PETREL
RESOURCES PLC

PETREL
RESOURCES

Annual Report and Accounts

Year ended 31 December 2014

Petrel Resources Plc
Contents

Chairman's Statement	1
Review of Operations	3
Directors' Report	10
Directors' Responsibilities Statement	14
Independent Auditors' Report	15
Consolidated Statement Of Comprehensive Income	17
Consolidated Balance Sheet	18
Company Balance Sheet	19
Consolidated And Company Statement Of Changes In Equity	20
Consolidated Cash Flow Statement	21
Company Cash Flow Statement	22
Notes To The Financial Statements	23
Notice of Annual General Meeting	40
Directors and Other Information	Inside back cover

Petrel Resources Plc
Chairman's Statement

The lack of interest in junior explorers continues. Despite an active year for Petrel Resources, the share price continued to decline from 15p to 3p. Since the beginning of the current downturn in resource shares, in 2008, the price of Petrel has declined by over 90% - despite having carried interests and cash. While currently there appears to be some weak indications of interest returning principally more buying activity, and some media interest, the overall position remains dire. There is nothing new in vicious junior resource company share price cycles but the current version is deep and long. Few if any junior explorers have been able to raise money to continue meaningful exploration activities. Petrel is among the very few with cash and with a world class partner, Woodside Energy who continues work in the Irish Offshore Oil Exploration sector. To succeed in our sector, first you must survive. We have shown over decades our ability to survive. Then to succeed you need to be in a good sector, have good ground, good people and good technology. Petrel is active in three areas, Offshore Ireland, Iraq and Ghana.

The future market position of oil and gas is not in doubt. There are claims that renewables will damage the sector. It might in the very long term but for the next 30 to 50 years world economic growth will depend on a secure supply of energy. That will come from oil and gas. Billions of people will become middle class in the coming decades. That means they will want a Western World lifestyle – which is energy intensive. Consensus forecasts for energy demand show a strong upward trend. Of course there will be blips and setbacks along the way but the overall trend is clear.

Given that there is a market how best do you find oil and gas? It seems a blinding glimpse of the obvious that explorers need good ground. But it is not only the physical ground. There is also economics and politics associated with it. The Petrel strategy is to go where oil is likely to be. If this means taking greater political and technical risks so be it. We are on the ground in Iraq, probably the most prospective oil country in the world with production costing $2 a barrel but the political situation is close to impossible. We are Offshore Ireland, which is a frontier area geologically and technically, while politically stable. But there is the possibility of elephant discoveries. We are in Ghana, a frontier area when we first entered. Now with lower geological risk but unable to make political progress.

If you have ground in prospective areas you need people who have the skills, commitment and the nerve to plough on in the face of adversity. The board of Petrel and our technical backup have all of the above plus we have experience. Petrel was formed in the early 1980s to explore Offshore Ireland, the venture failed. It was reborn in the 1990s to explore in Africa and the Middle East. We have had a presence in Iraq since 1997. It has been a turbulent experience but we are still there. We know Ghana for over 20 years. Our experience in the past few years has disappointed. We believed the country to have transparent procedures and the rule of law. The rule of law operates but ratification procedures are obtuse.

Use of the most modern technology can reduce the level of risk in exploration. Petrel has strengths in this area. Over the years we have built a network of technology specialists which we contract in when needed and we have joint ventured with some of the world's best oil and gas companies thereby gaining access to their technology. In Iraq, we have a carry with one of the largest private groups in the country who in turn have a joint venture with a listed Canadian company, Oryx. Our Irish Offshore partner, Woodside Energy, is one of the world's foremost and successful gas explorers. Our local Irish technical experts are the go to people in the industry.

Despite all of the above exploration remains high risk. If we are successful in any one of our ventures the reward will more than compensate for the risks.

Activities

Petrel holds a 15% interest in 1,050 km of prospective acreage in the Porcupine Basin of the Irish Atlantic. The Irish Atlantic is virtually unexplored – only 31 wells have been drilled mainly in shallower water. Petrel with two exploration licences, 3/14 and 4/14, is focused on prospects in 600 to 800 metres of water. We have a joint venture with Woodside Energy, an Australian based hydrocarbon producer. In return for a substantially carried 15% interest in the early stages of exploration Woodside became the operator. Petrel had completed significant desk based work on the two blocks. Woodside is enhancing this work and intends to complete 3D seismic as soon as is practicable. This phase of the work has been delayed while the Irish government completes an offshore environmental assessment. Results are expected in Q3 2015 which means the seismic programme is likely to take place in 2016.

New technology, new discoveries in similar geology and high oil prices made prospecting in the Atlantic fashionable in recent years but a series of recent setbacks and a lower oil price have dampened enthusiasm. Exploration in Irish Atlantic waters is not for the faint hearted. Prospects look good but exploration costs are huge. A well on either of the two Petrel blocks is likely to cost upwards of $60 million – this is a new exploration province. Uncertainties introduced by possible tax changes, delays in issuing permits and the ongoing political problems with the Corrib gas field discourage explorers, as does the lower oil price. But the Irish Atlantic is one of the few remaining frontiers where big discoveries may be made.

Petrel and an associate company, Clontarf Energy had high expectations when they obtained an exploration concession (via Pan Andean Resources Ltd (30% Petrel, 60% Clontarf Energy, 10% local interests)) from the Ghana National Petroleum Company (GNPC) in 2010. The concession, which was always subject to cabinet and parliamentary approval covers 1,532 sq km in the Tano basin. Terms were very good reflecting the early stage of oil exploration in the country. Ratification of the agreement has dragged on for 5 years during which Ghana has become a significant oil producer – in an area south of Tano where our concession lies. For the past year the consortium of Petrel, Clontarf Energy and a local partner have been in litigation with the Ghanaian government and state agencies over an attempt to award ground from our licence in Tano to a third party. A court approved agreement was reached. This was acceptable to all parties concerned. The Ghanaian authorities have failed to implement the agreement. Ongoing talks have led to further settlement proposals which as yet are not acceptable to the consortium. What is happening in Ghana is regrettable. The country is a good place in which to work. The rule of law applies and title was thought to be good. Having very reluctantly commenced litigation Petrel and partners will see it through.

When Petrel first invested in Iraq in 1997 it was the Saddam era. Investing in Iraq was a clear example of choosing low geological risk over high political risk. We underestimated the political chaos of the last decade. Iraq has the potential to go to 10 million barrels a day of oil production. It is currently at 3.8m and growing despite the chaos. The Petrel interests are in the Wasit province where we have a carry which will be paid for in Petrel shares when certain milestones such as drilling are reached. Should the operator, Oryx, be unable to spud wells within the next 4 years then the agreement lapses. Iraq will be at the forefront of world oil development in the coming decades but it is difficult to attach a present value to the interests.

Future

Petrel has sufficient cash at present expenditure levels to continue for two or three years. This is not an option that the board accepts. We are actively working with our partner, our advisors and the Irish authorities on helping them complete the Irish Offshore Strategic Environmental Assessment. An early resolution will enable orderly planning for 2016. We have ongoing discussions with the authorities in Ghana. Neither side wants a court action but this may be inevitable. Current proposals from the authorities to the consortium have unacceptable risks. In Iraq we wait and observe.

We continue to evaluate possible opportunities in emerging frontier exploration areas. Investors in Petrel, as in most other junior explorers, have seen their shareholding literally decimated in value. We have cash, people and potentially very good ground. There are small signs of life in the stock exchange sector in which Petrel operates. If life blossoms then the potential return is significant.

John J Teeling

John Teeling
Chairman
24th June 2015

Petrel Resources Plc
Review of Operations

Introduction
Petrel Resources plc is an Irish-based junior oil and gas Exploration Company with assets in the Iraq, Ghana and Ireland. Petrel is listed on the London Stock Exchange's Alternative Investment Market (PET). Visit www.petrelresources.com for more information.

Petrel Resources plc has explored for oil & gas since 1982 (1997 under current management) and has been listed on the AIM market of the London Stock exchange since 2000.

Petrel is active in the Irish offshore Atlantic Margin, Ghana's Tano Basin and Iraq.

Petrel holds a 15% interest in 1,050km of prospective acreage in the Porcupine Basin of the Irish offshore (FEL 3/14 and 4/14). Petrel is substantially carried by operator Woodside Energy through the technical work programme.

Petrel has a 30% interest in a signed Petroleum Agreement in the Ghanaian Tano 2A Block, close to circa 2 billion barrels of recent discoveries. Following a dispute with the Ghanaian authorities in 2014 we agreed to vary our coordinates and that the Ghanaian authorities will move promptly to ratify the Petroleum Agreement with the revised coordinates. Ratification had not occurred as of end May 2015.

Petrel has an effective 5% carry with Oryx Petroleum on licences with the Wasit Governate in Iraq. Oryx has applied for permits to conduct its seismic survey. The seismic permits have not been issued as of end May 2015. Wasit is east of Baghdad in a Shia region and as of end May 2015 remains relatively unaffected by disturbances west and north of Baghdad.

