,335,042**
TOTAL EQUITY AND LIABILITIES		**9,480,522**	**10,166,963**

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 from presenting the parent company Statement of Comprehensive Income. The loss for the parent company for the period was $540,433 (2021: $991,451).

These financial statements were approved by the Board of Directors on 18 October 2023 and were signed on its behalf by:

Tom Evans

Thomas Evans
Executive Director

Company registration number: 10166359

The notes on pages 42 to 68 form part of these financial statements.

PENNPETRO ENERGY PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 15-month period ended 31 March 2023

Group	Share Capital	Share Premium	Convertible Reserve	Reorganization Reserve	Foreign Exchange Reserve	Share based payments Reserve	Retained Losses	Total Equity
	$	$	$	$	$	$	$	$
Balance at 31 December 2020	**979,427**	**4,121,700**	**6,021,575**	**(6,578,229)**	**140,457**	**838,909**	**(3,770,290)**	**1,753,549**
Loss for the period	-	-	-	-	-	-	(1,311,707)	(1,311,707)
Foreign currency translation differences	-	-	-	-	(6,838)	-	-	(6,838)
Total comprehensive income for the year	-	-	-	-	(6,838)	-	(1,311,707)	(1,318,545)
Share based payments	-	-	-	-	-	229,224	-	229,224
Lapse of share options	-	-	-	-	-	(1,068,133)	1,068,133	-
Balance at 31 December 2021	**979,427**	**4,121,700**	**6,021,575**	**(6,578,229)**	**133,619**	**-**	**(4,013,864)**	**664,228**
Loss for the period	-	-	-	-	-	-	(318,902)	(318,902)
Foreign currency translation differences	-	-	-	-	50,127	-	-	50,127
Total comprehensive income for the period	-	-	-	-	50,127	-	(318,902)	(268,775)
Share issue (note 18)	27,419	754,909	-	-	-	-	-	782,328
Exercise of convertible loan notes (note 18)	72,255	1,734,110	(1,848,729)	-	42,364	-	-	-
Balance at 31 March 2023	**1,079,101**	**6,610,719**	**4,172,846**	**(6,578,229)**	**226,110**	**-**	**(4,332,766)**	**1,177,781**

The notes on pages 42 to 68 form part of these financial statements.

PENNPETRO ENERGY PLC
COMPANY STATEMENT OF CHANGES IN EQUITY
For the 15-month ended 31 March 2023

Company	Share Capital $	Share Premium $	Convertible Reserve $	Foreign Exchange Reserve $	Share Based Payments Reserve $	Retained Losses $	Total Equity $
Balance at 31 December 2020	**979,427**	**4,121,700**	**6,021,575**	**648,279**	**838,909**	**(2,942,712)**	**9,667,178**
Loss for the period	-	-	-	-	-	(991,451)	(991,451)
Foreign currency translation differences	-	-	-	(73,030)	-	-	(73,030)
Total comprehensive income for the year	-	-	-	(73,030)	-	(991,451)	(1,064,481)
Share based payments	-	-	-	-	229,224	-	229,224
Lapse of share options	-	-	-	-	(1,068,133)	1,068,133	-
Balance at 31 December 2021	**979,427**	**4,121,700**	**6,021,575**	**575,249**	**-**	**(2,866,030)**	**8,831,921**
Loss for the period	-	-	-	-	-	(540,433)	(540,433)
Foreign currency translation differences	-	-	-	(951,906)	-	-	(951,906)
Total comprehensive income for the period	-	-	-	(951,906)	-	(540,433)	(1,492,339)
Share issue (note 18)	27,419	754,909	-	-	-	-	782,328
Exercise of convertible loan notes (note 18)	72,255	1,734,110	(1,848,729)	42,364	-	-	-
Balance at 31 March 2023	**1,079,101**	**6,610,719**	**4,172,846**	**(334,293)**	**-**	**(3,406,463)**	**8,121,910**

The notes on pages 42 to 68 form part of these financial statements.

	15 Months ended 31 March 2023 $	Year ended 31 December 2021 $
Cash Flows from Operating Activities		
Loss before tax	(318.902)	(1,311,707)
Foreign exchange	778	(8,078)
Result on loan amendment	(497,939)	-
Finance costs	260,347	290,661
Share base payment charge	-	229,224
	(555,716)	(799,900)
Changes to working capital		
Increase in trade and other receivables	(5,843)	(511)
Increase in trade and other payables	171,667	548,671
Cash used in operations	**(389,892)**	**(251,740)**
Interest paid	-	-
Net Cash used in Operating Activities	**(389,892)**	**(251,740)**
Cash Flows from Investing Activities		
Purchases of property, plant and equipment	(100,000)	(617)
(Increase)/ decrease of short-term investments	(47,310)	14,238
Net Cash (used in)/ generated from Investing Activities	**(147,310)**	**13,621**
Cash Flows from Financing Activities		
Loan repaid	-	(65,938)
Proceeds from issues of ordinary shares	582,166	-
Advances received from borrowings	-	304,556
Net Cash generated from Financing Activities	**582,166**	**238,618**
Net Increase in Cash and Cash Equivalents	**44,964**	**499**
Cash and cash equivalents at the beginning of the period	1,828	1,329
Cash and Cash Equivalents at the End of the Period	**46,792**	**1,828**

Non-cash transactions (refer note 18)

Share issue 30 March 2022 - partial exercise of convertible loan for equivalent proceeds of $1,848,729

Share issue July 2022 - settlement of liability through shares for total of $330,267

Share issue November 2022 - settlement of liability through shares for total of $18,533

The notes on pages 42 to 68 form part of these financial statements.

