162 Clontarf Road
Dublin 3,
D03 F6T0
Ireland
Tel: +353 1 833 2833
Fax: +353 1 833 3505
info@petrelresources.com

19 September 2024

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

Unaudited Interim Statement for the six months ended 30 June 2024

Petrel Resources plc (AIM: PET) today announces unaudited financial results for the six months ended 30th June 2024.

Chairman's Statement

Petrel is a junior hydrocarbon explorer with interests in Iraq and Ghana. There are now many oil & gas projects available, with promising geology and manageable logistics.

Demand for oil & oil products, as well as LNG, now surpasses preCovid-19 levels. Despite recent softening, prices are reasonable, and the supply-demand balance steadily tightens as majors withdraw from non-core basins, focusing on existing projects – often using cash to pay dividends and buy shares back, rather than make long-term investments.

However, the fiscal terms available from most states reflect those which became normal during times of better market conditions (2004 – 2014), but are sub-optimal for explorers. Many producing countries, including Iraq, are now talking about improved fiscal terms, but these have not yet been implemented. As a result, most successful bidders in international bid-rounds tend to be State Oil Companies, or in some cases majors with excess cash – often bidding uneconomic fiscal terms.

Neither the stock market nor farm-out market have been supportive of juniors or new frontier projects since 2014.

Given the improving supply-demand balance, and the clear need for major new discoveries as existing fields deplete, what explains the negative stance taken in the stock market?

The reason is that official policy (especially in Europe) has been to support a 'Green Transition', and to avoid permitting new projects that might became stranded assets - or lock economies into fossil fuels.

To some extent, this hard line is being reversed with worries over security of supply following the Ukraine war from 2022 to date. The EU's 'Global Gateway' (initially conceived to boost development, especially in Africa – as a response to China's 'Belt and Road' initiative) has now morphed into a means to secure supplies of 34 critical minerals, of which 17 are 'strategic'.

The USA passed its 'Inflation Reduction Act' in 2022, followed by the EU's Critical Resource Minerals Act in 2024. The directors have been working closely with the EU Commission's Critical Resource Minerals initiative since 2023. The opportunity is infinite, due to the paucity of EU companies experienced in exploration and development especially in developing countries, which require special skills that are not easily developed. Infrastructural investment may be funded up to 50% of total through EU, or Member States' lending bodies at circa 3.3% interest over 20 years. For qualifying 'Green Projects' up to 80% is possible. Typically, for new projects in new areas capex comprises 67% infrastructure, with plant, etc. making up the 33% balance.

Petrel Resources plc, which is an Irish and EU company, has been encouraged to apply its skills and contacts to help resolving the EU's critical need to reduce dependency on Chinese-controlled mining and processing of strategic raw materials. Given current market conditions, this makes sense for shareholders and the EU.

Accordingly, our team has invested time and effort, over recent months, in researching qualifying projects that fit within the EU's criteria.

Currently, the most advanced opportunities identified comprise adequate sources of Helium, which is increasingly critical to high-tech and aerospace industries. Though our petroleum contacts, we are aware of bypassed discoveries, in the Former Soviet Union (FSU) and elsewhere, that show large volume, high confidence reserves ideally suited to fulfil EU needs. Historically, most major Helium (and indeed natural Hydrogen) discoveries have been made – largely by accident – via oil & gas exploration. For reasons of prevailing economics and demand at the time, most of these discoveries have yet to be developed.

In light of current sanctions, it is impractical to develop such Helium (or Cobalt or Lithium) deposits in Russia or Iran. However, jurisdictions such as Kazakhstan are considered pro-western, and the EU has recently signed a Strategic Cooperation Agreement with the Kazakh government, so this is now an EU priority. The required gas exploration and production skills are closely related to those familiar to our team from the petroleum industry. There seems to be excellent potential opportunities for Petrel in such assets, subject to securing necessary funding.

Initial review work gives our experts confidence in the reserve and resource numbers. Potential offtake agreements – both for the EU, as well as China and India are economic at current prices. Title is an issue in the FSU, though many projects have proved solid and delivered good returns where the operator is well-partnered and pays attention to local community relations. These are Petrel's strengths.

Based on initial discussions, we do not see offtake, financing, and permitting as insurmountable obstacles in such critical resources.

The EU has funding and needs critical resource minerals. We believe that we have the contacts, skills and experience to deliver them.

