

30 September 2021

Pennpetro Energy plc

("Pennpetro", the "Company" or the "Group")

Results for the 6 months ended 30 June 2021 (Unaudited)

Pennpetro Energy, an independent oil and gas company focusing on production in the Gonzales Oil Field in Texas, USA, announces today its unaudited financial results for the six months ended 30 June 2021.

Financial summary

• The financial results for the six months ended 30 June 2021 show a loss after tax of US\$482,000 (H1 2020: loss of US\$592,000).

• The Group's borrowings, which were non-current, as at 30 June 2021 were US\$4,057,000 (H1 2020: US\$4,141,000).

Operational summary

• The Covid-19 pandemic curtailed all Texas based operational activity.

• Significant developments in the pursuit of Proprietary Intellectual Property green technologies.

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 favor 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. During the pandemic, we continually reviewed our strategic opportunities and based on the results delivered by

some of our close petroleum drilling neighbours, we decided to focus on the drilling of our second horizontal well (COG#2-H) by way of a Pad (Production Platform) which would also allow us to drill out additional horizontal legs by extending into the differing Austin Chalk pathways at a much condensed expense. The same methodology would be utilised for our third horizontal well (COG#3-H). Following on from the drilling of wells COG#2 and COG#3, our objective will be to re-enter the Austin Chalk formation of the COG#1 well which flowed oil, with a view to placing that formation on full production.

During the reporting period, the Covid-19 pandemic caused, and continues to cause severe problems in Texas. The State has been one of the hardest hit states within North America, resulting in the imposition of strict lockdowns by the State Governor. We anticipate a softening in the fourth quarter, which will enable us to resume our operational activity.

Chairman's Statement

During the period under review, the Company faced severe problems with regard to its ongoing operations in Texas, the Company's prime area of operating, as the State encountered substantial headwinds from the imposed State covid lockdowns and restrictions.

Despite the challenges presented by Covid, over the past few months, we continued our negotiations for the acquisition of an exciting Intellectual Property portfolio within the green technologies sector. The technologies which have been developed from within the petroleum sector encompass the provision of Green Energy by the remediation of both petrochemical and industrial waste without any harmful emissions released into the atmosphere, truly embracing the ethos of alternative energy whilst protecting the environment, as well as providing the Company with the ESG green credentials. We have agreed to commercialise the technology through a separate associated enterprise to progress under the initiatives driven by both the UK and European authorities with regard to exceptionally strong aims in bringing ESG, sustainability and climate to the forefront of corporate development. The UK is the only global financial centre that is also a green finance hub, with major green platforms developed by the London Stock Exchange, leading the sustainable finance ecosystem. As we progress, we will update the market.

The period under review has been challenging due to a number of unprecedented factors. However, the Company is well placed to capitalise not only on the continued recovery of the US and global petroleum sectors, but on our pursuit of the most exciting green technologies. Our aim is to be an encompassing and responsible energy company.

We remain confident in our petroleum assets and our US operations, and the Board will continue to build upon what has been a promising and busy period for the Group.

Olof Rapp

Non-Executive Director, Chairman

30 September 2021

Executive Director's Statement

Operations

As prior reported, the Operator filed formal completion certificates with the Texas Railroad Commission confirming that the COG#1-H well is being completed as an initial producer to the Buda formation. As reported in the overview, we will look to expand our drill focused activities, initially by focusing on the drilling of two new wells by way of a production platform. Thereafter, our aim is to re-enter the Austin Chalk formation of the COG#1 well which flowed oil, with a view to placing that formation on full production. In conjunction with increasing our ownership in the oilfield leases from 75% to 100%, we took steps with the Texas Railroad Commission to assume the Operatorship of the project. The Texas Railroad Commission has now formally approved the transfer, and our subsidiary company, Nobel Petroleum USA, Inc., is now the Operator of record. Our management team have alongside the current Operator's management team to expand and assist our ongoing activities.

In this oil price environment, Pennpetro is emerging as a low-cost, asset-backed US onshore oil and gas business. Subject to oil prices, as well as market conditions and sentiment, which currently are positive given that the price of West Texas Intermediate has held substantially above US\$60, coupled with the reduced US shale operations and shut-ins, I remain confident that we can deliver on our strategy by acquiring leases in active and producing US onshore plays and confirming reserves by drilling new wells.