	15 Months period 31 March 2023 $	Year ended 31 December 2021 $
Cash Flows from Operating Activities		
Loss before tax	(540,433)	(991,451)
Share based payments	-	229,224
Unrealised foreign exchange	2,496	(6,838)
	(537,937)	(769,065)
Changes to working capital		
Increase in trade and other receivables	(134,753)	(31,306)
Increase in trade and other payables	137,834	786,133
Cash used in operations	**(534,856)**	**(14,238)**
Net cash used in Operating Activities	**(534,856)**	**(14,238)**
Cash Flows from Investing Activities		
(Increase)/ decrease of short-term investments	(47,310)	14,238
Net Cash used in Investing Activities	**(47,310)**	**14,238**
Cash Flows from Financing Activities		
Proceeds from issue of ordinary shares	582,166	-
Net Cash generated from Financing Activities	**582,166**	**-**
Net movement in Cash and Cash Equivalents	**-**	**-**
Cash and cash equivalents at the beginning of the year	-	-
Net Decrease in cash and cash equivalents	-	-
Cash and Cash Equivalents at the End of the Year	**-**	**-**

Non-cash transactions (refer note 18)

Share issue 30 March 2022 - partial exercise of convertible loan for equivalent proceeds of $1,848,729

Share issue July 2022 - settlement of liability through shares for total of $330,267

Share issue November 2022 - settlement of liability through shares for total of $18,533

The Company does not have a bank account and the transactions above are presented as though they were cash movements.

The notes on pages 42 to 68 form part of these financial statements.

1. GENERAL INFORMATION

Pennpetro Energy plc (the "Company") is a public limited company which is listed on the standard market of the London Stock Exchange and incorporated and domiciled in England and Wales. Its registered office address is 20b Wilton Row, London, SW1X 7NS.

The consolidated financial statements of the Company consist of the following companies (together "the Group"):

Pennpetro Energy plc	UK registered company
Pennpetro USA Corp	US registered company
Nobel Petroleum USA Inc	US registered company
Nobel Petroleum LLC	US registered company
Pennpetro Greentec Limited	Cyprus registered company
Pennpetro Greentec UK Limited	UK registered company
Pennpetro Green Energy Limited	UK registered company

The Group is an oil and gas developer with assets in Texas, United States. The Company's US-based subsidiaries own a portfolio of leasehold petroleum mineral interests centred on the City of Gonzales, in southeast Texas, comprising the undeveloped central portion of the Gonzales Oil Field.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1.Basis of preparation

These consolidated financial statements have been prepared and approved by the Directors in accordance with the UK adopted International Accounting Standards.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with the international financial reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

The income statement results are for the 15-month period ended 31 March 2023 and hence are not directly comparable to those for the year ended 31 December 2021. The accounting reference date was changed to align with that of the Company's operating subsidiary, Nobel Petroleum USA LLC.

2.2.Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all its subsidiaries (the "Group").

Subsidiaries include all entities over which the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control commences until the date that control ceases. Intra-group balances and any unrealised gains and losses on income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3.Going concern

The Directors have prepared cashflow forecasts as part of their assessment of the going concern position of the Company and Group. The Board of Directors have considered these forecasts and have a reasonable expectation that the Company and Group has adequate resources to continue in operational existence through to 30 November 2024 as projected. The forecasts included the Group's obligations on funding the initial Millennium well but do not include any planned expenditure in regard to Horse Hill, as the Directors do not expect any such payments to be required during the going concern assessment period.

This is subject to material adverse unforeseen events that may occur, including but not limited to oil and gas prices and further hinderances to operations.

The Group completed share issues in April 2023 and July 2023 which raised a total of £1,800,000. As at 29 September 2023 the group had a cash balance of US$693,438, after paying general administrative expenses, regulatory fees, costs related to the placings, the final instalment of US$537,557 to Millenium Petrocapital to complete the acquisitions, and certain down payments for mobilisation of the workover rig and ancillary equipment.

On 29 June 2022, Petroquest Energy Limited, an unrelated corporate party, extended the repayment date on the loan owing by Nobel Petroleum LLC. The revised maturity date on the loan is 31 December 2024. Petroquest Energy Limited have further formally confirmed to the Directors that the loan can be further extended to 31 December 2025 if required.

The Directors have considered the above matters and continue to consider it appropriate to prepare the Group and Company financial statements on a going concern basis.

2.4 New standards, amendments and interpretations adopted by the Group and Company

The International Accounting Standards Board has issued standards and interpretations effective for the first time for the financial period beginning 1 January 2022. The Directors consider their adoption has not had any significant impact on the disclosures or on the amounts reported in these financial statements:

The Directors have considered IFRS and amendments that are in issue but not yet in effect for the accounting period. They have assessed that none of these are expected to have a significant impact on the amounts reported in future periods or to disclosures, other than IAS 1 (amended). This replaces the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The Directors accordingly anticipate this will result in a reduction in disclosure within the accounting policy section in future financial statements. The amendment to IAS 1 is effective for periods beginning on or after 1 January 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment.

2.6 Foreign Currency Translation

- *Functional and presentation currency*
  Items included in each of the financial statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of the UK parent entity is pound sterling and the functional currency of the US subsidiaries is US dollars. The financial statements are presented in US Dollars, rounded to the nearest dollar, which is the Group's and Company's presentation currency.
- *Transactions and balances*
  Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where such items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement Of Comprehensive Income.
- *Group companies*
  The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
  - assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
  - income and expenses for each Statement of Comprehensive Income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
  - all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in the Statement of Comprehensive Income as part of the gain or loss on sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Property, plant and equipment

Following evaluation of successful exploration of wells, if commercial reserves are established and the technical feasibility of extraction demonstrated, and once a project is sanctioned for commercial development, then the related capitalised exploration costs are transferred into a single field cost centre within ‘producing properties’ within property, plant and equipment after testing for impairment.

The net book values of ‘producing properties’ are depreciated on a unit of production basis at a rate calculated by reference to proven and probable reserves and incorporating the estimated future cost of developing and extracting those reserves once production has commenced.

The Petroleum (Mineral lease) expenditure to date is over land that has already had historical vertical drilled wells and has proven oil reserves. All these costs were therefore immediately capitalised within property, plant and equipment.

