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25th September 2018

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

Interim Statement for the six months ended 30 June 2018

Petrel Resources plc (AIM: PET) today announces financial results for the six months ended 30th June 2018.

Petrel's main focus in the period under review was on the Irish Atlantic Porcupine Basin:

Frontier Exploration Licence (FEL) 11/18:

Petrel's Joint Venture with Woodside Energy is now focused on the key FEL 11/18 – the "filet mignon" of the Irish Atlantic Porcupine Basin, located only 150km southwest of Kerry/Cork. There are a wide variety of potential drill targets, especially of mid-depth of late Jurassic / early Cretaceous age. The processed seismic data has been delivered to the operator, which is now working up drill targets.

Petrel acquired this 10% working interest at no cost, as part of the resolution of prior issues under arbitration. FEL 11/18 covers circa 1,579km2 of acreage, combining a number of play types in reasonable water and rock depths.

Our 10% stake brings access to all historic data, as well as circa 1,600km^2 of state-of-the-art 3D seismic data.

Frontier Exploration Licence (FEL) 3/14:

Petrel has applied for a 12 month extension to the seismic first phase of our Frontier Exploration Licence on the FEL 3/14, on which Petrel will operate 100%. If the extension is granted Petrel will have an opportunity to seek drilling partners.

Licensing Option (LO) 16/24:

Petrel has proposed a work programme for the conversion of our recently expired Licensing Option 16/24 into a Frontier Exploration Licence – but Petrel is not yet ready to commit to drilling a well until this acreage has been farmed down.

Licensing Option 16/24 includes 664km^2 bordering the Connemara oil-field discovered by BP in 1983. Though sufficient oil did not flow to be commercial, the proximity to mobile oil enhances our acreage.

Our LO 16/24 work confirmed that this acreage has good potential. Our technical staff hope to upgrade it sufficiently to tempt someone in to carry out a seismic survey in the initial 3-year period of a FEL - an easier task than getting a company to give a well commitment.

Licensing Option (LO) 16/25:

Petrel did not opt to continue its smaller Licensing Option 16/25, as targets identified were sub-economic at the then prevailing oil price.

Meanwhile the Irish Atlantic Porcupine Basin continues to benefit from increased petroleum industry activity, especially high quality 3D seismic acquisition and processing: the Porcupine Basin is a thick sedimentary basin, though with only 32 wells to date and, until recently, only limited modern 3D seismic data. No well has yet been drilled on such state-of-the-art 3D seismic.

Petrel participated in two of these recent major 3D seismic acquisition and processing programmes, covering FEL 3/14 and FEL 11/18. Extensive processing has been completed to a high standard.

Ghanaian Tano 2A Petroleum Agreement

The Company announced on 17 September 2018 that the Directors believed that all outstanding issues had been resolved with the Ghanaian National Petroleum Commission (“GNPC”) on our Tano 2A Block. The signed Petroleum Agreement is now being sent to the Cabinet and all legal proceedings have been withdrawn.

After a period of slow progress, Ghana’s current NPP Government has galvanised the licensing effort. The administration is pro-development, and actively reviewing historic Petroleum Agreements, with stated focus on early exploration, discoveries and output. During 2018, the Ghanaian Ministry of Energy and the GNPC considered the current re-application by Pan Andean Resources Ltd (30% Petrel, 60% Clontarf Energy, 10% local interests) over the original Tano 2A licence block acreage in the prospective Tano Basin, West Africa.

There is a mutual desire to complete the ratification process. Our strong preference is to honour as far as possible the terms of the existing signed Petroleum Agreement, adjusting the revised co-ordinates if necessary.

Buy back and cancellation of shares

During the period, the Company reached agreement to buy back 16,747,368 shares for a nominal sum (subject to shareholder approval, which was secured at the Annual General Meeting in July 2018). The shares were subsequently cancelled, thereby reducing the number of shares in issue by approximately 17%. These shares were part of the initial consideration for the acquisition of certain interests in an early stage oil opportunity in the Wasit province of Iraq in August 2013 which did not proceed to spudding.

Iraq’s difficult re-birth:

Petrel is re-establishing its Baghdad operations.

As we approach the end of 2018, Iraq is fitfully emerging from conflict, and again open for responsible business. Baghdad has re-established its authority, by defeating Da’ech insurgents and recovering Kirkuk.

Pro-business parties won the 2018 elections. While it proved difficult to form a National Government in 2018, which contributed to turbulent protests in southern Iraq during 2018, prospects are now more encouraging than at any time since 2010.

Iraq has endured an almost continuous period of conflicts and/or sanctions since 1980, from which it is only now emerging. Much trauma has been inflicted, as shown by the difficulties forming a government in 2018 and the protests in southern Iraq – a region generally supportive of Baghdad governments since 2005.

