



**Pennpetro Energy plc
("Pennpetro", the "Company" or the "Group")**

**Corporate Update and Results for the 6 months
ended 31 December 2022 (Unaudited)**

London, 2 May 2023 - Pennpetro Energy plc (LSE: PPP), an independent oil and gas company focusing on production in the Gonzales Oil Field in Texas, USA, announces today its corporate update and the financial results for the six months ended 31 December 2022.

Corporate Update

- As announced on 16 March 2023, a 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;
- The £1.54 million capital raising announced 28 March 2023; and
The drilling of the first participation well (Whistling Straits 5H well) with Millennium, which is currently in the "clean-up" phase post drilling the well to Total Depth, as announced on 12 April 2023.

The Company is now in a significantly stronger position than it was on 31 December 2022 and there are plans to grow the Company with potentially further participation wells with Millennium in 2023 and the promising farm-in opportunity to drill the Horse Hill #3 well near Gatwick Airport (as announced on 28 March 2023).

Results for the 6 months ended 31 December 2022 (Unaudited)

Financial summary

- The financial results for the six months ended 31 December 2022 show a loss after tax of \$356,193 (H1 2022: loss \$205,000).
- The Group's borrowings, which were non-current, as at 31 December 2022 were \$4,182,794 (H1 2022: \$4,257,000).

Operational summary

- The Farm-In Agreement signed with Upland Resources Limited for the onshore Tunisian Saouaf permit covering 4,004 square kilometers was terminated by the Company post on-site visits by both Tom Evans, the Company's CEO and Andy Clifford, President of Nobel Petroleum USA, Inc., as detailed discussions with both the Tunisian authorities and operational personnel of Upland could not guarantee that all prior obligations regarding the concessional area had been complied with.
- The East Texas proposed Farm-In Agreement to 300 shallow gas prospects could not be advanced at this time due to impending litigation issues regarding certain areas. Once these issues have been satisfactorily resolved, the agreement can be reinstated.
- Significant developments in the pursuit of Proprietary Intellectual Property green technologies with international PCT (Patent Cooperation Treaty) being approved and entering the European National-Regional Phase.

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. This highlights the success we have had in taking advantage of the prior industry downturn to accelerate the positioning of our South Texas leasehold position in favour of the Austin Chalk and Eagleford Shale. As prior reported, we have energized our entire portfolio having successfully drilled and test produced oil in the lower lying Buda formation as an economic reserve. With a strategic foothold in these prolific, low-cost plays established, and a proven management team in place, we will look to expand our drill focused activities, initially regarding the re-entering the Austin Chalk formation of the COG#1 well which flowed oil, with a view to placing that formation on full production.

Chairman's Statement

As reported last year after selling oil commercially from our initial well in the Gonzales field, as the world went into lockdown, we suspended all operations and activities in line with the requests of the US Government and Texas State Legislators. Our team in Houston has recommenced discussions with petroleum service contractors with a view to bringing our proposed 2nd and 3rd drilling projects into play.

With operations now being undertaken again, albeit in a more restricted manner, we sought to shape Pennpetro to emerge stronger and better positioned to accelerate its growth profile from these challenging times.

We also took the opportunity to expand our capital base by the placement of 1,166,667 new shares during March 2022 to raise an additional £350,000 in working capital, and also the appointment of Peterhouse Capital Limited as our Corporate Broker. The Board continues to seek accretive options for corporate development.

In addition, the Company, recognising the global impact of environmental concerns, has instigated due diligence regarding expanding its experiences and core competencies within the fossil environment and petroleum drilling to specific green energy initiatives securitised with US intellectual property filings which are being expanded to select jurisdictions internationally.

We remain confident in our US petroleum assets and the Board continues to build upon what has been a slightly less challenging year for the Group.