All costs incurred after the technical feasibility and commercial viability of producing hydrocarbons has been demonstrated, are capitalised within ‘drilling costs and equipment’ on a well-by-well basis. Subsequent expenditure is capitalised only where it either enhances the economic benefits of the development/producing asset or replaces part of the existing development/producing asset. Any costs remaining associated with the part replaced are expensed.

All property, plant and equipment other than oil and gas assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets, over their estimated useful lives, on a straight-line basis as follows:
Office equipment – 4 years
The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year-end.

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the Statement of Comprehensive Income.

2.8 Intangible assets

- ***Development expenditure***

  Expenditure on the drilling of development wells, including service, is capitalised initially within intangible fixed assets and when the well has formally commenced commercial production, then it is transferred to property, plant and equipment and is depreciated from the commencement of production as described in the accounting policy for property, plant and equipment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Intangible assets (continued)

- ***Drilling costs and Petroleum mineral leases***

  The Group applies the successful efforts method of accounting for oil and gas assets, having regard to the requirements of IFRS 6 'Exploration for and Evaluation of Mineral Resources'. Costs incurred prior to obtaining the legal rights to explore an area are expensed immediately to the Statement of Comprehensive Income.

  Exploration expenditure incurred in the process of determining exploration targets is capitalised initially within intangible assets as drilling costs. Drilling costs are initially capitalised on a well-by-well basis until the success or otherwise has been established. Drilling costs are written off on completion of a well unless the results indicate that hydrocarbon reserves exist and there is a reasonable prospect that these reserves are commercially viable. Drilling costs are subsequently transferred to 'Drilling expenditure' within property, plant and equipment and depreciated over their estimated useful economic life. All such costs are subject to regular technical, commercial and management review on at least an annual basis to confirm the continued intent to develop or otherwise extract value from the discovery. Where this is no longer the case, the costs are immediately expensed to the Statement of Comprehensive Income.

2.9 Impairment of Non-Financial Assets

Assets not ready for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment at each reporting date. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Financial assets

Classification

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. At initial recognition, the Group measures its financial assets at amortised cost which comprise 'trade and other receivables' and 'cash and cash equivalents'.

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition and measurement

At initial recognition, an entity shall measure a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

At initial recognition, an entity shall measure trade receivables at their transaction price if the trade receivables do not contain a significant financing component.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial assets (continued)

Derecognition
The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of the ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Derecognition also takes place for certain assets when the Group writes-off balances pertaining to the assets deemed to be uncollectible.

Impairment of financial assets
IFRS 9 mandates the use of an expected credit loss model to calculate impairment losses rather than an incurred loss model, and therefore it is not necessary for a credit event to have occurred before credit losses are recognised. The impairment model applies to the Group's financial assets and loan commitments. The Group recognises lifetime expected credit losses ("ECL") when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to a lifetime ECL.

The Group is satisfied that the credit risk of its financial assets has not significantly increased and no provision for losses is required. The Group has concluded this on the basis of ongoing monitoring of the credit status of bank counterparties and the long-term operating relationships that the Group has with the other debtor counterparties.

2.11 Short term investments
Short term investments are cash amounts held in bank accounts and deposits by intermediaries that have been approved by the Directors.

2.12 Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand and demand deposits with banks.

2.13 Trade and other payables
Trade and other payables are initially measured at fair value, net of transaction costs that are directly attributable to the issue of the financial liability and are subsequently measured at amortised cost using the effective interest method if the time value of money is significant.

2.14 Borrowings
Borrowings are recognised initially at fair value minus transaction costs that are directly attributable to the issue of the financial liability. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Income Statement over the period of the borrowings, using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Share capital

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of equity instruments as consideration for the acquisition of a business are included in the cost of acquisition.

2.16 Reserves

On 17 May 2017 Pennpetro Energy plc ("Pennpetro") acquired 100% of the issued capital of Nobel Petroleum UK Limited ("Nobel UK") in a share for share exchange with the shareholders of Nobel UK's parent company at that time, Nobel Petroleum Ireland Limited ("Nobel Ireland"). This reverse merger was accounted for as a share-based payment transaction which should be accounted for in accordance with IFRS 2. On the basis of the guidance in para 13A of IFRS 2, the reverse merger has been treated as a continuation of the Nobel Group into the Pennpetro Group. The consideration included the issue of new share capital and the issue of a convertible bond. The total consideration less the share capital in Nobel UK resulted in the creation of the reorganisation reserve.

The convertible reserve represents the principal value of a mandatory convertible note issued by Pennpetro Petroleum plc to Nobel Petroleum Ireland Limited in part consideration for the acquisition of Nobel Petroleum UK under an agreement dated 17 May 2017.

The translation reserve represents effects of currency translation in the year.

2.17 Taxation

The tax expense or credit comprises current and deferred tax. It is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction, which affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled. Deferred tax is charged or credited in the Statement of Comprehensive Income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.18 Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"), who is responsible for allocating resources and assessing performance of the operating segments and making strategic decisions. The CODM is determined to be the board of Directors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Share based payments

All services received in exchange for the grant of any share-based remuneration are measured at their fair values. These are indirectly determined by reference to the fair value of the share options/warrants awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Share based payments are ultimately recognised as an expense in the Statement of Comprehensive Income with a corresponding credit to other reserves in equity, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options/warrants expected to vest. Non-market vesting conditions are included in assumptions about the number of options/warrants that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options/warrants expected to vest differs from previous estimates. No adjustment is made to the expense or share issue cost recognised in prior periods if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Where share options are cancelled, this is treated as an acceleration of the vesting period of the options. The amount that otherwise would have been recognised for services received over the remainder of the vesting period is recognised immediately within the Statement of Comprehensive Income.

3. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow and interest rate risk), credit risk and liquidity risk.