Offshore Ireland – unexplored, but no longer 'frontier'
Work proceeds on Frontier Exploration Licences 3/14 and 4/14 issued on 1,050km^2 of Irish Atlantic acreage.
- There is about 10km of sedimentary material, with confirmed hydrocarbon systems and huge potential in the Irish Atlantic.
- Petrel is substantially carried through the technical work programme.
- Regional and additional Block data has been acquired and is being reprocessed to a high standard.
- Several encouraging medium to large Leads & Prospects are being worked up.
- Planned fiscal terms changes do not affect Petrel's existing licences – but will impact future acreage acquired.
- Petrel's prior work has been reviewed and approved by independent consultants, and reinforced by ongoing work.

The Irish Atlantic Porcupine Basin remains unexplored, with a total of only 31 wells drilled so far – mostly in relatively shallow water targeting traditional 'North Sea-type' plays.

Petrel's focus has mainly been on plays in 600 to 800m of water, which were not available to 1980s explorers for technical reasons.

The success of the 'West African transform margin' play, in Ghana, Sénégal and Mauretania particularly, has opened up new plays in the Irish Atlantic, and especially in the Cretaceous. These new plays are effectively untested in the Irish Atlantic Porcupine Basin. Technical advances, especially in improved seismic data quality and drilling capabilities, have transformed the province.

The oil price fall during 2014, together with fiscal terms tightening, may impact smaller targets during the 2015 bid round. However the plays under consideration by Petrel are considerably larger than existing Porcupine Basin discoveries and unlikely to be adversely affected.

Petrel's work on its 100% owned Licence Options between 2011 & 2013:
In 2010 and 2011 Petrel Resources plc reviewed a number of prospective Blocks in the Atlantic Margin, quickly focusing on the key Porcupine Basin, and especially the Tertiary, Cretaceous and Jurassic plays. Detailed work tended to enhance the deeper Jurassic and especially "west African style" Cretaceous plays but undermined the original Tertiary play, because of the increased top-seal risk.

This work was subjected to rigorous examination during a lengthy and detailed farm-out exercise during 2013. While different prospective partners had different priorities and preferences in terms of oil vs gas and target size particularly, the technical reception was generally excellent.

As part of this exercise Petrel Resources plc commissioned an independent assessment of Oil Potential on Blocks in the Atlantic, undertaken by a leading industry consulting group. In the event, we concluded an excellent deal with the best partner to enter Ireland in recent years even before this independent review was completed. Indeed, the farm-out process suggested that both Petrel technical staff and consultants had been more conservative than large industry players. Nonetheless, this work, together with similar exercises conducted on behalf of neighbours Antrim Energy and Europa Oil & Gas, reinforces our belief that the Porcupine's time has come:

The Independent Resource Estimate Review was conducted by Senergy Consultants (Ltd) on Petrel's interests in what is now Irish Frontier Exploration Licence 3/14 ("Licence 3/14") and Frontier Exploration Licence 4/14 ("Licence 4/14") in the Porcupine Basin, offshore Atlantic Ireland. Petrel now holds a substantially carried 15% carried interest, with an operating 85% interest held by Woodside Energy – Australia's leading gas & oil company, with a particularly strong position in LNG for the key Japanese market.

The Senergy report estimates a total un-risked prospective resource on the acreage of about 2.2 billion barrels, giving a potential recoverable resource attributable to Petrel of **327** million barrels of oil equivalent ('High Estimate') on the two licences.

There is additional gas potential within the block. The main plays are in approximately 600 to 800 metres of water depth, which is well within the technical capabilities of modern operators, though oil and gas prices as well as costs and development timetables are subject to uncertainty.

Results from work on **Frontier Exploration Licence 3/14**, as well as regional work, indicate 5 leads and two additional plays at three stratigraphic levels, including the Lower Eocene deltaic complexes, Lower Cretaceous mounded fan complexes similar in seismic character to many of the recent Cretaceous oil discoveries offshore West Africa and Upper Eocene fan mounds.

Results from work on **Frontier Exploration Licence 4/14**, as well as regional work, indicate plays at three stratigraphic levels, including 3 leads in the Lowermost Cretaceous Pinch-out, Lower Cretaceous fan complex as well as a Lower Tertiary play.

The following table provides an aggregate summary of the Prospective Resources for the independent leads evaluated within the two Licences:

Prospective Resource Gross - Unrisked (Millions of Barrels)				**Petrel (15%)**
Licence 3/14 (480km²)	**Low Estimate**	**Best Estimate**	**High Estimate**	**High Estimate**
Crude Oil (MMbbl)	28	210	1,429	214
Licence 4/14 (570km²)	**Low Estimate**	**Best Estimate**	**High Estimate**	**High Estimate**
Crude Oil (MMbbl)	31	156	749	113
Total	**59**	**366**	**2,178**	**327**

Petrel was pleased that Senergy's independent technical review so emphatically supported Petrel's 2013 work for the Irish authorities prior to the Woodside farm-out. The un-risked in-place estimated oil volumes for the different prospects in the Senergy report are broadly in-line with the in-place figures in the Petrel report for the Petroleum Affairs Division in 2013.

As one expects from an independent consultant, Synergy place a higher risk against the prospects (a much lower geological and commercial Chance of Success number) than similar resource reviews in North America. Senergy are also much more cautious than most of the oil & gas companies we negotiated with during the farm-out process. This reflects the historical nature of the underlying seismic data as well as the preponderance of 2D data. Petrel expects that the work currently underway on the Licences will substantially de-risk these prospects and is confident that planned new state-of-the-art 3D seismic will confirm drillable prospects on both licences.

Joint Venture with Woodside Energy: 2014 to date

In August 2013, Petrel farmed out 85% of its interest in, and operatorship of, the Licensing Options to Woodside Energy (Ireland) Pty Ltd ("Woodside"). As part of the farm-out exercise Petrel had conducted presentations and discussions in Houston, Dallas, Calgary, London and Madrid. The technical reception was generally positive, with fiscal terms applicable of 25% to 40% maximum seen as competitive. Negatives were absence of commercial production, and later gas & oil price weakness. There were multiple suitors but it quickly became apparent that Woodside were the much-preferred partner, in terms of technical rigour, creativity and momentum. Accordingly, a farm-out was quickly negotiated.

In March 2014 the partners were awarded, by the Department of Communications, Energy and Natural Resources, Frontier Exploration Licences 3/14 and 4/14 in the Irish Atlantic's Porcupine Basin. In keeping with applicable law, the parties relinquished 25% of the original acreage, while seeking to retain the most prospective acreage with fewest potential development issues.

The Frontier Exploration Licences are split into logical phases under best international practice, facilitating orderly permitting and progress. The Frontier Exploration Licences are valid for 15 years, with an initial 3 year phase, followed by three phases of 4 years each.

The main elements of the first phase are reprocessing of historic 3D seismic, environmental studies and, subject to regulatory rules and permits, may include the acquisition of new, state-of-the-art 3D seismic. Preparatory technical and environmental work is underway. The partners had allocated a generous budget seismic acquisition programme over almost all the prospective acreage, as well as neighbouring acreage outside our Blocks. The originally hoped for summer 2015 3D seismic acquisition programme was delayed by the Irish Government's comprehensive Irish Offshore Strategic Environmental Assessment (IOSEA5). Because of this project, which itself had been delayed by 9 months, the authorities were not in a position to process and issue the necessary permits over all of our licensed acreage before September 2015. The ideal weather window for the Porcupine basin is June and July. Seismic programmes can usually drift into August or later, but at a potential penalty in seismic quality – which itself might forego some or all of the necessary risk-reduction which is a key objective of our exploration effort. Given the extreme attention that is being invested in squeezing the very best data out of historic 2D and 3D seismic data, both in Petrel's Blocks and elsewhere, it would be a false economy to rush the new high quality 3D programme. The partners accepted that the best results required a delay into the next weather window (June and July 2016).

Petrel is 100% carried through phase one of the work programme, which covers 2015 as well as the next two years, including any extension to this phase – which has been forced on our Joint Venture by the delays in completing the official IOSEA5 exercise.

The main element of the second phase, should the parties elect to enter it, would be the drilling of a well on each Frontier Exploration Licence, for which Petrel would be substantially carried.

The highly conservative chance of success assumptions by both Petrel and Senergy in this new resource assessment reflects the fact that Petrel work between 2011 and 2013 was done on the basis of historical and mainly 2D data. Given early indications from its own Joint Venture's work, as well as the experience of operators on nearby blocks following new 3D seismic acquisition with the latest understanding and technology, Petrel expects that the calculated risk factor will fall, and prospective area of enclosure will rise, as the next phase of work is completed.