David Lenigas

Executive Chairman

2 May 2023

Chief Executive Officers Statement

Operations

In terms of our operations, prior to the onset of the pandemic restrictions, our focus had been on completing our initial horizontal well and organizing the permitting of our second targeted horizontal well (COG#2-H) situated to the north of COG#1-H. Our operator has filed formal completion certificates with the Texas Railroad Commission confirming that the COG#1-H well was being completed as a producer. As explained, our emphasis has now shifted to the development and drilling of COG#2-H, and our prior stated activity pertaining to the COG#1-H Austin Chalk oil operations, will be held pending post the drilling of COG#2-H well into production. Once the process of water removal from the lower reservoirs of COG#1-H is completed, an operation which we have decided to complete with the lower formation being cased-off and to re-enter and take hydrocarbon production from the upper Austin Chalk, from which we initially took oil.

With the advent of the Russian invasion of Ukraine in February 2022, the energy markets have been placed under extreme pressures, with the price of both Brent and West Texas being constantly in the US\$120 zone. Although we expect that prices will retreat from these highs in the short term, any greater unseen forces will see prices escalate again.

In this stabilised oil price environment, Pennpetro has emerged from the oil vicissitudes as a low-cost, primarily asset-backed US onshore oil and gas business, with exciting international interests. Subject to oil prices, market conditions and sentiment, I remain confident that we can deliver our strategy by not only acquiring leases in active and producing US onshore plays and proving up the reserves by drilling new wells, but also by our new strategic acquisition focus on producing assets and directive into green energy initiatives.

As explained, our domestic US asset acquisition strategies generally only targets producing assets and applying proven horizontal technologies to conventional reserves from a firm productive foundation. This initiative is being driven through our Houston technical office with several asset opportunities having been investigated.

We believe the Company's Board and its US management team are strong in terms of having the right mix of industry expertise covering all key areas of the business, including lease acquisition, geology, engineering, and finance.

West Texas Intermediate ("WTI") has continued its strength throughout the period under review averaging US\$83.29/bbl. The value of WTI as at 31 Dec 2022 was US\$80.16/bbl (source: Bloomberg Markets). We will receive a premium of approximately US\$5/bbl for Gonzales crude oil deliveries.

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

For further information, please contact:

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Pennpetro Energy is an independent oil and gas company focusing on production in the Gonzales Oil Field in Texas, USA. Class in the company was admitted to the Official list of the bank. Since 5, based on the fact that

USA. Shares in the company were admitted to the Official List of the London Stock Exchange by way of a Standard Listing on 21 December 2017 with the ticker symbol "PPP". Its wholly owned subsidiary, Nobel Petroleum USA Inc. has a Participation, Development and Option Agreement and Joint Operating Agreement with Texas based Millennium PetroCapital Corporation over a 250,000 acre Area of Mutual Interest in Gonzales County, Texas, aimed at exploiting the prolific proven Austin Chalk oil and gas play. Pennpetro Energy has also recently signed a conditional binding agreement to conduct a new 3D seismic survey on the Horse Hill Oil Field near London's Gatwick Airport which paves the way to drilling the next production well (HH-3) for 49% of the revenue of this proposed well.

Further information on the Company can be found at www.pennpetroenergy.co.uk

IMPORTANT NOTICE - FORWARD-LOOKING STATEMENTS

This announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts and involve predictions. Forward-looking statements may and often do differ materially from actual results. In addition, even if results or developments are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods. Any forward-looking statements reflect the Group's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's business, results of operations, financial position, liquidity, prospects, growth or strategies and the industry in which it operates. Forward-looking statements speak only as of the date they are made and cannot be relied upon as a guide to future performance.

Strategic report and business review

To the members of Pennpetro Energy plc

Cautionary statement

This business review has been prepared solely to provide additional information to shareholders to assess the Company's strategies and the potential for those strategies to succeed.

The business review contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward looking information.

This business review has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Pennpetro Energy plc and its subsidiary undertakings when viewed as a whole.

The Group's business model

Pennpetro's intention is to become an active independent North American development production company.

The key elements of Pennpetro's strategy for achieving this goal are:

- The creation of value through production development success and operational strengths, commencing with the Group's COGLA assets.
- Focusing on commercialisation and monetisation of oil and gas discoveries, and potentially utilising cash flows from initial projects to fund the acquisition or development of future projects.
- Active asset portfolio management.
- Positioning the Company as a competent partner of choice to maximise opportunities and value throughout the E&P lifecycle.