Market risk

The Group operates in an international market for hydrocarbons and is exposed to risk arising from variations in the demand for and price of the hydrocarbons. Oil and gas prices historically have fluctuated widely and are affected by numerous factors over which the Group has no control, including world production levels, international economic trends, exchange rate fluctuations, speculative activity and global or regional political events.

Currency risk

The majority of the Group's purchase transactions and expenditure are denominated in US dollars. The currencies are stable, and any exchange risk is managed by maintaining bank accounts denominated in those currencies.

3. FINANCIAL RISK MANAGEMENT (continued)

Credit risk
The Group's principal financial assets are cash and cash equivalents, other receivables and short-term investments.

Credit risk represents the risk of loss the Group would incur if third party operators and counterparties fail to fulfil their credit obligations. The risk is concentrated between a relatively small group of operators given the small number of parties involved in oil and gas exploration and production activities. The Group seeks to mitigate this risk where possible by assessing the credit quality of the participants and by establishing ongoing and long-term relationships.

The initial credit risk on cash and cash equivalents and short-term investments is limited because it is the Group's policy to invest with banks that firstly offer the greatest degree of security in the view of the Group and, secondly the most competitive interest rates. The credit risk for short term investments and cash and cash equivalents is considered negligible since the counterparties are reputable banks.

Other receivables include amounts due from parties that have been involved in the Gonzales Project since its inception and continue to have an interest in the Group in their capacity as shareholders in Pennpetro or as lenders to the Group. Other receivables are therefore initially considered low credit risk.

Other receivables are considered in default if the entity or party has not settled its payment obligation by the due date set out in the underlying contracts and agreements.

A loss allowance is recognised for expected credit losses on all financial assets held at the balance sheet date. Given risk mitigation steps undertaken by the Directors, no provision has been made for losses.

The maximum exposure due to credit risk for the Group on financial assets during the year was $444,315 (2021: $346,198). All amounts are expected to be received in full and on time.

Liquidity risk
Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group Finance. Group Finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs, while seeking to maintain sufficient headroom on its undrawn committed borrowing facilities (note 20) at all times, so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal Statement of Financial Position ratio targets, and, if applicable, external regulatory or legal requirements (for example, currency restrictions).

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings, based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

3. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

Group **At 31 March 2023**	**Less than 1 year** **$**	**Between 1 and 2 years** **$**	**Between 2 and 3 years** **$**
Borrowings (undiscounted)	-	4,018,369	-
Trade and other payables	966,986	-	-
At 31 December 2021			
Borrowings (undiscounted)	4,190,324	-	-
Trade and other payables	1,044,529	-	-

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1.Use of estimates and judgements

The preparation of Financial Statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below.

4.2.Critical accounting judgements

- ***Recoverability of non-producing mineral leases and capitalised drilling costs & equipment***

Management tests annually whether non-producing mineral leases have future economic value in accordance with the accounting policies. This assessment takes into consideration the likely commerciality of the asset, the future revenues and costs pertaining and the discount rates to be applied for the purposes of deriving a recoverable value. In the event that a lease does not represent an economic drilling target and results indicate that there is no additional upside, the mineral lease and drilling costs will be impaired. The Directors have reviewed the estimated value of the licences and have concluded that no impairment should be recognised. The Directors do not consider that there is a significant risk of material adjustment to the estimated value of the leases given the underlying value of proven reserves and the successful testing, trials and completion of the initial well.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

4.1. Critical accounting judgements (continued)

- ***Impairment of investments, and amounts due from subsidiaries***

The Directors have assessed at year end whether there is any indication that the carrying value of the Company's investment in its subsidiaries has been impaired, and whether the amounts due from its subsidiaries are not recoverable. The Directors have determined that the value of the assets owned by its subsidiaries, namely the mineral leases, the proven oil and gas reserves and Net Revenue Interests (as described in the section below *"Estimated impairment of producing properties and capitalised drilling costs & equipment*") are significantly higher than the combined total of the Investment and receivable balances carried in the Company's books. The Directors therefore do not consider any impairment is necessary. The Directors do not consider that there is a significant risk of material downward adjustment to the estimated levels of proven and probable reserves in the next 12 months but have disclosed this as an area of significant estimation based on the size of the balance.

- ***Estimated impairment of producing properties and capitalised drilling costs & equipment***

At 31 March 2023, petroleum mineral leases and capitalised drilling costs & equipment on petroleum properties have a total carrying value of $5,718,821 (2021: $5,618,821), (notes 12 and 13). Management tests annually whether the assets have future economic value in accordance with the accounting policies and has placed reliance on the Competent Persons Report ("CPR") prepared in December 2017.

All of the mineral leases were offered on an initial term of three years with an option to extend them by two years. All of the leases covering the initial permit area do not need renewing whilst there is any production from the permitted area. The initial drilled well COG#1-H was drilled within the initial term and therefore leases are held pursuant to that production status.

The recoverable amount of each property has been determined based on a value in use calculation included in the CPR which requires the use of certain estimates and assumptions such as long-term commodity prices (i.e., oil and gas prices), pre-tax discount rates, operating costs, future capital requirements and mineral resource estimates. The Directors have reviewed these assumptions as at the reporting date and consider them to remain appropriate. These estimates and assumptions are subject to risk and uncertainty and therefore a possibility that changes in circumstances will impact the recoverable amount.

The Directors have utilized information including the CPR prepared in December 2017 in determining the recoverability of the Company's Petroleum properties.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

- ***Estimated impairment of producing properties and capitalised drilling costs & equipment (continued)***

The Directors have utilized information including the CPR prepared in December 2017 in determining the recoverability of the Company's Petroleum properties. Key assumptions made in the CPR report (updated for the Group's increased Working Interest from 2019 to 100% which consequently increased its Net Revenue Interest increased to 75%) were as follows:

- The Pennpetro Group owns approximately 1,000 leases on 2,500 acres in Gonzales, Texas.
- The Group's Net Working Interests are 4,000 Mbbl of oil and 2,000 MMcf of gas.
- Base case oil sold is assumed at $55 per barrel and gas at $3.20 per thousand cubic feet.
- The total proved future Net Revenue Interest after costs as per CPR: Undiscounted $120m.

