

30 September 2019

Pennpetro Energy plc

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

Results for the 6 months ended 30 June 2019 (Unaudited)

Pennpetro Energy, an independent oil and gas company focusing on production in the Gonzales Oil Field in Texas, USA, announces today its financial results for the six months ended 30 June 2019.

Financial summary

- The financial results for the six months ended 30 June 2019 show a loss after tax of \$929,000 (at H1 2018: loss \$457,000).
- The Group's borrowings, which were non-current, at 30 June 2019 were \$5,996,000 (at H1 2018: \$6,021,000).
- The Group expects to generate revenue in H2 2019 from its first horizontal well and intends to use its cash balances and cashflow from oil production to fund additional development of its lease interests in Gonzales.
- During the period the Company raised net proceeds of \$945k through the issue of 1,433,702 new shares.

Operational summary

- Secured increased ownership of City of Gonzales license, with working interest increasing from 75% to 100%. This translates into an uplifted interest of 4,000 MBBL and 2,000 MMcf of gas from 2,000 MBBL of oil and 1,000 MMcf of gas, of proven petroleum reserves.
- The Group's undiscounted Net Revenue Interest increases to \$124,000,000 (at H1 2018: \$62,000,000) as a result of the additional acquired interests, based upon most recent CPR prepared in December 2017 out to 2031 at an average price of oil of \$55, non-escalated, per barrel West Texas Intermediate.

- Following disruption in pumping activities during the period, due to issues in the City of Gonzales electrical grid, operations have now resumed, leading towards commencement of production from COG#1-H.

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. We can now 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. Pennpetro's priorities for the remainder of 2019 are focused on project delivery:

- Commence full production of the COG#1-H well
- Acquire additional land leases and carry out a 3-D seismic survey

Chairman's Statement

I am pleased to advise that, following an interruption to pumping activities, the Company has resumed steady progress towards bringing the first well COG#1-H into production. During this reporting period the Company also issued 1,433,702 new shares, raising net proceeds of \$945k.

During the period under review the Company encountered electricity delivery issues due to redevelopment work required for the City of Gonzales electrical grid system within the area of the production facility, and electrical surges which caused damage to our jet pumping unit, together with various ancillary units, rendering them inoperable. All ancillary units have been replaced and a new unit incorporating anti-surge protection technologies has been successfully installed with pumping being resumed.

The testing of this infrastructure is ongoing. Test oil will be delivered into the tanks, with salt water being disposed by a daily tanker pickup from site.

Ongoing negotiations with the pumping unit supplier, Tech Flo, are ongoing with regard to the technical liability issues pursuant to this issue, as it is the Company's position that the systems supplied were inadequate to account for higher electrical currents.

The Operator, pursuant to the State of Texas petroleum reporting requirements, has formally advised the Texas Railroad Commission that the COG#1-H is completed as a producer initially to the Buda formation, with initial Buda oil having been delivered into the tanks. As we near decisions regarding the timing of the drilling of the second horizontal well, which will be located in the northern section of the leases, the Company took the decision to enable its subsidiary Nobel Petroleum USA, Inc., ("Nobel") to take over as Operator. Filings have been delivered to the Texas Railroad Commission. Current Operator management will continue to be utilised alongside the Nobel management team. In conjunction with this development, as reported recently, we have increased our interest in the City of Gonzales oilfield leases to 100% from our previous 75% holding.

Testing of the Austin Chalk horizontal formation which delivered oil over the shakers during drilling, will be initiated once a full longer-term test of the lower located Buda reservoir has been finalised. The Buda limestone reserves have never been included in our evaluation of our reserves, nor in the Competent Persons Report (CPR) that accompanied the prospectus. We are aware that the Buda has been and is currently a successful target for vertical completions in the Gonzales area. Generally, the Buda limestone formation has an EUR of between 140,000 - 175,000 bbls, and thus as now having been proved as a flowing production formation within the Company's acreage can be included within the Company's future technical evaluations and further vertical infill drilling locations on reduced spacing parameters.