Yet, despite 2018 difficulties, we believe Iraq is finally turning a corner: pro-business parties open to international investment polled well in the May 2018 general election. But no one party holds a majority and, as of September 2018, negotiations on new government formation were ongoing.

So far, the impact of this unrest on oil production from the southern fields has been limited, with August 2018 output stable at 4.65 million barrels daily (mmbod). Internal demand of 0.8 mmbod leaves nearly 3.8 mmbod available for export – which has remained consistent despite infrastructural and decision-making challenges – though well below the 2008 target of 6.5 mmbod and the 2012 target of 8.5 mmbod. Iraqi output is actually higher than immediately before the November 2016 OPEC + Russia cuts, and also higher than its current official OPEC quota of 4.444 mmbod.

The Western Desert, where Petrel has an interest in exploration ground, is still impossible for international companies to effectively operate.

John Teeling
Chairman
24th September 2018

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

ENDS

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Petrel Resources plc
Financial Information (Unaudited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six Months Ended		Year Ended
	30 June 18	**30 June 17**	**31 Dec 17**
	unaudited	**unaudited**	**audited**
CONTINUING OPERATIONS	**€'000**	**€'000**	**€'000**
Administrative expenses	(104)	(207)	(297)
Impairment of investment	0	0	(4,095)
OPERATING LOSS	(104)	(207)	(4,392)
LOSS BEFORE TAXATION	(104)	(207)	(4,392)
Income tax expense	-	-	-
LOSS FOR THE PERIOD	(104)	(207)	(4,392)
Other comprehensive income			
Exchange differences	57	(210)	(322)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(47)	(417)	(4,714)
LOSS PER SHARE - basic and diluted	(0.10c)	(0.21c)	(4.40c)

CONDENSED CONSOLIDATED BALANCE SHEET

	30 June 18	**30 June 17**	**31 Dec 17**
	unaudited	**unaudited**	**audited**
ASSETS:	**€'000**	**€'000**	**€'000**
NON-CURRENT ASSETS			
Financial assets	0	4,211	0
Intangible assets	2,357	2,151	2,179
	2,357	6,362	2,179
CURRENT ASSETS			
Trade and other receivables	39	27	28
Cash and cash equivalents	108	407	371
	147	434	399
TOTAL ASSETS	2,504	6,796	2,578
CURRENT LIABILITIES			
Trade and other payables	(558)	(506)	(585)
	(558)	(506)	(585)
NET CURRENT ASSETS	(411)	(72)	(186)
NET ASSETS	1,946	6,290	1,993
EQUITY			
Share capital	1,246	1,246	1,246
Capital conversion reserve fund	8	8	8
Share premium	21,416	21,416	21,416
Share based payment reserve	27	27	27
Translation reserve	456	510	399
Retained deficit	(21,207)	(16,917)	(21,103)
TOTAL EQUITY	1,946	6,290	1,993

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital €'000	Share Premium €'000	Capital Conversion Reserves €'000	Share based Payment Reserves €'000	Translation Reserves €'000	Retained Losses €'000	Total Equity €'000
As at 1 January 2017	1,246	21,416	8	27	720	(16,710)	6,707
Total comprehensive income				-	(210)	(207)	(417)
As at 30 June 2017	1,246	21,416	8	27	510	(16,917)	6,290
Total comprehensive loss				-	(111)	(4,186)	(4,297)
As at 31 December 2017	1,246	21,416	8	27	399	(21,103)	1,993
Total comprehensive loss				-	57	(104)	(47)
As at 30 June 2018	1,246	21,416	8	27	456	(21,207)	1,946

CONDENSED CONSOLIDATED CASH FLOW

	Six Months Ended 30 June 18 unaudited €'000	Six Months Ended 30 June 17 unaudited €'000	Year Ended 31 Dec 17 audited €'000
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the period	(104)	(207)	(4,392)
Write off of financial asset	0	0	4,095
	(104)	(207)	(297)
Movements in Working Capital	(38)	70	125
CASH USED IN OPERATIONS	(142)	(137)	(172)
NET CASH USED IN OPERATING ACTIVITIES	(142)	(137)	(172)
INVESTING ACTIVITIES			
Payments for exploration and evaluation assets	(120)	(158)	(259)
Funds from disposal of financial asset	0	0	116
NET CASH USED IN INVESTING ACTIVITIES	(120)	(158)	(143)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(262)	(295)	(315)
Cash and cash equivalents at beginning of the period	371	745	745
Effect of exchange rate changes on cash held in foreign currencies	(1)	(43)	(59)
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	108	407	371

Notes:

1. **INFORMATION**

The financial information for the six months ended 30 June 2018 and the comparative amounts for the six months ended 30 June 2017 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 2017.