The Directors are comfortable in relying on the CPR for the following reasons:

- There have been no geological changes or extraction from the area since the date of the CPR that would significantly have reduced the quantity of hydrocarbons present.
- The oil sold price used in the CPR of $55 per barrel is lower than current and future forecast WTI prices. If the projections were updated to the WTI price at the period end date of $75 per barrel, this would increase the undiscounted net revenue interest to approximately $180m.
- The WTI price as at 27 September 2023 was $93 (source: Bloomberg markets), hence there has not been a decline in oil price since the period end.
- Operating costs remain in line with those disclosed in the CPR.

Based on the information provided in the CPR, updated for changes in Net Revenue Interest and oil price, the Directors have determined that the Company's oil properties have not been impaired as at 31 March 2023.

The Directors also do not consider that there is a significant risk of material adjustment to the estimates used to assess impairment of producing properties and capitalised drilling costs & equipment in the next 12 months, but have disclosed this as an area of significant estimation based on the size of the balance.

4. SEGMENTAL INFORMATION

The Group operates in two geographical areas, the United Kingdom and the United States of America. Activities in the UK are mainly administrative in nature whilst the activities in the USA relate to exploration and production from oil and gas wells. The reports reviewed by the Board of Directors that are used to make strategic decisions are based on these geographical segments.

	15 Month Period to 31 March 2023			
	USA	**UK**	**Intra-segment balances**	**Total**
	$	**$**	**$**	**$**
Revenue	-	-	-	-
Operating loss	221,531	(540,433)	-	(318,902)
Capital expenditure	100,000	-	-	100,000
Total assets	6,068,526	3,039,542	(2,944,932)	6,163,136
Total liabilities	6,571,675	1,358,612	(2,944,932)	4,985,355

	Year ended 31 December 2021			
	USA	**UK**	**Intra-segment balances**	**Total**
	$	**$**	**$**	**$**
Revenue		-	-	
Operating profit/(loss)	(29,595)	(991,451)	-	(1,021,046)
Capital expenditure	617	-	-	617
Total assets	6,050,937	3,128,332	(3,042,414)	5,965,019
Total liabilities	3,593,419	1,335,042	(3,042,414)	5,300,791

5. SEGMENTAL INFORMATION (continued)

The amounts provided to the Board of Directors with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and physical location of the asset.

Reportable segments' assets are reconciled to total assets as follows:

	31 March 2023 $	31 December 2021 $
Segmental assets for reportable segments	6,163,136	5,965,019
Total assets per Statement of Financial Position	6,163,136	5,965,019

6. EXPENSES BY NATURE

Group	**15 Month Period ended 31 March 2023 $**	**Year ended 31 December 2021 $**
Legal, professional and compliance costs	297,290	186,028
Foreign exchange loss	778	22,307
Facility fee	-	550,033
Other costs	258,426	262,678
Total administrative expenses	**556,494**	**1,021,046**

7. AUDITOR REMUNERATION

Services provided by the Company's auditor and its associates
During the period, the Group (including its overseas subsidiaries) obtained the following services from the Company's auditor:

	15 Month Period ended 31 March 2023 $	Year ended 31 December 2021 $
Fees payable to the Company's auditor for the audit of the parent company and consolidated financial Statements	**49,310**	**38,400**

8. STAFF COSTS

Group and Company	2023 $	2021 $
Wages and salaries	146,532	114,652
Social security costs	35,437	7,233
Valuation of options	-	229,224
	181,969	**351,109**

Directors' Emoluments

		2023 $	2021 $
Keith Edelman (resigned on 15 April 2021)	Emoluments	-	13,528
	Valuation of options	-	27,601
Olof Rapp	Emoluments	46,299	40,306
	Valuation of options		79,913
Philip Nash (resigned on 8 June 2021)	Emoluments	-	17,558
	Valuation of options	-	41,797
Thomas Evans	Emoluments	46,299	40,306
	Valuation of options	-	79,913
Andy Clifford	Emoluments	53,934	-
	Valuation of options	-	-
David Lenigas (appointed on 28 March 2023)	Emoluments	-	-
	Valuation of options	-	-
		146,532	**340,922**

The Group does not employ any full-time employees at its US subsidiaries. Instead, the Group uses specialist service providers to fulfil its well drilling and land management requirements.

The average monthly number of staff, including the Directors, during the financial year was as follows:

	2023	2021
Directors	3	3

9. FINANCE INCOME AND FINANCE COSTS

	2023 $	2021 $
Interest expense	260,347	290,661
	260,347	290,661

10. INCOME TAX

The tax charge for the year is $Nil (2021: $Nil). Factors affecting the tax charge for the period are explained below:

	2023 $	2021 $
Loss for the year before taxation	(318,902)	(1,311,707)
UK Loss before tax multiplied by the UK tax rate 19% (2021: 19%)	(60,591)	(249,224)
Tax effect of:		
Gain on loan modification	(94,608)	-
Unutilised tax losses carried forward	155,199	249,224
	-	-

The Group has UK tax losses of approximately $4,453,643 (2021: $3,913,210) to carry forward against future profits. The Directors have not recognised a deferred tax asset on the losses to date due to the uncertainty of recovery.

The rate of UK corporation tax increased from 19% to 25% with effect from 1 April 2023.

11. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following loss and number of shares:

	2023	2021
Group:		
Loss attributable to equity holders of the parent ($)	318,902	1,311,707
Weighted average number of shares (number)	82,674,357	76,452,106
Loss per share (cents)	(0.39)	(1.72)

There is no difference between the basic and diluted earnings per share as the effect would be to decrease the loss per share.