As mentioned, this platform is based on the active management of all types of risk associated with the oil and gas industry. Broadly speaking, development risk is managed by focusing on proven formations; execution risk is managed by participating in drilling activities alongside established industry partners and operators. Individual well risk is managed by building a diversified portfolio of leases and wells and limiting the amount of interest the Group holds in any one well; meanwhile oil price risk is managed by focusing on areas that require relatively low oil prices to breakeven and ensuring our cost base, capital commitments and financing costs remain low, manageable and flexible.

As previously reported, EOG Resources has also turned its full attention to the Austin Chalk formations both in Texas and its continuance into Louisiana with recent acquisitions by Conoco-Phillips, Marathon Oil Corp, alongside the recent formation of Magnolia Oil by TPG Pace Energy and EnerVest to specifically focus on the Austin Chalk, as the Austin Chalk has a higher oil content than Permian drilled completions. Gonzales County sits right in the middle of the Austin Chalk trend.

Board

Pennpetro's Board currently comprises two 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.

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

Oil Price

West Texas Intermediate ("WTI") has continued its strength throughout the period under review averaging US\$41.96/bbl in 2020, and US\$61.94 during first 6 months of 2021. The value of WTI as at 28 September 2021 was US\$76.38/bbl (source: Bloomberg Markets). We will receive a premium of approximately US\$5/bbl for Gonzales crude oil deliveries.

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. To this we can add the unexpected bonus of the Buda Limestone formation reserves which we can now confidently state will increase our overall proved oil reserves, albeit we await a formal new CPR to be prepared in this regard.

In 2020, our main City of Gonzales objectives were to commence full production of the COG#1-H well, acquire additional land leases and basis a review of legacy 2D seismic to carry out a 3D seismic survey of our land interests. With the Covid-19 pandemic, these objectives were thrown into total disarray. However, we still anticipate that we will be able to recommence our operations in late fourth quarter 2021 as discussed above.

We are confident in the future and I look forward to providing updates on our progress.

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

Thomas Evans

Executive Director

30 September 2021

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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.

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 2021 interim financial period

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

	Half year ended 30 Jun 2021 US\$'000	Full year ended 31 Dec 2020 US\$'000	Half year ended 30 Jun 2020 US\$'000
Revenue	-	67	-
Operating expenses		(1,378)	
	(351)		(455)

Operating loss	(351)	(1,311)	(455)
Finance income	5	2	5
Finance costs	(136)	263	(142)
Loss before tax	(482)	(1,046)	(592)
Taxation	-	-	-
Loss for the period	(482)	(1,046)	(592)

Interest

The net interest cost for the Group for the period was US\$131,000 (2020: US\$137,000).

Loss before tax

Loss before tax for the period was US\$0.4m (2020: US\$0.5m).

Taxation

Taxation charge was US\$nil for the period (2020: US\$nil).

Earnings per share

Basic and diluted earnings per share for the period were 0.63c loss (2020: 0.80c loss).

Financial position

The Group's balance sheet as at 30 June 2021 can be summarised as set out in the table below:

	Assets	Liabilities	Net assets
	US\$'000	US\$'000	US\$'000
Non-current assets	5,618	-	5,618
Current assets and liabilities	434	(499)	(65)
Loans and provisions	-	(4,057)	(4,057)

Total as at 30 June 2021	6,052	(4,556)	1,496
Total as at 31 December 2020	5,978	(4,224)	1,754
Total as at 30 June 2020	6,030	(4,515)	1,515

Cash flow

Net cash outflow for 2021 was US\$1,000 (2020: US\$nil).