Notes:

(1) There can be no certainty that any portion of the prospective resources will be discovered. If discovered, there is no certainty that it will be economically viable or technically feasible to produce any portion of the resources.
(2) The columns marked as "Un-risked" have not been risked for chance of discovery or chance of development. Estimates marked as "Risked" have been risked for chance of discovery, but have not been risked for chance of development. If a discovery is made, there is no certainty that it will be developed or, if it is developed, there is no certainty as to the timing of such development.
(3) The "Petrel Risked High Estimate" reflects Petrel`s 15% working interest share of: the gross prospective resource estimates shown in the "Property Risked Mean Estimate" column. All other columns in the above tables reflect the gross 100% prospective resources of the Licence (of which Petrel's current working interest is 15%).
(4) Gas potential is ignored in the above calculations. Normally gas resources are converted to barrels of oil equivalent (`BOE`) at a ratio of 6 Mcf to 1 bbl.
(5) The total risked mean is equal to the aggregate sum of the un-risked mean (arithmetic average) estimate for each lead multiplied by the chance of discovery for that lead.

Prospective resources are defined as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. Prospective resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity.

Estimates of resources always involve uncertainty, and the degree of uncertainty can vary widely between accumulations/projects and over the life of a project. Consequently, estimates of resources should generally be quoted as a range according to the level of confidence associated with the estimates. An understanding of statistical concepts and terminology is essential to understanding the confidence associated with resources definitions and categories. The range of uncertainty of estimated recoverable volumes may be represented by either deterministic scenarios or a probability distribution. Resources should be provided as low, best and high estimates, as follows:

Low Estimate - This is considered to be a conservative estimate of the quantity that will actually be recovered. It is likely that the actual remaining quantities recovered will exceed the low estimate. If probabilistic methods are used, there should be at least a 90 percent probability (P90) that the quantities actually recovered will equal or exceed the low estimate.

Best Estimate - This is considered to be the best estimate of the quantity that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability (P50) that the quantities actually recovered will equal or exceed the best estimate.

High Estimate - This is considered to be an optimistic estimate of the quantity that will actually be recovered. It is unlikely that the actual remaining quantities recovered will exceed the high estimate. If probabilistic methods are used, there should be at least a 10 percent probability (P10) that the quantities actually recovered will equal or exceed the high estimate.

The calculation of barrels of oil equivalent ("boe") is based on a conversion rate of six thousand cubic feet of natural gas ("mcf") to one barrel of crude oil ("bbl"). Boe's may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

The resource estimates contained herein are estimates only and the actual results may be greater than or less than the estimates provided herein. The estimates of resources for individual leads may not reflect the same confidence level as estimated resources for all leads, due to the effects of aggregation. The total prospective resources presented are based on the arithmetic aggregation of all of the leads, which will result in a greater than 90 percent chance of exceeding the overall Low Estimate total and less than a 10 percent chance of exceeding the overall High Estimate Total.

Positive aspects of exploration in the Irish Atlantic's Porcupine Basin are: (I) similarity of basin geology to geology of the northern part of the Porcupine Basin and the Canadian North Atlantic basins on the conjugate margin where hydrocarbon discoveries have been made; and (II) a working petroleum system with a proven Jurassic source and the possibility of mature Cretaceous shales. Potential concerns of exploration in Licences 3/14 and 4/14 are: (I) the presence of significant quantities of reservoir quality sands at depths of **2,000** to **5,000** metres subsea; (II) lateral seals in Cretaceous stratigraphic traps; and (III) hydrocarbon migration into potential Cretaceous reservoirs.

Additionally, this Annual Report uses certain standard industry abbreviations as follows:

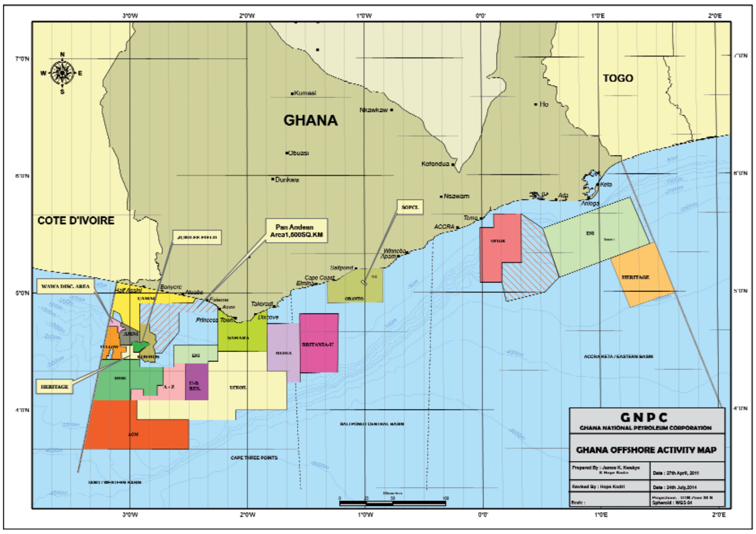
Oil and Natural Gas Liquids		Natural Gas	
Bbls	barrels	Mcf	thousand cubic feet
Mbbls	thousand barrels	MMcf	million cubic feet
Mboe	thousand barrels of oil equivalent		

Ghana

Petrel Resources holds a 30% interest in Pan Andean Resources Limited (60% Clontarf Energy) which in turn holds a 90% interest in the Tano 2A onshore/offshore block in Ghana. The balance of 10% is held by local interests. As required under Ghanaian law, Pan Andean Resources Limited is a Ghanaian company. During the year under review, Petrel Resources plc and its partners have been in dispute with the Ghanaian Government and the GNPC. We are always reluctant to litigate but were left with little choice but to seek equitable relief from the independent judiciary. Accordingly, we obtained an Injunction and a High Court Order prohibiting interference with our property rights over Tano 2A Block, and specifically the award of 529km^2 which falls within our own Petroleum Agreement on Tano 2A Block.

Ghanaian Tano 2A Block:
Despite slow ratification and the worldwide downturn in exploration, Ghana remains an area of high exploration potential and development activity.

Petrel Resources plc holds a 30% interest (Clontarf Energy plc 60%, local interests (Abbey Oil & Gas Limited) 10%) in Pan Andean Resources Limited, a Ghanaian vehicle which holds a licence over the Tano 2A block offshore Ghana. Agreement was reached in 2008 with the Ghana National Petroleum Corporation (GNPC) but cabinet and parliamentary ratification dragged on. In early 2014, the Ghanaian parliament awarded ground, which appeared to partially overlap with our licence, to another company. Following High Court proceedings in Ghana an agreement was reached by all parties to revise the Tano 2A block co-ordinates, so as to eliminate any conflict. Although this agreement included a commitment by the authorities to rapidly ratify the adjusted Petroleum Agreement, the Ghanaian authorities have been slow to finalise the details. We retain the right to apply to resuscitate High Court proceedings if necessary.



GNPC Activity Map (2014) with revised coordinates

International investors are major contributors to the exploration and development of Ghana's oil potential. An important foundation for this investment is a transparent licensing system, under which Petroleum Agreements are signed by the Ghanaian National Petroleum Corporation (GNPC) and ratified in good faith by Parliament. Without sanctity of contracts and protection of property rights the international investment community would not be positive on Ghana. We are keen that this investment and technology transfer is maintained and expanded.

It was therefore with concern that we learnt in early 2014 that a serious issue has arisen threatening the Petroleum Agreement signed on Tano 2A Block by Ghanaian company Pan Andean Resources Limited.

Pan Andean Resources Limited signed a Petroleum Agreement on the 1,532km^2 onshore / shallow offshore Tano 2A Block in 2008. To facilitate clarifications requested by GNPC and an optimal work programme, Pan Andean Resources Limited then signed a revised Petroleum Agreement on the Tano 2A Block in 2010. Since then, Pan Andean plc has invested over $2 million in good faith in purchasing seismic and other data from GNPC, and working up leads and prospects. Clontarf Energy plc's and Petrel Resources plc's rights and obligations have been fully advertised to the London Stock Exchange, as required under law.

It was therefore with surprise that we learnt that the Ghanaian authorities had submitted a conflicting licence proposal from Camac Energy Ghana Limited, Base Energy and GNPC Explore Co. to Parliament on or about 27th February 2014. On 26/3/2014 CAMAC Energy Inc. announced that "Camac Energy Ghana Limited holds 60% of the interest" in a new Ghanaian Block. There was no suggestion then that they did not own the entire 60%. But on 22/4/2014 CAMAC Energy Inc. (now Erin Energy, following its name change in April 2015), a NYSE listed company, announced that they only hold 30% of the Block, as technical operator. This is held by "an indirect 50%-owned subsidiary of the company". It is unclear who are the shareholders of that subsidiary and where is it based.

We understand that this conflicting licence proposal was rushed through Parliament on or about 21st March 2014 in "approximately 6 hours". From these press reports and a Stock Exchange statement of 26th March 2014, the conflicting licence proposal ingresses 529km^2 into the 1,532km^2 onshore / shallow offshore Tano 2A Block, by purporting to take a section of the shallow water acreage already assigned to Tano 2A Block. This purported action was clearly in breach of an existing Petroleum Agreement which remains valid, as confirmed by correspondence from the Ministry of Energy dated 4th March 2014, and despatched by the Ministry of Energy to Pan Andean Resources Limited on 27th March 2014.