Accordingly, it makes sense for Petrel to pivot, at least partially, away from a pure petroleum focus in developing countries, and towards critical resources for which EU support is available.

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

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

David Horgan
Chairman
18 September 2024

Market Abuse Regulation (MAR) Disclosure

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

ENDS

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

Petrel Resources	
David Horgan, Chairman	*+353 (0) 1 833 2833*
John Teeling, Director	
Strand Hanson Limited - Nominated & Financial Adviser	*+44 (0) 20 7409 3494*
Richard Johnson	
James Bellman	
Robert Collins	
Novum Securities Limited – Broker	
Colin Rowbury	*+44 (0) 20 399 9400*
BlytheRay – PR	*+44 (0) 207 138 3206*
Megan Ray	*+44 (0) 207 138 3553*
Madeleine Gordon-Foxwell	*+44 (0) 207 138 3208*
Teneo	
Fia Long	*+353 (0) 1 661 4055*
Alan Reynolds	
Luke Hogg	
Alan Tyrrell	

Petrel Resources plc
Financial Information (unaudited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six Months Ended		Year Ended
	30 June 24	30 June 23	31 Dec 23
	unaudited	unaudited	audited
	€'000	€'000	€'000
Administrative expenses	(155)	(164)	(304)
Impairment of exploration and evaluation assets	(74)	-	(187)
OPERATING LOSS	(229)	(164)	(491)
LOSS BEFORE TAXATION	(229)	(164)	(491)
Income tax expense	-	-	-
LOSS FOR THE PERIOD	(229)	(164)	(491)
Other comprehensive income	-	-	-
TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD	(229)	(164)	(491)
LOSS PER SHARE - basic and diluted	(0.12c)	(0.09c)	(0.28c)

CONDENSED STATEMENT OF FINANCIAL POSITION

	At 30 June 24	At 30 June 23	At 31 Dec 23
	unaudited	unaudited	audited
	€'000	€'000	€'000
ASSETS:			
NON-CURRENT ASSETS			
Intangible assets	672	933	746
	672	933	746
CURRENT ASSETS			
Trade and other receivables	22	30	10
Cash and cash equivalents	13	51	36
	35	81	46
TOTAL ASSETS	**707**	**1,014**	**792**
CURRENT LIABILITIES			
Trade and other payables	(1,057)	(935)	(1,019)
	(1,057)	(935)	(1,019)
NET CURRENT LIABILITIES	**(1,022)**	**(854)**	**(973)**
NET ASSETS	**(350)**	**79**	**(227)**
EQUITY			
Share capital	2,298	2,223	2,236
Capital conversion reserve fund	8	8	8
Capital redemption reserve	209	209	209
Share premium	21,864	21,812	21,820
Share based payment reserve	27	27	27
Retained deficit	(24,756)	(24,200)	(24,527)
TOTAL EQUITY	**(350)**	**79**	**(227)**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital €'000	Share Premium €'000	Capital Redemption Reserves €'000	Capital Conversion Reserves €'000	Share based Payment Reserves €'000	Retained Losses €'000	Total Equity €'000
As at 1 January 2023	2,223	21,812	209	8	27	(24,036)	243
Total comprehensive income					-	(164)	(164)
As at 30 June 2023	**2,223**	**21,812**	**209**	**8**	**27**	**(24,200)**	**79**
Issue of shares	13	8					21
Total comprehensive income					-	(327)	(327)
As at 31 December 2023	**2,236**	**21,820**	**209**	**8**	**27**	**(24,527)**	**(227)**
Issue of shares	62	44					106
Total comprehensive income					-	(229)	(229)
As at 30 June 2024	**2,298**	**21,864**	**209**	**8**	**27**	**(24,756)**	**(350)**

CONDENSED CONSOLIDATED CASH FLOW

	Six Months Ended		Year Ended
	30 June 24 unaudited €'000	**30 June 23 unaudited €'000**	**31 Dec 23 audited €'000**
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the period	(229)	(164)	(491)
Impairment	74	-	187
Foreign exchange	1	1	1
	(154)	(163)	(303)
Movements in Working Capital	26	49	153
CASH USED IN OPERATIONS	**(128)**	**(114)**	**(150)**
NET CASH USED IN OPERATING ACTIVITIES	**(128)**	**(114)**	**(150)**
FINANCING ACTIVITIES			
Shares issued	106	0	21
NET CASH USED IN FINANCING ACTIVITIES	**106**	**0**	**21**
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(22)**	**(114)**	**(129)**
Cash and cash equivalents at beginning of the period	36	166	166
Effect of exchange rate changes on cash held in foreign currencies	(1)	(1)	(1)
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	**13**	**51**	**36**

Notes:

1. **INFORMATION**

The financial information for the six months ended 30 June 2024 and the comparative amounts for the six months ended 30 June 2023 are unaudited.