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 2017, 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. **LOSS PER SHARE**

	30 June 18	**30 June 17**	**31 Dec 17**
	€	**€**	**€**
Loss per share – Basic and Diluted	(0.10c)	(0.21c)	(4.40c)

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	(104)	(207)	(4,392)
Weighted average number of ordinary shares for the purpose of basic earnings per share	99,681,992	99,681,992	99,681,992

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

4. **FINANCIAL ASSET**

	30 June 18	**30 June 17**	**31 Dec 17**
	€'000	**€'000**	**€'000**
Opening balance	-	4,211	4,211
Disposal	-	-	(116)
Impairment	-	-	(4,095)
Closing balance	-	4,211	-

The Company's investment in financial assets, through its wholly owned subsidiary Petrel Resources (TCI) Limited, consisted of a 20 per cent shareholding in Amira Hydrocarbons Wasit B.V.("Amira") which was acquired from Amira

Petroleum N.V. on 14 August 2013. Amira is a special purpose vehicle which holds a 25 per cent carried to production interest in an early stage oil opportunity in the large, underexplored and underdeveloped province of Wasit.

The consideration for the acquisition included the issue of 18,947,368 shares in Petrel. The Initial Consideration Shares were agreed to be locked-in until the date of spudding the first conventional oil well in respect of Amira's interest in the Wasit province but that, if the Spudding Date had not occurred by 19 August 2018, Petrel could, amongst other things, elect to re-acquire the Initial Consideration Shares for a nominal amount. As part of the agreement with Amira Petroleum, 2.8 million of the Initial Consideration Shares were, at the direction of Amira Petroleum, issued to its advisers in satisfaction of fees payable by Amira Petroleum and were subject to a lock in agreement as detailed above.

During December 2017, Petrel learnt that 2.2 million of the Adviser Shares had been sold between March and July 2017, notwithstanding the lock-in agreement. The parties reached a settlement and agreed that the vendors of the 2.2 million Adviser Shares would make a payment of £100,000 to the Company (representing approximately 4.5p per Adviser Share sold). The remaining Adviser Shares shall remain subject to the lock-in agreed in 2013.

The Spudding Date had not occurred. Accordingly, the directors decided to write off the investment in Amira Hydrocarbons Wasit B.V. and an impairment charge of €4,094,804 was recorded as at 31 December 2017. No further shares would be issued to Amira and the 16,747,368 shares already issued would be re-acquired for nominal consideration and the shares would be cancelled, as detailed in Note 7 below on Post Balance Sheet Events.

5. INTANGIBLE ASSETS

	30 June 18	30 June 17	31 Dec 17
Exploration and evaluation assets:	**€'000**	**€'000**	**€'000**
Opening balance	2,179	2,138	2,138
Additions	120	180	304
Exchange translation adjustment	58	(167)	(263)
Closing balance	2,357	2,151	2,179

Exploration and evaluation assets at 30 June 2018 represent exploration and related expenditure in respect of projects in Ireland and Ghana. The directors are aware that by its nature there is an inherent uncertainty in relation to the recoverability of amounts capitalised on the exploration projects.

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;
- Funding requirements;
- Political and legal risks, including title to licence, profit sharing and taxation;
- Exchange rate risk;
- Financial risk management;
- Geological and development risks;

Directors' remuneration of €15,000 (December 2017: €30,000) and salaries of €7,500 (December 2017: €15,000) were capitalised as exploration and evaluation expenditure during the period.

Regional Analysis	**30 Jun 18**	**30 Jun 17**	**31 Dec 17**
	€'000	**€'000**	**€'000**
Ghana	866	887	843
Ireland	1,491	1,264	1,335
	2,357	2,151	2,179

6. SHARE CAPITAL

	2018	2017
	€'000	€'000
Authorised:		
200,000,000 ordinary shares of €0.0125	**2,500**	2,500

Allotted, called-up and fully paid:

	Number	Share Capital €'000	Premium €'000
At 1 January 2017	99,681,992	1,246	21,416
Issued during the period	-	-	-
At 30 June 2017 and at 31 December 2017	99,681,992	1,246	21,416
Issued during the period	-	-	-
At 30 June 2018	99,681,992	1,246	21,416

7. POST BALANCE SHEET EVENTS

Pursuant to resolutions passed at the Annual General Meeting on 25th July 2018, the Company duly entered into and completed each of:

(i) the contract between Amira Petroleum N.V., Amira International Holding Limited and the Company for the purchase of 16,147,368 ordinary shares of €0.0125 each in the capital of the company ('Ordinary Shares') for nominal consideration; and

(ii) the contract between Hannam & Partners (Advisory) Group Services Ltd and the Company for the purchase of 600,000 Ordinary Shares for nominal consideration.

The aggregate 16,747,368 Ordinary Shares were immediately cancelled upon their repurchase by the Company.

Consideration

The purchase consideration of £20 was satisfied by the issue of 1,000 Ordinary Shares at a price of 2p per Ordinary Share.

8. The Interim Report for the six months to 30th June 2018 was approved by the Directors on 24th September 2018.

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