As a result of these actions by GNPC and the Ministry Of Energy we submitted a writ on the 27th March 2014, and an interlocutory injunction was put in place as of the 7th April 2014 against GNPC (and following the 30 day notice period the Government of Ghana). In accordance with Ghanaian law no further action can take place by any of the parties put on notice until the issue is resolved. We are concerned for our shareholders but also for Ghana, as this process has breached Ghanaian standards of transparency, accountability, and rule of law.

As a result of these proceedings, discussions in July 2014 led to an agreement, involving all of the parties to the litigation, including the Ghanaian authorities, on the specific revised co-ordinates of the signed Petroleum Agreement on a licence Block in the Tano area of Ghana (see figure 1 above). Provided it is properly ratified, this solution is satisfactory for Petrel Resources plc and its partners. As announced in July 2014, it was agreed that additional, contiguous acreage will be added to preserve the size of the Block, and a revised Activity Map has been circulated.

All parties have committed themselves to complete the ratification process in accordance with law, which requires Cabinet and Parliamentary approval.

Accordingly, Pan Andean Resources Ltd has not reapplied to the High Court for further equitable relief but retains its right to reapply should it prove necessary.

Petrel Resources plc and its partners have already conducted technical extensive work, spending with its partners circa $2 million on exploring this prospective acreage. Prior to formal ratification, we are not planning additional detailed work on the 'new' area. Our technical staff is monitoring developments on neighbouring acreage and we intend to continue this work as soon as the legal situation is confirmed and parliamentary ratification completed. We are also open to an equitable alternative that properly recognises and compensates Petrel Resources plc and its partners' rights under their signed Petroleum Agreement.

Iraq

Highlights:

- The Iraqi oil industry has experienced an extended period of insecurity and legal uncertainty since 2003. Despite civil war in the west and north of Iraq, oil production has increased to c. 3.8 million barrels daily.
- Petrel Resources plc has operated in Iraq since 1999. Given the delays and difficulties of dealing with the Federal authorities, Petrel Resources plc broadened its Iraqi investment by acquiring a 20 per cent shareholding in Amira Hydrocarbons Wasit B.V. This deal gives Petrel an immediate effective 5 per cent carried interest through to production in exploration and production licences operated by Oryx Petroleum in Wasit province. Oryx had allocated $27 million to seismic acquisition and other work on this Wasit project during 2014. Due to administrative delays with permitting, the acquisition programme and related budget was rolled forward. As of May 2015, these required permits had not yet been granted. Accordingly, our partner has reduced its estimated Wasit project expenditure for 2015, and rolled the planned seismic campaign forward.
- So far, the Wasit Governate itself has not been materially impacted by disturbances west and north of Baghdad. However, the civil conflict inevitably distracts the Federal authorities from necessary policy-making and development.

Despite regional developments and permitting delays, Oryx remains committed to the Wasit project, although they cannot acquire seismic or drill wells until necessary permitting is in place.

Oryx retains its Wasit Province asset at an unrisked 404 million barrels (MMbbl) and risked 78 MMbbl (Oryx Petroleum document, dated 20th May 2015, at http://www.oryxpetroleum.com/en/operations/iraq.php):

Wasit Province

- Wasit is a large, underexplored province in east central Iraq in proximity to the super-giant East Baghdad field.
- Oryx Petroleum has a 50% participating interest (40% working interest assuming the Wasit Provincial Government exercises a 20% back-in right) through a jointly owned company with rights for oil exploration operated by Oryx Petroleum.
- The five principal leads identified by Oryx Petroleum to date in the Wasit province are estimated by Netherland, Sewell & Associates, Inc. as of December 31, 2014 to contain 404 MMbbl of best estimate unrisked gross (working interest) prospective oil resources (risked: 78 MMbbl) within large, low relief structures and folded anticlines. Oryx Petroleum believes these structures are similar to the Zagros Fold Belt, which is one of the primary sources of oil currently produced in neighbouring Iran.
- Given continuing political and economic challenges in Iraq, Oryx Petroleum does not expect to commence such significant activity in the near-term."

We believe that Oryx Petroleum remains funded and committed to acquire seismic, drill and develop any discovery once all necessary permits are in place.

The period since 1980, and especially since 2003, have been challenging for Iraq generally. Despite the conflict to the west and north of Baghdad, there have only been a few incidents in Wasit since 2014, though there were some unrelated political changes.

Relevant to the implementation of our Wasit Governate contract is that Wasit Governate, together with Basra Governate, have asked the Federal Government in Baghdad to recognise them as "Semi-Autonomous Regions". We maintain contact with the provincial authorities and all relevant political parties within the Wasit province, as well as several high-level Ministry of Oil officials. Federal oil policy is still evolving, and current thinking is that a hybrid contractual model may ultimately be used; Service Contracts would be preferred for existing discoveries, while a Production Sharing Agreement (PSA) model contract may be employed for yet-to-be-discovered fields.

Despite chaos in Anbar and further north, Iraq's oil production has slowly increased from a level of circa 3 million barrels daily to about 3.8 MMbblod in early 2015. These production increases have not fully compensated for lower oil prices in late 2014/2015, which exposed the shortcomings of recent Federal oil policy and prompted a general re-think. Due to Federal budget shortfalls, many major companies operating in Iraq are taking the oil produced under their existing Service Contracts as payment, due to the Federal Government's inability to pay. This disrupts Baghdad crude oil delivery schedule. Accordingly a political debate is now underway on how best to increase Iraq's oil output.

Background on Petrel Resources' participation in Amira Industries' carry in Oryx's Wasit Province contracts:

This strategic partnership seeks to strengthen Petrel's position in Iraq, where it has had a presence since 1999, and allows Petrel to benefit from Amira Industries' reputation and local capability. Amira Industries has been at the forefront of licence acquisitions in the Iraqi provinces and was the first oil company to sign oil and gas exploration and production contracts with the provincial governments of Salah ad Din and Wasit.

Arman Kayablian, COO of Amira Industries N.V., is a non-executive director of Petrel Resources plc. Arman has over 10 years' experience in project finance and development operations in the energy, utilities and telecommunications industries.

Petrel's investment in Amira is essentially a US$500,000 option price. The initial consideration comprised an up-front cash payment of US$500,000 and the issue of locked in 18,947,368 shares in Petrel.

A further 10,526,316 shares in Petrel will be issued when the first conventional oil well spuds. When a well is spudded these initial shares become tradeable. A second tranche of 10,526,316 shares will be issued when there is a commercial discovery. If no drilling takes place within 5 years the deal expires and all share agreements are annulled.

Petrel is also given a right of first refusal to participate or acquire an operated interest in any future exploration and production licences that Amira Industries secures in the Iraqi provinces of Muthanna, Karbala, Babil and Najaf. None of these provinces have been greatly affected by the turbulence further west and north during 2014/2015. The terms of Petrel's participation in such licences are likely to be similar to Amira Industries' arrangement with Oryx Petroleum in respect of the Wasit licences.

Wasit Overview
Wasit is a large, relatively underexplored province in east central Iraq close to the giant East Baghdad field. Amira holds a 25 per cent carried interest in three contracts with the Wasit Provincial Government to explore and develop hydrocarbons in the Wasit province: an Asphalt Exploration Contract, Seismic Option Agreement and Risk Exploration Contract. The Wasit Government has a back-in right in respect of the licences which, if exercised in full, will reduce Amira's interest to 20 per cent (equivalent to a 4 per cent carried interest for Petrel).

The operator of the Wasit Licence is Oryx Petroleum Corporation Ltd, a Canadian E&P independent listed on the TSX with a market capitalisation of US$1.4 billion. To date, Oryx has identified five principal leads in the province containing 1,010 million barrels of unrisked prospective oil resources. Amira's interest in the Wasit Licence is carried to production by Oryx.

Oryx plans to commence a seismic data acquisition program as soon as permits are in place and to drill an exploration well early in the following year, as soon as the seismic data has been processed and evaluated.

Accordingly, Petrel has been in initial discussions that may lead to the negotiation of local authority licences in Iraq. We have always been careful to conduct discussions in accordance with applicable laws and will continue to do so.

There remains considerable legal uncertainty in Iraq but there has been some movement in recent years, which may be accelerated by the 2014 oil price crash: we believe that some smaller and medium-sized prospects and fields may soon become available outside the Ministry of Oil's preferred Technical Service Agreements system.

If so, Petrel should be well placed to negotiate such agreements.

Iraqi production has increased since 2014 and is expected to soon hit 4 million barrels daily of which about 3.3 million barrels will be exported. This falls well short of long-standing plans, which were to export at 8.5 million barrels daily, with longer-term plans to rival Saudi Arabia with over 12 million barrels daily.