The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. The interim financial statements have been prepared applying the accounting policies and methods of computation used in the preparation of the published consolidated financial statements for the year ended 31 December 2023.

The interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2023, which are available on the Company's website www.petrelresources.com

The interim financial statements have not been audited or reviewed by the auditors of the Group pursuant to the Auditing Practices board guidance on Review of Interim Financial Information.

2. No dividend is proposed in respect of the period.

3. **GOING CONCERN**

The Group incurred a loss for the period of €229,585 (FY2023: loss of €491,086) and had net current liabilities of €1,022,121 (2023: €973,503) at the balance sheet date. These conditions as well as those noted below, represent a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern.

Included in current liabilities is an amount of €992,531 (31 December 2023: €947,531) owed to key management personnel in respect of remuneration due at the balance sheet date. Key management have confirmed that they will not seek settlement of these amounts in cash for a period of at least one year after the date of approval of the financial statements or until the Group has generated sufficient funds from its operations after paying its third party creditors.

The Group and Company had a cash balance of €13,248 (31 December 2023: €35,667) at the balance sheet date. The directors have prepared cashflow projections for a period of at least twelve months from the date of approval of these financial statements which indicate that additional finance will be required to fund working capital requirements and develop existing projects. As the Group is not revenue or cash generating it relies on raising capital from the public market.

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

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

4. **LOSS PER SHARE**

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

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

	30 June 24	30 June 23	31 Dec 23
	€	€	€
Loss per share – Basic and Diluted	(0.12c)	(0.09c)	(0.28c)

Basic and diluted loss per share

The earnings and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	€'000	€'000	€'000
Loss for the period attributable to equity holders	(229)	(164)	(491)
Denominator	**Number**	**Number**	**Number**
for basic and diluted EPS	183,693,718	177,871,800	177,899,197

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

5. INTANGIBLE ASSETS

	30 June 24	30 June 23	31 Dec 23
Exploration and evaluation assets:	**€'000**	**€'000**	**€'000**
Opening balance	746	933	933
Additions	-	-	-
Impairment	(74)	-	(187)
Closing balance	**672**	**933**	**746**

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

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

As ratification has not yet been achieved in the current year the directors, as a matter of prudence, opted to write down a portion of the carrying value of the Tano 2A Block historic expenditure. Accordingly, an impairment charge of €74,653 (FY2023: €186,633) was recorded in the current period.

Relating to the remaining exploration and evaluation assets at the financial year end, the directors believe there were no facts or circumstances indicating that the carrying value of the intangible assets may exceed their recoverable amount and thus no impairment review was deemed necessary by the directors. The realisation of these intangible assets is dependent on the successful discovery and development of economic reserves and is subject to a number of significant potential risks, as set out below:

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

Regional Analysis	30 Jun 24	30 Jun 23	31 Dec 23
	€'000	€'000	€'000
Ghana	672	933	746

6. **SHARE CAPITAL**

	2024	2023
	€'000	€'000
Authorised:		
800,000,000 ordinary shares of €0.0125	10,000	10,000

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

	Number	Share Capital	Share Premium
		€'000	€'000
At 1 January 2023	177,871,800	2,223	21,812
Share issue	-	-	-
At 30 June 2023	**177,871,800**	**2,223**	**21,812**
Share issue	1,000,000	13	8
At 31 December 2023	**178,871,800**	**2,236**	**21,820**
Share issue	5,000,000	62	44
At 30 June 2024	**183,871,800**	**2,298**	**21,864**

Movements in issued share capital

On 3 January 2024 and 5 January 2024 a total of 5,000,000 warrants were exercised at a price of 1.8p per warrant.

7. **POST BALANCE SHEET EVENTS**

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

8. The Interim Report for the six months to 30th June 2024 was approved by the Directors on 18 September 2024.

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