12. PROPERTY, PLANT AND EQUIPMENT

Group	**Petroleum (Mineral Leases) $**	**Office equipment $**	**Total $**
Cost			
At 1 January 2021	**1,384,314**	**11,787**	**1,396,101**
Additions	617	-	617
Currency translation	-	(88)	(88)
At 31 December 2021	**1,384,931**	**11,699**	**1,396,630**
Additions	100,000	-	100,000
Currency translation	-	-	-
At 31 March 2023	**1,484,931**	**11,699**	**1,496,630**
Accumulated Depreciation			
At 1 January 2021	**-**	**11,787**	**11,787**
Charge for the year	-	-	-
Currency translation	-	(88)	(88)
At 31 December 2021	**-**	**11,699**	**11,699**
Charge for the period	-	-	-
Currency translation	-	-	-
At 31 March 2023	**-**	**11,699**	**11,699**
Net Book Amount			
At 31 December 2021	**1,384,931**	**-**	**1,384,931**
At 31 March 2023	**1,484,931**	**-**	**1,484,931**

12. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	**Office equipment $**
Cost	
At 1 January 2021	**9,478**
Additions	-
Currency translation	(88)
At 31 December 2021	**9,390**
Additions	-
Currency translation	-
At 31 March 2023	**9,390**
Accumulated Depreciation	
At 1 January 2021	**9,478**
Charge for the period	-
Currency translation	(88)
At 31 December 2021	**9,390**
Charge for the period	-
Currency translation	-
At 31 March 2023	**9,390**
Net Book Amount	
At 31 December 2021	-
At 31 March 2023	-

13. INTANGIBLE ASSETS

Group	Drilling costs $	Total $
Cost		
At 31 December 2021	**4,233,890**	**4,233,890**
Amortisation		
At 1 January 2021	**-**	**-**
Amortisation charge for the year	-	-
At 31 December 2021	**-**	**-**
Amortisation charge for the period	-	-
At 31 March 2023	**-**	**-**
Net Book Amount		
At 31 December 2021	4,233,890	4,233,890
At 31 March 2023	**4,233,890**	**4,233,890**

Drilling costs represents acquired exploration and evaluation assets with an undetermined useful life and are tested annually for impairment. Drilling costs are capitalised on a well-by-well basis if the results indicate the existence of a commercially viable level of reserves. No amounts are pledged as security for liabilities.

At 31 March 2023, the Company held, through its US based subsidiary entities, 100% in the leasehold petroleum interests centred on the City of Gonzales, southwest Texas.

Impairment review – Intangible assets
The Directors have undertaken a review to assess whether circumstances exist which could indicate the existence of impairment, considering the following indicators:

- The Group no longer has title to mineral leases.
- A decision has been taken by the Board to discontinue exploration due to the absence of a commercial level of reserves.
- Sufficient data exists to indicate that the costs incurred will not be fully recovered from future development and participation.

Following their assessment, the Directors recognised that no impairment charge is necessary. Further details regarding consideration of the carrying value is contained in note 4.

14. INVESTMENTS

Investments in subsidiaries

Company	2023 $	2021 $
Shares in group undertakings		
At 1 January	**7,038,631**	**7,104,824**
Foreign exchange movements	(597,651)	(66,193)
At 31 December 2021 and 31 March 2023	**6,440,980**	**7,038,631**

The Group comprises of the following subsidiaries:

Pennpetro USA Corp

Registered Office:	8 The Green Ste A, Dover, Delaware 19901, USA
Nature of business:	Oil and Gas
Class of share:	Ordinary shares
% of equity shares held by Company:	100%

Nobel Petroleum USA Inc.

Registered Office:	198 West 13th Street, Wilmington, Delaware 19801, USA
Nature of business:	Oil and Gas
Class of share:	Ordinary shares
% of equity shares held by Company:	100% via Pennpetro USA Corp

Nobel Petroleum LLC

Registered Office:	3867 Plaza Tower DR Baton Rouge, Louisiana 70816-4378, USA
Nature of business:	Oil and Gas
Class of share:	Ordinary shares
% of equity shares held by Company:	100% via Pennpetro USA Corp

Pennpetro Greentec UK Limited

Registered Office:	20b Wilton Row London SW1X 7NS, UK
Nature of business:	Dormant
Class of share:	Ordinary shares (£100)
% of equity shares held by Company:	100%

Pennpetro Green Energy Limited

Registered Office:	20bWilton Row, London SW1X 7NS, UK
Nature of business:	Dormant
Class of share:	Ordinary shares (£100)
% of equity shares held by Company:	100%

14. INVESTMENTS (continued)

Pennpetro Greentec Limited

Registered Office:	1 Kalymnou, Q MERITO, 4th Floor, Agios Nikolaos, 6037 Larnaca, Cyprus
Nature of business:	IP Holding
Class of share:	Ordinary shares (€1,000)
% of equity shares held by Company:	100%

These subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertaking held directly by the parent company does not differ from the proportion of ordinary shares held.

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 $	2021 $	2023 $	2021 $
Amounts owed from group undertakings	-	-	2,944,932	3,079,883
Other receivables	315,299	309,456	12,386	13,535
	315,299	**309,456**	**2,957,318**	**3,093,418**

The fair value of all receivables is the same as their carrying values stated above.

Group
The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2023 $	2021 $
UK Pound Sterling	12,386	13,535
US Dollar	302,913	295,921
	315,299	**309,456**

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. With respect to amounts due from Development participants, each participant has provided a lien over its lease interests and a security interest over its interest in well assets. The Group does not hold any collateral as security for other receivables.

The impact of a 10% favourable movement in the US Dollar to UK Pound would increase the carrying value of other receivables denominated in UK Pounds by approximately $1,238 (2021: $1,353). The impact of a 10% adverse movement in the US Dollar to UK Pound would reduce the carrying value of other receivables denominated in UK Pounds by approximately $1,238 (2021: $1,353).