Such an increase in Iraqi oil output requires restructuring of the fiscal terms available. The experience of slow oil field development in Iraq and neighbouring Iran since 1979 shows that investors require a reasonable, risk-adjusted rate of return in order to invest the required capital, effort and technology to make major projects work.

Petrel retains its interest in the Western Desert Block 6 exploration & development contract, as well as the Technical Cooperation Agreement on the Merjan oil-field. As of June 2015, the Federal Government is not in effective control of Anbar Governate, which is therefore unavailable to international operators.

The political and security situation in Iraq has again been challenging over the past year, with events in neighbouring countries further complicating Iraqi business.

Internal Iraqi political differences have so far impeded consensus on Hydrocarbon Laws and Revenue-Sharing Agreements.

The directors present their annual report and the audited financial statements for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS

The main activity of Petrel Resources plc and its subsidiaries (the Group) is oil and gas exploration. The Group has exploration interests in Iraq, Ghana and Ireland.

Further information concerning the activities of the Group during the financial year and its future prospects is contained in the Chairman's Statement and Review of Operations.

RESULTS FOR THE FINANCIAL YEAR

The consolidated loss after taxation for the financial year, transferred to reserves, amounted to €2,959,492 (2013: loss of €526,783). The total exchange difference transferred to reserves is €500,887 (2013: loss €218,452). The translation reserve comprises of foreign exchange movement on translation from US Dollars (functional currency) to Euro (presentation currency).

The directors do not recommend that a dividend be declared for the financial year ended 31 December 2014 (2013: €Nil).

IMPAIRMENT

Due to the political and legal uncertainty in Iraq the directors have decided to impair in full the exploration and evaluation assets in Iraq to nil, resulting in an impairment charge of €2,470,320.

In addition the group incurred expenditure of €58,655 on various projects in Cameroon and Mozambique. The directors have decided to impair this cost, and accordingly an impairment charge of €58,655 was written off against the exploration and evaluation assets in Africa

PERFORMANCE REVIEW

The performance review is set out in the Chairman's Statement and Review of Operations.

RISKS AND UNCERTAINTIES

The Group is subject to a number of potential risks and uncertainties, which could have a material impact on the long-term performance of the Group and could cause actual results to differ materially from expectation. The management of risk is the collective responsibility of the Board of Directors and the Group has developed a range of internal controls and procedures in order to manage risk. The following risk factors, which are not exhaustive, are the principal risks relevant to the Group's activities:

Risk	**Nature of risk and mitigation**
Licence obligations	Operations must be carried out in accordance with the terms of each licence agreed with the relevant ministry for natural resources in the host country. Typically, the law provides that operations may be suspended, amended or terminated if a contractor fails to comply with its obligations under such licences or fails to make timely payments of relevant levies and taxes. The Group has regular communication and meetings with relevant government bodies to discuss future work plans and receive feedback from those bodies. Country Managers in each jurisdiction monitor compliance with licence obligations and changes to legislation applicable to the company and reports as necessary to the Board.
Requirement for further funding	The Group may require additional funding to implement its exploration and development plans as well as finance its operational and administrative expenses. There is no guarantee that future market conditions will permit the raising of the necessary funds by way of issue of new equity, debt financing or farming out of interests. If unsuccessful, this may significantly affect the Group's ability to execute its long-term growth strategy. The Board regularly reviews Group cash flow projections and considers different sources of funds. The Group regularly meets with shareholders and the investor community and communicates through their website and regulatory reporting.

Geological and development risks	Exploration activities are speculative and capital intensive and there is no guarantee of identifying commercially recoverable reserves. The Group activities in Ghana and Ireland are in proven resource basins. The Group uses a range of techniques to minimise risk prior to drilling and utilises independent experts to assess the results of exploration activity.
Title to assets	Title to oil and gas assets in Ghana can be complex. The Directors monitor any threats to the Group's interest in its licences and employ the services of experienced and competent lawyers in relevant jurisdictions to defend those interests, where appropriate.
Exchange rate risk	The Group's expenses, which are primarily to contractors on exploration and development, are incurred in US Dollars, Sterling and Euro. The Group's policy is to conduct and manage its operations in US Dollars and therefore it is exposed to fluctuations in the relative values of the Euro and Sterling. The Group seeks to minimise its exposure to currency risk by closely monitoring exchange rates and maintaining a level of cash in foreign denominated currencies sufficient to meet planned expenditure in that currency.
Political risk	The Group holds assets in Ghana and Ireland and therefore the Group is exposed to country specific risks such as the political, social and economic stability of these countries. The countries in which the Group operates are encouraging foreign investment. The Group's projects are longstanding and we have established strong relationships with local and national government which enable the Group to monitor the political and regulatory environment.
Financial risk management	Details of the Group's financial risk management policies are set out in Note 19.

In addition to the above there can be no assurance that current exploration programmes will result in profitable operations. The recoverability of the carrying value of exploration and evaluation assets is dependent upon the successful discovery of economically recoverable reserves, the achievement of profitable operations, and the ability of the Group to raise additional financing, if necessary, or alternatively upon the Group's and company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write down of the carrying values of the Group's assets.

KEY PERFORMANCE INDICATORS

The Group reviews expenditure incurred on exploration projects and successes thereon, ongoing operating costs and availability of finance.

DIRECTORS

The current directors are listed on the inside back cover.

DIRECTORS' AND SECRETARY'S INTERESTS IN SHARES

The directors and secretary holding office at 31 December 2014 held the following beneficial interests in the shares of the company:

	31/12/2014 Ordinary Shares of €0.0125 Number	**31/12/2014 Options - Ordinary Shares of €0.0125 Number**	1/1/2014 Ordinary Shares of €0.0125 Number	1/1/2014 Options - Ordinary Shares of €0.0125 Number
J. Teeling	**5,415,000**	**100,000**	5,415,000	100,000
D. Horgan	**4,215,384**	**150,000**	4,215,384	150,000
J. Finn (Secretary)	**1,785,384**	**100,000**	1,785,384	100,000
A. Kayablian ***	**-**	**-**	-	-

***(A. Kayablian is also a director of Amira International Holdings Limited)

There have been no changes to the directors' interests between the financial year end and the date of this report.

SUBSTANTIAL SHAREHOLDINGS

The share register records that, in addition to the directors, the following shareholders held 3% or more of the issued share capital as at 31 December 2014 and 25 May 2015:

	31 December 2014 Number of Ordinary Shares	%	**25 May 2015 Number of Ordinary Shares**	%
Amira International Holdings Limited	**16,147,368**	16.20	**16,147,368**	16.20
Citibank Nominees (Ireland) Limited (CLRLUX)	**10,020,413**	10.05	**9,890,055**	9.92
TD Direct Investing Nominee (Europe) Limited	**5,432,323**	5.45	**4,703,861**	4.72
L. R. Nominees Limited	**4,008,877**	4.02	**-**	-
Barclayshare Nominees Limited	**3,731,462**	3.74	**3,445,774**	3.46
HSDL Nominees Limited	**3,336,040**	3.35	**3,977,815**	3.99

FINANCIAL RISK MANAGEMENT

Details of the Group's financial risk management policies are set out in Note 19 to the financial statements.

GOING CONCERN

Information in relation to going concern is outlined in Note 3.

CORPORATE GOVERNANCE AND SOCIAL RESPONSIBILITY

The Board is committed to maintaining high standards of corporate governance and to managing the company in an honest and ethical manner.

The Board approves the Group's strategy, investment plans and regularly reviews operational and financial performance, risk management, and Health, Safety, Environment and Community (HSEC) matters.

The Chairman is responsible for the leadership of the Board, whilst the Executive Directors are responsible for formulating strategy and delivery once agreed by the Board.

The Group aims to maximise use of natural resources, such as energy and water, and is committed to full investment as part of its environmental obligations where applicable.

The Group works toward positive and constructive relationships with government, neighbours and the public, ensuring fair treatment of those affected by the Group's operations. In particular, the Group aims to provide employees with a healthy and safe working environment whilst receiving payment, which enables them to maintain a reasonable lifestyle for themselves and their families.

SUBSIDIARIES

Details of the company's significant subsidiaries are set out in Note 14 to the financial statements.

CHARITABLE AND POLITICAL DONATIONS

The company made no political or charitable contributions during the financial year.

ACCOUNTING RECORDS

To ensure that proper books and accounting records are kept in accordance with Section 281 to 285 of the Companies Act, 2014, the directors have involved appropriately qualified accounting personnel and have maintained appropriate computerised accounting systems. The books of account are located at the company's office at 162 Clontarf Road, Dublin 3.

SUBSEQUENT EVENTS

Details of significant subsequent events are outlined in Note 24.

AUDITORS

Deloitte, Chartered Accountants and Statutory Audit Firm, continue in office as auditors in accordance with Section 383(2) of the Companies Act 2014.

Signed on behalf of the Board:

John Teeling Director	David Horgan Director

24 June 2015

Petrel Resources Plc
Directors' Responsibilities Statement

The directors' are responsible for preparing the directors' report and the financial statements in accordance with applicable Irish law and regulation.