Consolidated Income Statement

For the six months ended 30 June 2021

	Notes	Unaudited Half year ended 30 Jun 2021 US\$'000	Audited Full year ended 31 Dec 2020 US\$'000	Unaudited Half year ended 30 Jun 2020 US\$'000
Continuing operations				
Revenue		-	67	-
Cost of sales		-	-	-
Gross profit		-	-	-
Operating expenses		(351)	(1,378)	(455)
Operating loss		(351)	(1,311)	(455)
Finance income		5	2	5
Finance expense		(136)	263	(142)
Loss before income tax		(482)	(1,046)	(592)

Taxation	-	-	-
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Loss for the period attributable to the owners of the Company	(482)	(1,046)	(592)
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Loss per share attributable to owners of the Company

From continuing operations:

Basic & diluted (cents per share)	2	(0.63)	(1.39)	(0.80)
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Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

	Unaudited Half year ended 30 Jun 2021 US\$'000	Audited Full year ended 31 Dec 2020 US\$'000	Unaudited Half year ended 30 Jun 2020 US\$'000
Loss for the period	(482)	(1,046)	(592)

Other comprehensive income

Items that may be subsequently reclassified as profit or loss

Currency translation differences	20	79	(319)
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Total comprehensive loss for the year attributable to the owners of the Company	(462)	(967)	(911)
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Consolidated Balance Sheet

As at 30 June 2021

	Notes	Unaudited 30 Jun 2021 US\$'000	Audited 31 Dec 2020 US\$'000	Unaudited 30 Jun 2020 US\$'000
Non-current assets				
Property, plant & equipment	4	1,384	1,384	1,363
Intangible assets	5	4,234	4,234	4,264
Total non-current assets		5,618	5,618	5,627
Current assets				
Trade and other receivables		309	310	323
Short term investments		125	49	72
Cash		-	1	8
Total current assets		434	360	403
Total assets		6,052	5,978	6,030
Equity and liabilities				
Share capital	3	979	979	979

Share premium	3	4,122	4,122	4,083
Convertible reserve		6,022	6,022	6,022
Reorganisation reserve		(6,578)	(6,578)	(6,578)
Foreign exchange reserve		160	140	(258)
Share based payment reserve		1,043	839	584
Retained losses		(4,252)	(3,770)	(3,317)
Total equity		1,496	1,754	1,515
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Non-current liabilities				
<hr/>				
Borrowings		4,057	-	4,141
Total non-current liabilities		4,057	-	4,141
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Current liabilities				
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Borrowings		-	3,728	-
Trade and other payables		499	496	374
Total current liabilities		499	4,224	374
Total Equity and Liabilities		6,052	5,978	6,030
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Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

Group	Share capital	Share premium	Convertible reserve	Share based payment reserve	Re-organisation reserve	Foreign exchange reserve	Retained losses	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2020	927	1,539	6,022	439	(6,578)	61	(2,725)	(315)
Loss for the period	-	-	-	-	-	-	(592)	(592)
Currency translation differences	-	-	-	-	-	(319)	-	(319)
Total comprehensive loss for the period	-	-	-	-	-	(319)	(592)	(911)
Shares issued	52	2,544	-	-	-	-	-	2,596
Share based payments	-	-	-	145	-	-	-	145
Balance at 30 June 2020	979	4,083	6,022	584	(6,578)	(258)	(3,317)	1,515
Loss for the period	-	-	-	-	-	-	(453)	(453)
Currency translation differences	-	39	-	-	-	398	-	437
Total comprehensive loss for the period	-	-	-	-	-	398	(453)	(55)

Share based payments	-	-	-	255	-	-	-	255
Balance at 31 December 2020	979	4,122	6,022	839	(6,578)	140	(3,770)	1,754
Loss for the period	-	-	-	-	-	-	(482)	(482)
Currency translation differences	-	-	-	-	-	20	-	20
Total comprehensive loss for the period	-	-	-	-	-	20	(482)	(462)
Share based payments	-	-	-	204	-	-	-	204
Balance at 30 June 2021	979	4,122	6,022	1,043	(6,578)	160	(4,252)	1,496