Summary results for the 2022 interim financial period

A summary of the key financial results is set out in the table below:

	Half year Unaudited 31 Dec 2022 \$'000	Half Year Unaudited 31 Dec 2021 \$'000	Half year ended 31 Dec 2021 \$'000
Revenue	-	-	-

Operating expenses (1,021)

	(284)	(60)	
Operating loss	(284)	(60)	(1,021)
Finance income	0	0	-
Finance costs	(73)	(145)	(291)
Loss before tax	(356)	(205)	(1,312)
Taxation	-	-	-
Loss for the period	(356)	(205)	(1,312)

Interest

The net interest cost for the Group for the period was \$73,000 (2022: \$145,000).

Loss before tax

Loss before tax for the period was \$0.3m (2022: \$0.2m).

Taxation

Taxation charge was \$nil for the period (2022: \$nil).

Earnings per share

Basic and diluted earnings per share for the period were 0.42c loss (2022: 0.26c loss).

Financial position

The Group's balance sheet as at 31 December 2022 can be summarised as set out in the table below:

	Assets	Liabilities	Net assets
	\$'000	\$'000	\$'000
Non-current assets	5,619		5,619
Current assets and liabilities	291	(1,326)	(1,035)
Loans and provisions	-	(4,183)	(4,183)
Total as at 31 December 2022	5,910	(5,509)	(401)
Total as at 30 June 2022	6,020	(5,412)	608
Total as at 31 December 2021	5,965	(5,301)	664

Cash flow

Net cash outflow for 2022 was \$1,000 (2022: \$1000).

Consolidated Income Statement

For the six months ended 31 December 2022

	Notes	Half Year Unaudited 31 Dec 2022 \$'000	Unaudited Half year ended 30 Jun 2022 \$'000	Audited Half year ended 31 Dec 2021 \$'000
Continuing operations				
Revenue		-	-	-
Cost of sales		-	-	-
Gross profit		-	-	-
Operating expenses		(205)	(205)	(1,021)
Operating loss		(283)	(60)	(1,021)
Finance income		-	5	-
Finance expense		(73)	(145)	(291)
Loss before income tax		(356)	(205)	(1,312)
Taxation		-	-	-
Loss for the period attributable to the owners of the Company		(356)	(205)	(1,312)
Loss per share attributable to owners of the Company				
From continuing operations:				
Basic & diluted (cents per share)	2	(0.42)	(0.26)	(1.72)

Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2022

**Unaudited
Half year** **Unaudited** **Audited**

	Year ended 31 Dec 2022 \$'000	Half year ended 30 June 2022 \$'000	Year ended 31 Dec 2021 \$'000
Loss for the period	(356)	(205)	(1,312)
Other comprehensive income			
Items that may be subsequently reclassified as profit or loss			
Currency translation differences	771	299	(7)
Total comprehensive loss for the year attributable to the owners of the Company	415	94	(1,319)

Consolidated Balance Sheet

As at 31 December 2022

	Notes	Unaudited 31 Dec 2022 \$'000	Unaudited 30 Jun 2022 \$'000	Audited 31 Dec 2021 \$'000
Non-current assets				
Property, plant & equipment	4	1,384	1,384	1,385
Intangible assets	5	4,234	4,234	4,234
Total non-current assets		5,618	5,618	5,619
Current assets				
Trade and other receivables		301	308	309
Short term investments		(11)	93	35
Cash		1	1	2
Total current assets		291	402	346
Total assets		5,910	6,020	5,965
Equity and liabilities				
Share capital	3	922	928	979
Share premium	3	4,274	4,302	4,122
Convertible reserve		5,738	5,776	6,022
Reorganisation reserve		(6,578)	(6,578)	(6,578)
Foreign exchange reserve		771	306	134
Share based payment reserve		-	-	-
Retained losses		(4,727)	(4,126)	(4,014)
Total equity		400	609	664
Non-current liabilities				
Borrowings		4,183	4,257	-
Total non-current liabilities		4,183	4,257	-
Current liabilities				
Borrowings		-	-	4,256
Trade and other payables		1,326	1,155	1,045
Total current liabilities		1,326	1,155	5,301
Total Equity and Liabilities		5,910	6,020	5,965

