

Pennpetro Energy PLC
("PPP" or "Pennpetro")

Significant increased interest in oil leases in Gonzales County, Texas and £300,000 Placing

London, 27 June 2023 - Pennpetro Energy PLC (LSE: PPP), an independent oil and gas company focusing on production and development in Gonzales County, Texas, USA, through its 100% subsidiary, Nobel Petroleum USA Inc. ("Nobel"), has 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.

In addition, the Company has conditionally placed 6,000,000 new ordinary shares of £0.01 each in the Company and 9,000,000 existing ordinary shares of £0.01 each in the Company transferred by existing shareholders unconnected to any director, (together the "**Placing Shares**") at a placing price of 2 pence each (the "**Placing Price**") to raise £300,000 (before expenses) (the "**Placing**").

Highlights

- £300,000 placing to fund expansion of oil activities in Texas
- Acquisition of 100% WI (75% NRI) and operatorship in Whistling Straits 5H well
- 100% acquisition of 10 tracts, increasing Gonzales footprint by 2,036.38 acres
- Exclusive rights to 100% WI in two other adjacent developed wellbores
- Company fully-funded to bring all wells into near-term production

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. 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.

Oil production from Chalk Talk 1H and 4H wells can be sent to the nearby surface facilities at the Whistling Straits 5H well.

Nobel will conduct further testing of the Whistling Straits 5H well, where strong oil shows were seen during drilling operations in the Lower Austin Chalk interval, after undertaking some minor re-engineering of the artificial lift system.

As previously reported, Millennium, as Operator, began the testing operations began on Whistling Straits 5H well on 23 April 2023. The Operator unsuccessfully installed a jet pump to clean up the well and until now has yet to recover all the load water (drilling fluids) remaining in the well that was used during the drilling process. Nobel's plans to change to an electrical submersible pump (ESP), which has the benefits of a positive displacement pump, to remove the remaining drill fluids to surface and bring on the oil production.

Nobel will pay an additional US\$70,000, in addition to its original well commitment costs, to Millennium for the above transaction plus an additional US\$10,000 per month for rental of the existing production facilities located at the

Whistling Straits 5H well pad.

The Whistling Straits 5H well is the first well to be drilled under its recently signed Participation, Development and Option Agreement between Nobel and Millennium within the 250,000-acre (1,011 square km) Area of Mutual Interest ("AMI") petroleum joint venture in Gonzales County, Texas. The AMI is located about 290 miles (466 kilometres) due west of Houston and will provide PPP's Nobel with a large inventory of low-risk development options in a world class oilfield. The aforementioned assignment of interests relative to the Whistling Straits 5H and other wells does not affect the ongoing joint venture with Millennium and Nobel will continue to review prospective development wells within the AMI.

Tom Evans, Pennpetro Energy's CEO said: "This is an amazing deal for Pennpetro, and we are delighted to have taken over operatorship of the Whistling Straits 5H well in Texas. Replacing the jet pump with an ESP should make a significant difference to removing the nearly 10,000 barrels of drilling fluid still down the hole and cleaning up the well. I'm also excited about the added potential to own 100% of both the 1H and 4H wells and their ability of adding oil to the 5H surface facilities in short order. This £300,000 placing also announced today, provides us with the necessary cash on the balance sheet to do this work."

Further Details on Placing:

The Company would not have been able to satisfy its obligations in full under the Placing by the issue and admission to the Official List (standard listing segment) of the London Stock Exchange's main market for listed securities ("Official List") of new ordinary shares without producing of an FCA approved prospectus. The Company has therefore relied upon the support of its existing Shareholders and is proposing to issue and admit 6,000,000 new ordinary shares (available under the Company's existing headroom under the UK Prospectus Regulation as at 31 March 2023) on or around 4th July 2023.

On the same date, it is also intended for the balance of the Placing Shares to be provided other existing shareholders not connected to any director, ("**Existing Shareholders**"), by way of a transfer of 9,000,000 existing ordinary shares (the "**Existing Shares**") held by them in order to settle the Placing in a timely manner. For the avoidance of doubt, the transfer of the Existing Shares involves no cash consideration being paid to the Existing Shareholders. The transfer of these shares is expected to be made on or around 4th July 2023. Further detail in respect of the agreements being entered into between the Company and the Existing Shareholders is set out below.

Use of Net Proceeds:

On raising these funds, Pennpetro has agreed with Millennium to take over operatorship of the Whistling Straits 5H well and continue the process of putting this well on test.

The balance of the funds will be used for general working capital purposes.

Stock Lending Agreement:

The Existing Shares will be transferred for a nominal consideration of £1 and will be documented in a stock lending agreement between the Existing Shareholders and the Company (the "**Stock Lending Agreement**").

Under the Stock Lending Agreement 9,000,000 new ordinary shares will be issued to the Lenders as soon as reasonably practicable subject to compliance by the Company with the UK Prospectus Regulation, the Listing Rules and the Company's dealing policy. The Company undertakes to make the necessary listing and admission hearing applications to have those new ordinary shares admitted to trading.

Related Party Transaction:

The Stock Lending Agreement is therefore considered not to be a related party transaction, however, the directors for the purposes of a Related Party Transaction (should it be deemed a related party transaction), considers that the terms and conditions of the Stock Lending Agreement are fair and reasonable, insofar as the shareholders of the Company are concerned.

Completion of the new Placing Shares:

Completion of the Placing is conditional on, *inter alia*:-

6,000,000 ordinary shares of £0.01 par value of the total number of 15,000,000 Placing Shares, being admitted to listing on the Official List (standard listing segment) and to trading on the London Stock Exchange's main market for listed securities ("**Admission**") on or before 4th July 2023 (or such later date as may be agreed by the Company and the placing agent).

Admission, Settlement and Dealings in new Placing Shares:

An application will be made to the FCA and to the London Stock Exchange Admission in respect of those 6,000,000 new ordinary shares of £0.01 par value of out of the total number of Placing Shares proposed to be issued on completion of the Placing. It is expected that Admission will become effective, and that dealings in such shares are expected to commence, at 8.00 a.m. on 4th July 2023.

The rights attaching to the new Placing Shares will be uniform in all respects and all of the new Placing Shares will rank *pari passu*, and form a single class for all purposes with, the existing issued shares of £0.01 value in the Company.

Total Voting Rights

Following Placement, the Company will have 100,449,089 ordinary shares of £0.01 par value in issue, each with one vote per share. The total number of voting rights in the Company is therefore increased by 6,000,000 to 100,449,089. This figure of 100,449,089 may be used by shareholders in the Company as the denominator for calculations to determine if they have a notifiable interest in the share capital of the Company under the Disclosure Guidance and Transparency Rules, or if such interest has changed.

-ENDS-

This announcement contains inside information within the meaning of Article 7(1) of (i) Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014, as amended (the "EU Market Abuse Regulation") and (ii) the EU Market Abuse Regulation as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018.

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NOTES TO EDITORS:

Pennpetro Energy is an independent oil and gas company focusing on production in the Gonzales Oil Field in Texas, 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

in exploring the prime proven / reserve oil and gas play. Conquest 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.

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