As previously reported, Nobel Petroleum UK Limited, the Company's wholly owned subsidiary, through its US-based subsidiaries owns 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. It is intended that this legacy structure be simplified by the transfer of the US subsidiaries direct to the Company and the removal of Nobel UK from ownership. We have written to HMRC advising that we have requested Companies House to remove Nobel UK from registry. The petroleum assets include approximately 1,000 leases covering 2,500 acres of land and contain proven oil condensates.

We have once again increased our holding in the oil asset and whereas at IPO we owned 50% of the total reserves we now own 100%. The CPR prepared in advance of the acquisition estimated that, as a result of the acquisition, Pennpetro Group would now have a Working Interest in the portfolio of petroleum mineral leases of 4,000 MBL of oil and 2,000 MMcf of gas.

The period under review has been challenging due to a period of cessation of our pumping activities but one of real progress in our increased ownership and the Company is now well placed to capitalise on the recovery in sentiment within the US and global petroleum sectors.

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.

Keith Edelman

Non-Executive Director, Chairman

30 September 2019

Executive Director's Statement

Operations

As reported in the prior period, we had begun completion operations which entailed the construction of a new tankage farm and the Operator was pump testing to remove accumulated water from the reservoirs, while at the same time recovering oil as the oil-cut progressively increased. As reported in the Chairman's Statement, we encountered issues with the pumping unit and certain ancillary installations due to factors out of our control, namely problems associated with the electrical delivery to the production site from the City of Gonzales electricity grid which necessitated the City to overhaul its grid systems. This further resulted in the destabilization of the electrical engineering to the production facility which rendered the pumping units and certain ancillary units inoperable due to overload failures. We are in negotiations with Tech Flo, from whom the jet pumping unit was

purchased, as we consider the facility supplied should not have been compromised with differing electrical inputs.

We have addressed this electrical hiatus with new built componentry incorporating anti-surge protection to both the jet pumping units and ancillary equipment. Pumping is ongoing with the removal of the built-up reservoir water during the period of pumping inactivity with a view to returning to oil deliveries and sales.

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, albeit full testing is ongoing. In addition, the Operator had also filed the requisite Pooling and Divisional Orders necessary. In the context of looking forward to the drilling of the second horizontal well which is designated as COG#3H and will be located within the northern leases section, in conjunction with our increasing our ownership of the oilfield leases from 75% to 100%, we are taking steps to assume the Operatorship of the project. We have filed with the Texas Railroad Commission and wait formal transfer. Our management team will also have alongside the current Operator's management team to expand and assist our ongoing activities.

Our land management team has continued to acquire contiguous acreage. We also agreed with the City of Gonzales administration (formal council meeting approvals) to reposition certain of our petroleum leases by amending certain boundaries and at the same time we have been able to extend our drilling timelines for those particular leases by another initial twelve months. This re-programming has enabled the revisions that will be necessary for the 3-D seismic operations that we are in current discussions over. Permitting for this well is ongoing and is expected to be completed by the year's end.

Within this oil price environment, Pennpetro has emerged from the downturn as a low-cost, asset-backed US onshore oil and gas business. Subject to oil prices, market conditions and sentiment, I remain confident that we can deliver our strategy by acquiring leases in active and producing US onshore plays and proving up the reserves by drilling new wells. In furtherance of this agenda, our subsidiary Pennpetro USA Corp., with a mandate to seek out additional conventional producing petroleum assets only, which possess the ability to be upscaled with the adoption of unconventional horizontal drilling techniques, is currently

examining a number of Texas opportunities in the Gulf Coast Region, where unconventional technology can be applied to conventional reservoirs in established fields which have been de-risked by prior vertical drilling. This will be fully reported on when progressed.

This platform is one that has, at its core, 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. Additionally, our operations offset those of major industry players, such as EOG Resources, Inc., a \$67.5 billion goliath; 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 prior reported, EOG Resources has now 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.

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.

We believe the Company's Board and US management team is 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.

Oil Price

West Texas Intermediate ("WTI") has continued its strength throughout the period under review averaging US\$57.31 /bbl. The value of WTI as at 18 September 2019 was US\$58.25/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 now 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.

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 2019, our main City of Gonzales objectives are 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 3-D seismic survey of our land interests. I look forward to providing updates on our progress in the year ahead.

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 2019