Consolidated Statement of Changes in Equity

For the six months ended 31 December 2022

Group	Share Capital \$'000	Share premium \$'000	Convertible reserve \$'000	Share based payment reserve \$'000	Re-organisation reserve \$'000	F excl re
Balance at 31 December 2021	979	4,122	6,022	-	(6,578)	
Loss for the period	-	-	(246)	-	-	
Currency translation differences	-	-	-	-	-	
Total comprehensive loss for the period	-	-	(246)	-	-	
Share issue	-	181	-	-	-	
Share issue costs	(51)	-	-	-	-	
Balance at 30 June 2022	928	4,302	5,776	-	(6,578)	
Gain/(Loss) for the period	-	-	-	-	-	
Currency Translation differences	(6)	(28)	(38)	-	-	
Total comprehensive loss for the period	-	-	-	-	-	

-	-	-	-	-
922	4,274	5,738	-	(6,578)

Consolidated Cash Flow Statement

For the six months ended 31 December 2022

	Unaudited Half year ended 31 Dec 2022 \$'000	Unaudited Half year ended 30 Jun 2022 \$'000	Audited Full year ended 31 Dec 2021 \$'000
Cash flows from operating activities			
Loss for the period	(356)	(205)	(1,312)
Adjustment for:			
Depreciation	-	-	-
Amortisation	-	-	-
Unrealised foreign exchange	-	442	(8)
Write-off	-	-	-
Finance income	-	-	-
Finance costs	73	145	291
Share based payment charge	-	-	800
Decrease in receivables	(6)	(2)	(1)
Increase in payables	171	844	549
Interest paid	-	-	-
Net cash used in operating activities	(119)	(1,226)	(252)
Cash flows from investing activities			
Increase in development expenditure	-	-	-
Purchase of property, plant & equipment	-	-	(1)
Short-term investments	-	-	(13)
Net cash used in investing activities	-	-	(14)
Cash flows from financing activities			
Shares issued	-	-	-
Repayment of borrowings	-	-	(66)
Proceeds from borrowings	272	274	305
Borrowing costs	-	-	-
Net cash generated from financing activities	272	274	239
Net decrease in cash and cash equivalents	(1)	(1)	1
Cash and cash equivalents brought forward	2	2	1
Exchange gain on cash and cash equivalents	-	-	1
Cash and cash equivalents carried forward	1	1	2

General Information

The Consolidated Financial Statements of Pennpetro Energy plc ("the Company") consists 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 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 First Floor, 88 Whitfield Street, London, W1T 4EZ.

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 Gonzalez, in southeast Texas, comprising the undeveloped central portion of the Gonzales Oil Field.

Responsibility statement

Each of the Directors of the Company confirms that to the best of his or her knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting";

- b. the half year report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year);
- c. the half year report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

Summary of significant accounting policies

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2021.

The changes in accounting policy set out below will also be reflected in the Group's consolidated financial statements for the year ended 31 March 2023, if any.

1. New standards, interpretations and amendments effective from 1 January 2020

The following IFRS or IFRIC interpretations were effective for the first time for the financial year beginning 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

Standards /interpretations	Application
IAS 1 & IAS 8 amendments	Definition of Material
IFRS 3 amendments	Business Combinations
Amendments to IFRS 9, IAS 39 & IFRS 17	Interest Rate Benchmark Reform
N/A	Amendments to References to the Conceptual Framework in IFRS Standards

2. Earnings per share

Basic and diluted

Earnings per share is calculated by dividing the loss attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Company and held as treasury shares.