Irish company law requires the directors to prepare financial statements for each financial year. Under the company law, the directors have elected to prepare the financial statements in accordance with International Reporting Standards (IFRS) as adopted by the European Union ("relevant financial reporting framework"). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company and the Group as at the financial year end date and of the profit or loss of the Group for the financial year and otherwise comply with the Companies Act 2014.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies for the Group and the parent company financial statements and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify these standards, and note the effect and reason for any material departure from the standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions for the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and the directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors' Report To The Members Of Petrel Resources Plc

We have audited the financial statements of Petrel Resources Plc for the financial year ended 31 December 2014 which comprise the Group Financial Statements: the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Group Statement of Changes in Equity and the Consolidated Cash Flow Statement and the Company Financial Statements: the Company Balance Sheet, the Company Statement of Changes in Equity, the Company Cash Flow Statement and the related notes 1 to 26. The financial reporting framework that has been applied in the preparation of the group and parent financial statements is the Companies Act 2014 and International Financial Reporting Standards (IFRSs) as adopted by the European Union ("relevant financial reporting framework").

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act, 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements giving a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with the Companies Act 2014 and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Reports and Consolidated Financial Statements for the financial year ended 31 December 2014 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion:

- the group and parent company financial statements give a true and fair view of the assets, liabilities and financial position of the group and parent company, as at 31 December 2014 and of the loss of the group for the financial year then ended; and
- the group and parent company financial statements have been properly prepared in accordance with relevant financial reporting framework and, in particular, with the requirements of the Companies Acts, 2014.

Emphasis of matter – Realisation of intangible assets and Going Concern
In forming our opinion on the financial statements, which is not modified, we draw your attention to:

- Note 12, 13, 14 and 15 to the financial statements concerning financial assets, the valuation and realisation of intangible assets, investment in subsidiaries and amounts due from subsidiaries. The realisation of intangible assets of €1,539,277 and financial assets of €4,211,123 included in the consolidated balance sheet and intangible assets of €1,528,040, investments in subsidiaries of €15,019 and amounts due from subsidiaries of €4,207,341 included in the company balance sheet is dependent on the discovery and successful development of economic reserves including the ability of the Group to raise sufficient finance to develop these projects. The ultimate outcome of these uncertainties cannot, at present, be determined.

- Note 3 to the financial statements which indicates that the group incurred a loss of €2,959,492 during the year and had a retained earnings deficit of €16,226,669 at the balance sheet date. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The Group had a cash balance of €1,330,766 at the balance sheet date. Cash flow projections prepared by the directors indicate that the funds available are sufficient to meet the obligations of the Group for a period of at least twelve months from the date of approval of the financial statements. The directors have prepared the financial statements of the Group on the basis that the Group is a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Matters on which we are required to report by the Companies Acts, 2014

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the parent company were sufficient to permit the financial statements to be readily and properly audited.
- The parent company balance sheet is in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Acts, 2014 which require us to report to you if, in our opinion the disclosures of directors' remuneration and transactions specified by law are not made.

Ciarán O'Brien
For and on behalf of Deloitte
Chartered Accountants and Statutory Audit Firm
Dublin

24 June 2015

Petrel Resources Plc
Consolidated Statement Of Comprehensive Income
For The Financial Year Ended 31 December 2014

	Notes	**2014** **€**	2013 €
CONTINUING OPERATIONS			
Administrative expenses	5	**(430,903)**	(528,597)
Impairment of evaluation and exploration assets	5	**(2,528,975)**	-
OPERATING LOSS		**(2,959,878)**	(528,597)
Investment revenue	4	**386**	1,814
LOSS BEFORE TAXATION	5	**(2,959,492)**	(526,783)
Income tax expense	10	**-**	-
LOSS FOR THE FINANCIAL YEAR: all attributable to equity holders of the parent		**(2,959,492)**	(526,783)
Other comprehensive (expense)/income		**-**	-
Items that are or may be reclassified subsequently to profit or loss		**-**	-
Exchange differences		**500,887**	(218,452)
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		**(2,458,605)**	(745,235)
Loss per share – basic and diluted	11	**(2.97c)**	(0.63c)

Petrel Resources Plc
Consolidated Balance Sheet
As At 31 December 2014

	Notes	2014 €	2013 €
ASSETS			
NON-CURRENT ASSETS			
Financial asset	12	**4,211,123**	4,211,123
Intangible assets	13	**1,539,277**	4,017,982
		5,750,400	8,229,105
CURRENT ASSETS			
Trade and other receivables	15	**44,408**	34,044
Cash and cash equivalents	16	**1,330,766**	1,425,025
		1,375,174	1,459,069
TOTAL ASSETS		**7,125,574**	9,688,174
CURRENT LIABILITIES			
Trade and other payables	17	**(306,831)**	(410,826)
NET CURRENT ASSETS		**1,068,343**	1,048,243
NET ASSETS		**6,818,743**	9,277,348
EQUITY			
Called-up share capital	20	**1,246,025**	1,246,025
Capital conversion reserve fund		**7,694**	7,694
Share premium	20	**21,416,085**	21,416,085
Share based payment reserve	21	**26,871**	26,871
Translation reserve		**348,737**	(152,150)
Retained deficit		**(16,226,669)**	(13,267,177)
TOTAL EQUITY		**6,818,743**	9,277,348

The financial statements were approved by the Board of Directors on 24 June 2015 and signed on its behalf by:

John Teeling
Director

David Horgan
Director

Petrel Resources Plc
Company Balance Sheet
As At 31 December 2014

	Notes	**2014**	2013
		€	€
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	13	**1,528,040**	4,006,745
Investment in subsidiaries	14	**15,019**	15,019
		1,543,059	4,021,764
CURRENT ASSETS			
Trade and other receivables	15	**4,251,749**	4,241,385
Cash and cash equivalents	16	**1,330,766**	1,425,025
		5,582,515	5,666,410
TOTAL ASSETS		**7,125,574**	9,688,174
CURRENT LIABILITIES			
Trade and other payables	17	**(306,831)**	(410,826)
NET CURRENT ASSETS		**5,275,684**	5,255,584
NET ASSETS		**6,818,743**	9,277,348
EQUITY			
Called-up share capital	20	**1,246,025**	1,246,025
Capital conversion reserve fund		**7,694**	7,694
Share premium	20	**21,416,085**	21,416,085
Share based payment reserve	21	**26,871**	26,871
Translation reserve		**348,737**	(152,150)
Retained deficit		**(16,226,669)**	(13,267,177)
TOTAL EQUITY		**6,818,743**	9,277,348

The financial statements were approved by the Board of Directors on 24 June 2015 and signed on its behalf by:

John Teeling
Director

David Horgan
Director

Group and company

	Share Capital €	Share Premium €	Capital Conversion Reserve fund €	Share Based Payment Reserve €	Translation Reserve €	Retained Deficit €	Total €
At 1 January 2013	958,308	17,784,268	7,694	-	66,302	(12,740,394)	6,076,178
Shares issued	287,717	3,631,817	-	-	-	-	3,919,534
Share options granted	-	-	-	26,871	-	-	26,871
Total comprehensive income for the financial year	-	-	-	-	(218,452)	(526,783)	(745,235)
At 31 December 2013	1,246,025	21,416,085	7,694	26,871	(152,150)	(13,267,177)	9,277,348
Total comprehensive income for the financial year	-	-	-	-	500,887	(2,959,492)	(2,458,605)
At 31 December 2014	**1,246,025**	**21,416,085**	**7,694**	**26,871**	**348,737**	**(16,226,669)**	**6,818,743**

Share premium

Share premium comprises of the excess of monies received in respect of the issue of share capital over the nominal value of shares issued.

Capital conversion reserve fund

The ordinary shares of the company were renominalised from €0.0126774 each to €0.0125 each in 2001 and the amount by which the issued share capital of the company was reduced was transferred to the capital conversion reserve fund.

Share based payment reserve

The share based payment reserve represents share options granted which are not yet exercised and issued as shares.

Translation Reserve

The translation reserve comprises of foreign exchange movement on translation from US Dollars (functional currency) to Euro (presentation currency).

Retained deficit

Retained deficit comprises accumulated losses in the current financial year and prior financial years.