Company
The carrying amounts of the Company's trade and other receivables are denominated in UK Pound Sterling.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Company does not hold any collateral as security for other receivables.

The impact of a 10% favourable movement in the US Dollar to UK Pound would increase the carrying value of other receivables denominated in UK Pounds by $295,731 (2021: $309,341). The impact of a 10% adverse movement in the US Dollar to UK Pound would reduce the carrying value of other receivables denominated in UK Pounds by $295,731 (2021: $309,341).

16. SHORT-TERM INVESTMENTS

	Group		Company	
	2023	2021	2023	2021
	$	$	$	$
Short-term investments	82,224	34,914	82,224	34,914

Short term investments include $82,224 (2021: $34,914) of cash being held by FHF Corporate Finance Limited on behalf of Pennpetro. The amount is held in Pounds Sterling.

Group
The carrying amounts of the Group's short-term investments are denominated in the following currencies:

	2023	2021
	$	$
UK Pound Sterling	82,224	34,914
US Dollar	-	-
	82,224	34,914

The maximum exposure to credit risk at the reporting date is the carrying value of the short-term investment mentioned above. The Group does not hold any collateral as security.

The impact of a 10% favourable movement in the US Dollar to UK Pound would increase the carrying value of short-term investments denominated in UK Pounds by approximately $8,222 (2021: $3,491). The impact of a 10% adverse movement in the US Dollar to UK Pound would reduce the carrying value of short-term investments denominated in UK Pounds by approximately $8,222 (2021: $3,491).

Company
The carrying amounts of the Company's short-term investments are denominated in UK Pound Sterling.

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023	2021	2023	2021
	$	$	$	$
Cash at bank	46,792	1,828	-	-

At 31 March 2023, the Group held cash of $46,792 (2021: $1,828) in banks with a Fitch credit rating of A (Stable).

18. SHARE CAPITAL AND PREMIUM

	Ordinary shares			Share premium		
Group	**Number of shares**	**Value £**	**Value $**	**Value £**	**Value $**	**Total $**
At 1 January 2021 and 31 December 2021	**76,452,106**	**764,521**	**979,427**	**3,205,116**	**4,121,700**	**5,101,127**
Share issue	8,046,965	80,470	99,674	2,009,703	2,489,019	2,588,992
At 31 March 2023	**84,499,071**	**844,991**	**1,079,101**	**5,214,819**	**6,610,719**	**7,690,119**

On 16 March 2022 1,166,667 new ordinary shares were issued at a price of 30 pence per share for cash.

On 30 March 2022 Nobel Petroleum Ireland Limited under their convertible note exercised the conversion of 5,833,333 new ordinary shares at 25 pence per share.

28 July 2022 - 952,268 shares were issued at a price of 28 pence per share to settle a creditor balance.

21 November 2022 94,697 shares were issued at a price of 15.8 pence per share to settle a creditor balance.

In March 2023, the Group received cash of $148.638 in connection with the share issue completed on 11 April 2023 (note 28). These amounts have been recognized within trade and other payables.

The convertible loan note was issued by Pennpetro to Nobel Ireland in the Reverse merger of Nobel UK. This may be converted into 19 million ordinary shares if certain conditions are met, at a fixed subscription price of 25 pence. The loan note was partially exercised in March 2022 for issued of 5,833,333 shares.

19. SHARE BASED PAYMENTS

Share options

On 2nd November 2018 the Company granted options under the Pennpetro Energy Plc Option Share Plan with an exercise price of £0.35p per share over, in aggregate, 1,700,000 ordinary shares of £0.01 each to Directors Keith Edelman, Phillip Nash, Tom Evans and Olof Rapp, who each received 425,000 options. The share price of the options granted are linked to the price of shares issued on listing. Options are granted at 35p, which is a modest premium to the issue price of the listing share price of 25p.

	Weighted average exercise price £	Number of awards
Exercisable at 1 January 2021	**0.35**	**1,700,000**
Awarded	-	-
Expired	-	(1,700,000)
Exercisable at 31 December 2021	**-**	**-**

The share options expired on 2 November 2021. No share options were exercised by the Directors.

20. BORROWINGS

	Group		Company	
	2023	**2021**	**2023**	**2021**
	$	**$**	**$**	**$**
Current liabilities				
Corporate borrowings	4,018,369	4,256,262	-	-

As at 31 March 2023, the Group had a $5 million Loan Note arrangement with Petroquest Energy Limited, with a maturity date of 31 December 2022. In June 2022, Petroquest Energy Limited agreed to extend the maturity date to 31 December 2024. Petroquest confirmed to the Directors in July 2023 that if necessary, the maturity date can be further extended at the Group's option to 31 December 2025.

The Directors' assessed the extension of the loan's maturity to 31 December 2024 to be a substantial modification under IFRS 9, and a loan modification adjustment has been recognized in the income statement in connection with this.

The annual interest rate is set at 1% below Barclays Bank base rate and no interest has been charged to date by the lender. The undiscounted balance drawn against this loan note as at 31 March 2023 was $4,018,369 (2021: $4,190,324). The borrowing facility is secured against certain petroleum leases owned by the Group. The discounted present value of the loan as at 31 March 2023 was $3,453,767 (2021: $3,658,987) and reflects an adjustment for effective interest calculated at 8% per annum over the remaining term of the loan.

The movement in total borrowings in the year was as follows. Borrowings are denominated partially in US dollars and partially in Pounds Sterling.

	Group		Company	
	2023	**2021**	**2023**	**2021**
	$	**$**	**$**	**$**
At 1 January	4,256,262	3,727,995	-	-
Advance	-	304,556	-	-
Interest charge	260,347	290,661	-	-
Net repayment	-	(65,938)	-	-
Adjustment for effective interest	-	2,058	-	-
Loan term modification adjustment	(497,939)	-	-	-
Foreign currency exchange	(301)	(3,070)	-	-
At 31 December 2021 And 31 March 2023	**4,018,369**	**4,256,262**	**-**	**-**

The fair value of borrowings equals their carrying amount. Borrowings are denominated in US dollars.