	Unaudited Half year ended 31 Dec 2022	Unaudited Half year ended 30 Jun 2022	Audited Full year ended 31 Dec 2021
Loss attributable to equity holders of the Company (\$'000)	(356)	(205)	(1,312)
Weighted average number of shares in issue (Number '000)	84,285	80,159	76,452
Earnings per share (cents)	(0.42)	(0.26)	(1.72)

3. Share capital and premium

Group	Ordinary shares			Share premium		Total \$
	Number of shares	Value £	Value \$	Value £	Value \$	
At 30 June 2020	76,452,106	764,521	978,643	3,205,516	4,083,322	5,061,965
Foreign currency adjustment	-	-	784	-	38,378	-
At 31 December 2021	76,452,106	764,521	979,427	3,205,516	4,121,700	5,101,127
Share issue	7,000,000	61,658	76,109	329,175	420,428	425,603
At 30 June 2022	83,452,106	826,179	1,055,536	3,534,691	4,252,128	5,526,730
Share Issue	1,046,983	10,470	12,618	271,132	327,550	340,168
At 31 December 2022	84,499,089	836,649	1,068,154	3,534,691	4,252,128	5,526,730

4. Property, plant and equipment

	Petroleum (Mineral Leases) \$	Office Equipment \$	Total \$
Cost			
At 30 June 2020	1,363,163	10,889	1,374,052
Additions	21,151	-	21,151
Currency translation	-	898	898
At 31 December 2020	1,384,314	11,787	1,396,101
Additions	-	-	-
Currency translation	-	99	99
At 30 June 2022	1,384,314	11,886	1,396,200
Additions	-	-	0
Currency translation	-	55	55
As at 31 December 2022	1,384,314	11,941	1,396,255
<u>Accumulated Depreciation and Impairment.</u>			
At 30 June 2020	-	10,601	10,601
Charge for the period	-	303	303
Currency translation	-	883	883
At 31 December 2020	-	11,787	11,787
Charge for the period	-	-	-
Currency translation	-	99	99
At 30 June 2021	-	11,886	11,886
Charge for the period	-	-	-
Currency translation	-	99	99
At 31 December 2021	-	11,886	11,886
Charge for the period	-	-	-
Currency translation	-	99	99
At 30 June 2022	-	11,886	11,886
Charge for the period	-	-	-
Currency translation	-	55	55
At 31 December 2022	-	11,941	11,941
<u>Net Book Amount</u>			
At 1 January 2020	1,361,163	1,571	1,362,734
At 30 June 2020	1,363,163	288	1,363,451
At 31 December 2021	1,384,314	-	1,384,314
At 30 June 2022	1,384,314	-	1,384,314
At 31 December 2022	1,384,314	-	1,384,314

5. Intangible assets

	Drilling costs \$	Loan arrangement fees \$	Total \$
Cost			
At 30 June 2020	4,233,890	270,339	4,504,229
Additions	-	-	-
At 31 December 2020	4,233,890	270,339	4,504,229
Additions	-	-	-
At 30 June 2021	4,233,890	270,339	4,504,229
Additions	-	-	-
At 31 December 2021	4,233,890	270,339	4,504,229

Additions	-	-	-
At 30 June 2022	4,233,890	270,339	4,504,229
Additions	-	-	-
At 31 December 2022	4,233,890	270,339	4,504,229
<u>Amortisation.</u>			
At 30 June 2020	-	240,301	240,301
Amortisation charge for the year	-	30,038	30,038
At 31 December 2020	-	270,339	270,339
Amortisation charge for the year	-	-	-
At 30 June 2021	-	270,339	270,339
Amortisation charge for the year	-	-	-
At 31 December 2021	-	270,339	270,339
Amortisation charge for the year	-	-	-
At 30 June 2022	-	270,339	270,339
Amortisation charge for the year	-	-	-
At 31 December 2022	-	270,339	270,339
<u>Net Book Amount</u>			
At 30 June 2020	4,233,890	30,038	4,263,928
At 31 December 2020	4,233,890	-	4,233,890
At 30 June 2021	4,233,890	-	4,233,890
At 31 December 2021	4,233,890	-	4,233,890
At 30 June 2022	4,233,890	-	4,233,890
At 31 December 2022	4,233,890	-	4,233,890

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