Petrel Resources Plc
Consolidated Cash Flow Statement
For The Financial Year Ended 31 December 2014

	Notes	**2014**	2013
		€	€
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the financial year		**(2,959,492)**	(526,783)
Impairment charge		**2,528,975**	19,658
Share based payments		**-**	13,435
Investment revenue recognised in loss		**(386)**	(1,814)
OPERATING CASHFLOW BEFORE MOVEMENTS IN WORKING CAPITAL		**(430,903)**	(495,504)
Movements in working capital:			
(Decrease)/increase in trade and other payables		**(216,495)**	3,631
(Increase)/decrease in trade and other receivables		**(10,364)**	9,422
CASH USED IN OPERATIONS		**(657,762)**	(482,451)
Investment revenue		**386**	1,814
NET CASH USED IN OPERATING ACTIVITIES		**(657,376)**	(480,637)
INVESTING ACTIVITIES			
Payments for exploration and evaluation assets		**(575,303)**	(747,172)
Receipts in respect of farm out of exploration assets		**945,214**	-
Payments for investments		**-**	(421,649)
NET CASH GENERATED/(USED) IN INVESTING ACTIVITIES		**369,911**	(1,168,821)
FINANCING ACTIVITIES			
Proceeds from share issue		**-**	130,060
NET CASH GENERATED FROM FINANCING ACTIVITIES		**-**	130,060
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(287,465)**	(1,519,398)
Cash and cash equivalents at beginning of financial year		**1,425,025**	3,015,858
Effect of exchange rate changes on cash held in foreign currencies		**193,206**	(71,435)
Cash and cash equivalents at end of financial year	16	**1,330,766**	1,425,025

Petrel Resources Plc
Company Cash Flow Statement
For The Financial Year Ended 31 December 2014

	Notes	2014 €	2013 €
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the financial year		**(2,959,492)**	(526,783)
Impairment charge		**2,528,975**	19,658
Share based payment		**-**	13,435
Investment revenue recognised in loss		**(386)**	(1,814)
OPERATING CASHFLOW BEFORE MOVEMENTS IN WORKING CAPITAL		**(430,903)**	(495,504)
Movements in working capital:			
(Decrease)/increase in trade and other payables		**(216,495)**	3,631
(Increase)/decrease in trade and other receivables		**(10,364)**	(408,446)
CASH USED IN OPERATIONS		**(657,762)**	(900,319)
Investment revenue		**386**	1,814
NET CASH USED IN OPERATING ACTIVITIES		**(657,376)**	(898,505)
INVESTING ACTIVITIES			
Payments for exploration and evaluation assets		**(575,303)**	(747,172)
Receipts in respect of farm out of exploration assets		**945,214**	-
Payments for investments		**-**	(3,782)
NET CASH GENERATED/(USED) IN INVESTING ACTIVITIES		**369,911**	(750,953)
FINANCING ACTIVITIES			
Proceeds from share issue		**-**	130,060
NET CASH GENERATED FROM FINANCING ACTIVITIES		**-**	130,060
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(287,465)**	(1,519,398)
Cash and cash equivalents at beginning of financial year		**1,425,025**	3,015,858
Effect of exchange rate changes on cash held in foreign currencies		**193,206**	(71,435)
Cash and cash equivalents at end of financial year	16	**1,330,766**	1,425,025

1. PRINCIPAL ACCOUNTING POLICIES

The significant accounting policies adopted by the Group and company are as follows:

(i) Basis of preparation

The financial statements are prepared under the historical cost convention. The consolidated financial statements are presented in Euro.

(ii) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union.

The financial statements are prepared under the Companies Acts, 2014.

(iii) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each financial year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities or is exposed, or has any right to, variable return from its involvement with the investee.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

(iv) Investment in subsidiaries

Investments in subsidiaries are stated at cost less any allowance for impairment.

(v) Intangible assets

Exploration and evaluation assets
Exploration expenditure relates to the initial search for mineral deposits with economic potential in Ireland and Ghana. Evaluation expenditure arises from a detailed assessment of deposits that have been identified as having economic potential.

The costs of exploration properties and leases, which include the cost of acquiring prospective properties and exploration rights and costs incurred in exploration and evaluation activities, are capitalised as intangible assets as part of exploration and evaluation assets.

Under a farm out agreement a gain or loss is not recognised on the basis of the partial disposal of any exploration and evaluation asset that has already been capitalised. Any proceeds received that are not attributable to future expenditure are simply credited against the carrying amount of any existing exploration and evaluation expenditure.

Exploration costs are capitalised as an intangible asset until technical feasibility and commercial viability of extraction of reserves are demonstrable, when the capitalised exploration costs are re-classed to property, plant and equipment. Exploration costs include an allocation of administration and salary costs (including share based payments) as determined by management, where they relate to specific projects.

Prior to reclassification to property, plant and equipment exploration and evaluation assets are assessed for impairment and any impairment loss is recognised immediately in the statement of comprehensive income.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(v) Intangible assets (continued)

Impairment of intangible assets

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. The Company reviews and tests for impairment on an ongoing basis and specifically if any of the following occurs:

a) the period for which the group has a right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
b) substantive expenditure on further exploration for and evaluation of oil or gas resources in the specific area is neither budgeted nor planned;
c) exploration for an evaluation of resources in the specific area have not led to the discovery of commercially viable quantities of oil or gas resources and the group has decided to discontinue such activities in the specific area; and
d) sufficient data exists to indicate that although a development in the specific area is likely to proceed the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

(vi) Foreign currencies

The financial statements of the Company are maintained in the currency of the primary economic environment in which it operates (its functional currency). The functional currency of the company is US Dollars. However, for the purpose of the consolidated financial statements, the results and financial position of the Company and Group are expressed in Euro (the presentation currency). This is for the benefit of the Company and Group's shareholders, the majority of whom reside in the Eurozone.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was re-determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the statement of comprehensive income for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the statement of comprehensive income for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company and Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. All resulting exchange differences are recognised in other comprehensive income.

(vii) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax is based on the taxable result for the financial year. Taxable result differs from net loss as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other financial years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(vii) Taxation (continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable result, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Unrecognised deferral tax assets are reassessed at each balance sheet date and are recognised to the event that it has become probable that future taxable projects will allow the deferred tax asset to be recovered.

(viii) Share-based payments

The Group and Company have applied the requirements of IFRS 2 “Share-Based Payments”. In accordance with the transitional provisions, IFRS 2 has been applied to all equity instruments vesting after 1 January 2006.

Equity settled share-based payments are measured at fair value at the date of grant. The fair value excludes the effect of non-market based vesting conditions. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period based on the Group and Company’s estimate of shares that will eventually vest. At the balance sheet date the Group reviews its estimate of the nature of equity instruments expected to vest as a result of the effect of non-market based vesting conditions.

Where the value of the goods or services received in exchange for the share-based payment cannot be reliably estimated the fair value is measured by use of a Black-Scholes model.

(ix) Operating loss

Operating loss comprises general administrative costs incurred by the Company. Operating loss is stated before finance income, finance costs and other gains and losses.

(x) Financial instruments

Financial assets and financial liabilities are recognised in the Group and Company balance sheet when the Group and Company becomes a party to the contractual provisions of the instrument.

Financial Assets
Financial assets are initially recognised at fair value. Subsequent measurement is at cost for equity instruments for which no quoted price exists on an active market and for which fair value cannot be reliably measured. If the recoverable amount falls below the carrying amount an impairment loss is recognised. Such losses are not reversed. .

Trade and other receivables
Trade and other receivables are measured at initial recognition at invoice value, which approximates to fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the carrying value of the asset exceeds the recoverable amount. Subsequently, trade and other receivables are classified as loans and receivables which are measured at amortised cost, using the effective interest method.

Cash and cash equivalents
Cash and cash equivalents comprise cash held by the Group and Company and short-term bank deposits with a maturity of three months or less from the date of placement.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(x) Financial instruments (continued)

Financial liabilities
Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Trade payables
Trade payables are classified as financial liabilities, are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(xi) Critical accounting judgments and key sources of estimation uncertainty

Critical judgments in applying the Group and Company accounting policies
In the process of applying the Group and Company accounting policies above, management has identified the judgmental areas as those that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below):

Exploration and evaluation
The assessment of whether general administration costs and salary costs are capitalised or expensed involves judgement. Management considers the nature of each cost incurred and whether it is deemed appropriate to capitalise it within intangible assets.

Costs which can be demonstrated as project related are included within exploration and evaluation assets. Exploration and evaluation assets relate to exploration and related expenditure in Ireland, Iraq and Ghana.

The Group and Company's exploration activities are subject to a number of significant and potential risks including:

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

The recoverability of these exploration and evaluation assets is dependent on the discovery and successful development of economic reserves, including the ability to raise finance to develop future projects. Should this prove unsuccessful, the value included in the balance sheet would be written off as an impairment to the statement of comprehensive income.

Impairment of intangible assets
The assessment of intangible assets for any indications of impairment involves judgement. If an indication of impairment exists, a formal estimate of recoverable amount is performed and an impairment loss recognised to the extent that the carrying amount exceeds the recoverable amount. Recoverable amount is determined as the higher of fair value less costs to sell and value in use.

The assessment requires judgements as to the likely future commerciality of the assets and when such commerciality should be determined, future revenue and operating costs and the discount rate to be applied to such revenues and costs.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(xi) Critical accounting judgments and key sources of estimation uncertainty (continued)

Deferred tax assets
The assessment of availability of future taxable profits involves judgement. A deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

Going Concern
The preparation of financial statements requires an assessment on the validity of the going concern assumption. The validity of the going concern assumption is dependent on finance being available for the continuing working capital requirements of the Group and Company and finance for the development of the Group's projects.