The net debt position (total borrowings less cash on hand) as at 31 March 2023 is $3,971,577 (2021: $4,254,434).

20. BORROWINGS (continued)

Group
The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2023 $	2021 $
UK Pound Sterling	304,556	304,556
US Dollar	3,713,813	3,951,706
	4,018,369	**4,256,262**

The impact of a 10% favourable movement in the US Dollar to UK Pound would increase the carrying value of borrowings denominated in UK Pounds by approximately $30,455 (2021:$30,455). The impact of a 10% adverse movement in the US Dollar to UK Pound would reduce the carrying value of the borrowings denominated in UK Pounds by approximately $30,455 (2021: $30,455).

Company
The company does not carry any borrowings.

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 $	2021 $	2023 $	2021 $
Trade and other payables	881,076	408,726	1,240,006	663,510
Amounts owed to group undertakings	-	-	32,696	35,729
Accrued expenses	85,910	635,803	85,910	635,803
At 31 December 2021 And 31 March 2023	**966,986**	**1,044,529**	**1,358,612**	**1,335,042**

Group
The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2023 $	2021 $
UK Pound Sterling	916,986	994,529
US Dollar	50,000	50,000
	966,986	**1,044,529**

The impact of a 10% favourable movement in the US Dollar to UK Pound would increase the carrying value of trade and other payables denominated in UK Pounds by approximately $91,698 (2021: $99,453). The impact of a 10% adverse movement in the US Dollar to UK Pound would reduce the carrying value of trade and other payables denominated in UK Pounds by approximately $91,698 (2020: $99,453).

Company
The carrying amounts of the Company's trade and other payables are denominated in UK Pound sterling. The carrying amounts of the Company's US subsidiary companies are denominated in US Dollars.

22. FINANCIAL INSTRUMENTS BY CATEGORY

	Group		Company	
	2023 $	2021 $	2023 $	2021 $
Assets as per Statement of Financial Position				
Loans and receivables:				
Trade and other receivables (excluding prepayments)	315,299	309,456	2,957,318	3,093,418
Short-term investments	82,224	34,914	82,224	34,914
Cash and cash equivalents	46,792	1,828	-	-
	444,315	**346,198**	**3,039,542**	**3,128,332**
Liabilities per Statement of Financial Position				
Financial liabilities at amortised cost:				
Borrowings	4,018,369	4,256,262	-	-
Trade and other payables (excluding non-financial liabilities)	966,986	1,044,529	1,358,612	1,335,042
	4,985,355	**5,300,791**	**1,358,612**	**1,335,042**

23. TREASURY POLICY

The Company and Group operate informal treasury policies which include ongoing assessments of interest rate management and borrowing policy. The Board approves all decisions on treasury policy.

The Group has financed its activities by raising funds through borrowings set out in note 20 above. There are no material differences between the book value and fair value of the financial assets.

24. CAPITAL MANAGEMENT POLICIES

The Group and Company set the amount of capital in proportion to its overall financing structure and manage their capital structure and make adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The Group considers its equity to be its capital.

The Group and Company's capital management objectives are:

- to ensure compliance with borrowing covenants;
- to ensure the Group's and Company's ability to continue as a going concern; and
- to provide an adequate return to shareholders.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debts. The Group will continue making interest payments in accordance with financial and non-financial loan covenants.

The Group applies itself to taking on critically analysed and early productive asset acquisitions as a forward de-risk strategy to maintain going concern issues.

25. CAPITAL COMMITMENTS

As at 31 December 2021, the Group had no capital commitments for drilling and equipment costs contracted but not provided for. The agreements signed with Millennium PetroCapital Corporation in March 2023 required a capital commitment of $737,510, which was settled in April 2023. The agreements signed in 2023 with Horse Hill carry no capital commitments until that agreement becomes unconditional.

26. RELATED PARTY TRANSACTIONS

Transactions with Directors

An amount of £10,000 that was previously advanced to Thomas Evans remains outstanding as at 31 March 2023 (2021: £10,000). The amount is secured against shares held by him in the Company and is due for repayment within 12 months. No interest has been charged on the advance.

Thomas Evans is a Director of the following companies which are considered as related parties:

- FHF Securities (A'Asia) Limited – a shareholder in Pennpetro with a 0.49% shareholding in the Company.
- Nobel Petroleum LLC, which is a 100% directly owned subsidiary of Pennpetro USA Corp.
- Nobel Petroleum USA, Inc, which is a 100% owned subsidiary of Pennpetro USA Corp.
- Pennpetro USA Corp., which is a 100% owned subsidiary of Pennpetro.
- Pennpetro Greentec UK Limited, which is a 100% owned subsidiary of Pennpetro.
- Pennpetro Green Energy Limited, which is a 100% owned subsidiary of Pennpetro.
- Pennpetro Greentec Limited, which is a 100% owned subsidiary of Pennpetro.

Transactions with Group undertakings

During the year ended 31 March 2023, the Company provided funds to its wholly owned subsidiary Nobel Petroleum USA of $134,753 (2021: $6,875).

After the foreign exchange losses of $267,965 (2021: gains of $427,692) the total amount due from the Group as at 31 March 2023 was $2,944,932 (2021: $3,078,144).

All Group transactions were eliminated on consolidation.

27. ULTIMATE CONTROLLING PARTY

As at 31 March 2023, there was no ultimate controlling party.

28. EVENTS AFTER THE REPORTING PERIOD

On 11 April 2023, the Company raised £1,500,000 gross proceeds through the issue of 10,000,000 new ordinary shares together with transfers from existing shareholders of a further 39,526,195 existing shares at a price of 3p per share.

On 14 July 2023, the Company raised £300,000 gross proceeds from the issue of 5,800,000 new ordinary shares together with transfers from existing shareholders of a further 9,200,000 existing shares at a price of 2p per share.