Consolidated Cash Flow Statement

For the six months ended 30 June 2021

	Unaudited Half year ended 30 Jun 2021 US\$'000	Audited Full year ended 31 Dec 2020 US\$'000	Unaudited Half year ended 30 Jun 2020 US\$'000
Cash flows from operating activities			
Loss for the period	(482)	(1,046)	(592)
Adjustment for:			
Depreciation	-	1	1
Amortisation	-	75	45
Unrealised foreign exchange	(18)	1,068	(155)
Write-off	-	(131)	-
Finance income	(5)	(2)	-
Finance costs	136	(263)	136
Share based payment charge	196	363	179
Decrease in receivables	-	48	35
Increase in payables	3	230	108
Interest paid	-	(271)	-
Net cash used in operating activities	(170)	72	(243)
Cash flows from investing activities			
Increase in development expenditure	-	(67)	(67)
Purchase of property, plant & equipment	-	(23)	(2)

Short-term investments	(76)	11	(12)
Net cash used in investing activities	(76)	(79)	(81)
Cash flows from financing activities			
Shares issued	-	-	2,596
Repayment of borrowings	(65)	-	(2,350)
Proceeds from borrowings	310	-	84
Borrowing costs	-	-	(6)
Net cash generated from financing activities	245	-	324
Net decrease in cash and cash equivalents			
	(1)	(7)	-
Cash and cash equivalents brought forward	1	8	8
Exchange gain on cash and cash equivalents	-	-	-
Cash and cash equivalents carried forward	-	1	8

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
Nobel Petroleum UK Limited	UK 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 Main Board 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:

- a. 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 2020.

The changes in accounting policy set out below will also be reflected in the Group's consolidated financial statements for the year ended 31 December 2021, 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.

Half year	(Audited)	Half year
ended	Full year	ended
	ended	ended

30 Jun 2021 31 Dec 2020 30 Jun 2020

Loss attributable to equity holders of the Company (US\$'000)	(482)	(1,046)	(592)
Weighted average number of shares in issue (Number '000)	76,452	75,109	73,737
Earnings per share (cents)	(0.63)	(1.39)	(0.80)

3. Share capital and premium

Group	Ordinary shares			Share premium		Total US\$
	Number of shares	Value Â£	Value US\$	Value Â£	Value US\$	
At 1 January 2020	72,333,702	723,337	926,711	1,187,498	1,538,636	2,465,347
Share issue	4,118,404	41,184	51,932	2,018,018	2,544,686	2,596,618
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 2020	76,452,106	764,521	979,427	3,205,516	4,121,700	5,101,127
At 30 June 2021	76,452,106	764,521	979,427	3,205,516	4,121,700	5,101,127

4. Property, plant and equipment

	Petroleum (Mineral Leases) US\$	Office Equipment US\$	Total US\$
<u>Cost</u>			
At 1 January 2020	1,361,163	11,512	1,372,675
Additions	2,000	-	2,000
Currency translation	-	(623)	(623)
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 2021	1,384,314	11,886	1,396,200
<u>Accumulated Depreciation and Impairment</u>			
At 1 January 2020	-	9,941	9,941
Charge for the period	-	1,233	1,233

Currency translation	-	(573)	(573)
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

Net Book Amount

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 2020	1,384,314	-	1,384,314
At 30 June 2021	1,384,314	-	1,384,314

5. Intangible assets

	Drilling costs US\$	Loan arrangement fees US\$	Total US\$
<u>Cost</u>			
At 1 January 2020	4,166,737	270,339	4,437,076
Additions	67,153	-	67,153

At 30 June 2020	4,233,890	270,339	4,504,229
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Additions	-	-	-
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At 31 December 2020	4,233,890	270,339	4,504,229
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Additions	-	-	-
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At 30 June 2021	4,233,890	270,339	4,504,229
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Amortisation

At 1 January 2020	-	195,245	195,245
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Amortisation charge for the year	-	45,056	45,056
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At 30 June 2020	-	240,301	240,301
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Amortisation charge for the year	-	30,038	30,038
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At 31 December 2020	-	270,339	270,339
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Amortisation charge for the year	-	-	-
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At 30 June 2021	-	270,339	270,339
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Net Book Amount

At 1 January 2020	4,166,737	75,094	4,241,831
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At 30 June 2020	4,233,890	30,038	4,263,928
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At 31 December 2020	4,233,890	-	4,233,890
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At 30 June 2021	4,233,890	-	4,233,890
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