Key sources of estimation uncertainty
The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported in the statement of comprehensive income for the financial year. The nature of estimation means that actual outcomes could differ from those estimates. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The assessment of intangible assets for any indication of impairment involves uncertainty. There is uncertainty as to whether the exploration activity will yield any economically viable discovery. Aspects of uncertainty surrounding the group's intangible assets include the amount of potential reserves, ability to be awarded exploration licences, and the ability to raise sufficient finance to develop the group's projects.

2. INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group did not adopt any new International Financial Reporting Standards (IFRS) or Interpretations in the financial year that had a material impact on the Group's Financial Statements. The following IFRS became effective since the last Annual Report but had no material impact on the Financial Statements:

		Effective date
IAS 27 (revised May 2011)	Separate Financial Statements	1 January 2014
IAS 28 (revised May 2011)	Investment in Associates and Joint Ventures	1 January 2014
IFRS 10	Consolidated Financial Statements	1 January 2014
IFRS 11	Joint Arrangements	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities	1 January 2014
IAS 32 (amendment)	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IFRS 10, IFRS 12, IAS 27 (amendment)	Investment Entities	1 January 2014
IFRIC 21	Levies	17 June 2014
IAS 26 (amendment)	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
IAS 39 (amendment)	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IAS 19 (amendment)	Defined Benefit Plans: Employee Contributions	1 July 2014

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective.

Annual Improvements to IFRSs: 2010-12 Cycle	Annual Improvements to IFRSs: 2010-12 Cycle	1 February 2015
Annual Improvements to IFRSs: 2011-13	Annual Improvements to IFRSs: 2011-13 Cycle	1 January 2015
IFRS 14	Regulatory Deferral Accounts	1 January 2016
IFRS 11 (amendment)	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
IAS 16 and IAS 38 (amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2017
IAS 16 and IAS 41 (amendment)	Agriculture: Bearer Plants	1 January 2016

2. INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

IFRS 9	Financial Instruments	1 January 2018
IAS 27 (amendment)	Equity Method in Separate Financial Statements	1 January 2016
IFRS 10 and IAS 27 (amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Annual Improvements to IFRSs: 2012-14 Cycle	Annual Improvements to IFRSs: 2012-2014 Cycle	1 January 2016
IAS 1 (amendment)	Disclosure Initiative	1 January 2016
IFRS 10, IFRS 12 and IAS 10 (amendment)	Investment Entities: Applying the Consolidation Exception	1 January 2016

The Directors are currently assessing the impact in relation to the adoption of these Standards and Interpretations for future periods of the Group, however, at this point they do not believe they will have a significant impact on the financial statements of the Group in the period of initial application.

3. GOING CONCERN

The Group and Company incurred a loss for the financial year of €2,959,492 (2013: loss of €526,783) and had a retained earnings deficit of €16,226,669 (2013: deficit of €13,267,177), at the balance sheet date leading to doubt about the Group and Company's ability to continue as a going concern.

The Group and Company had a cash balance of €1,330,766 at the balance sheet date. Cash flow projections prepared by the directors indicate that the funds available are sufficient to meet the obligations of the Group and Company for a period of at least twelve months from the date of approval of these financial statements. Accordingly the directors are satisfied that it is appropriate to continue to prepare the financial statements of the Group and Company on the going concern basis, as the group has sufficient cash resources that can be used to develop exploration projects along with funding the day to day running of the Group. The financial statements do not include any adjustment to the carrying amount, or classification of assets and liabilities, which would be required if the Group or Company was unable to continue as a going concern.

4. INVESTMENT REVENUE

	2014	2013
	€	€
Interest on bank deposits	**386**	1,814

5. LOSS BEFORE TAXATION

	2014	2013
	€	€
The loss before taxation is stated after charging the following items:		
Administrative expenses:		
Professional fees	**230,148**	234,383
Staff costs - salaries	**150,158**	148,606
- payroll taxes	**10,032**	16,618
Other administration expenses	**40,565**	95,897
Impairment of exploration and evaluation expenditure (Note 13)	**2,528,975**	19,658
Share based payments	**-**	13,435
	2,959,878	528,597

Details of auditors' and directors' remuneration are set out in Notes 6 and 7 respectively.

6. AUDITORS' REMUNERATION

Auditors' remuneration for work carried out for the Group and Company in respect of the financial year is as follows:

	2014	2013
	€	€
Group		
Audit of Group accounts	**19,000**	19,000
Other assurance services	**1,000**	1,000
Tax advisory services	**1,000**	1,000
Other non-audit services	**-**	-
Total	**21,000**	21,000

	2014	2013
Company		
Audit of individual company accounts	**9,500**	9,500
Other assurance services	**9,500**	9,500
Tax advisory services	**1,000**	1,000
Other non-audit services	**-**	-
Total	**20,000**	20,000

7. RELATED PARTY AND OTHER TRANSACTIONS

Group and Company

Directors' remuneration
The remuneration of the directors is as follows:

	2014 Fees – services as directors €	**2014 Fees – other services €**	**2014 Total €**	2013 Fees – services as directors €	2013 Fees – other services €	2013 Total €
John Teeling	**5,000**	**95,000**	**100,000**	5,000	95,000	100,000
David Horgan	**5,000**	**145,000**	**150,000**	5,000	145,000	150,000
	10,000	**240,000**	**250,000**	10,000	240,000	250,000

The number of directors to whom retirement benefits are accruing is nil. There were no entitlements to pension schemes or retirement benefits. Details of directors' interests in the shares of the company are set out in the Directors' Report.

Directors' remuneration of €175,000 (2013: €175,000) was capitalised as exploration and evaluation expenditure as set out in Note 13.

Directors' remuneration accrued at financial year end 31 December 2014 was €162,500 (2013: €246,518).

7. RELATED PARTY AND OTHER TRANSACTIONS (CONTINUED)

Key management compensation

Key management personnel are deemed to be John Teeling (Chairman), David Horgan (Managing Director), and James Finn (Chief Financial Officer). The total compensation expense comprising solely of short-term benefits in respect of key management personnel was as follows:

	2014	2013
	€	€
Short-term employee benefits	**350,000**	350,000

Key management compensation accrued at year end 31 December 2014 was €212,500 (2013: €271,518).

Other

Petrel Resources plc shares offices and overheads with a number of companies also based at 162 Clontarf Road. These companies have some common directors.

Transactions with these companies during the financial year are set out below:

	Botswana Diamonds plc	**Clontarf Energy plc**	**Connemara Mining plc**	**Total**
	€	**€**	**€**	**€**
Balance at 1 January 2013	-	974	-	974
Office and overhead costs recharged	4,042	-	66,947	70,989
Repayments	(4,042)	(974)	(66,947)	(71,963)
Balance at 31 December 2013	-	-	-	-
Office and overhead costs recharged	6,302	-	81,938	88,240
Repayments	(6,302)	-	(81,938)	(88,240)
Balance at 31 December 2014	**-**	**-**	**-**	**-**

Company

At 31 December the following amount was due to the company by its subsidiary:

	2014	2013
	€	€
Amounts due from Petrel Resources (TCI Limited)	**4,207,341**	4,207,341

The amount due is non-interest bearing, unsecured and repayable on demand. The recoverability of the amount due is dependent on the discovery and successful development of economic mineral reserves which is subject to a number of risks as set out in Note 1(xi).

8. STAFF NUMBERS

The average number of persons employed by the group (including directors and secretary) during the financial year was:

	2014 Number	2013 Number
Management and administration	**5**	5

Staff costs for the above persons were:	**€**	€
Wages and salaries	440,658	433,606
Social welfare costs	10,032	16,618
Pension costs	-	-
	450,690	450,224

9. SEGMENTAL ANALYSIS

The Group adopted IFRS 8 Operating Segments with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about the Group that are regularly reviewed by the chief operating decision maker. The Board is deemed the chief operating decision maker within the Group. For management purposes, the Group has one class of business: oil exploration and development. This is analysed on a geographical basis.

9A. Segment Results

	2014 €	2013 €
Continuing Operations		
Iraq	**(2,470,320)**	-
Africa	**(58,655)**	(19,658)
Ireland	**-**	-
Total for continuing operations	**(2,528,975)**	(19,658)
Unallocated head office	**(430,517)**	(507,125)
	(2,959,492)	(526,783)

There was no revenue earned during the financial year (2013: €Nil).

9B. Segment Assets and Liabilities

	Assets		Liabilities	
	2014 €	2013 €	2014 €	2013 €
Iraq	**4,214,904**	6,597,090	-	-
Africa	**801,834**	662,943	**(9,224)**	(8,164)
Ireland	**737,443**	972,854	**(4,792)**	(4,842)
Total for continuing operations	**5,754,181**	8,232,887	**(14,016)**	(13,006)
Unallocated Head Office	**1,371,393**	1,455,287	**(292,815)**	(397,820)
	7,125,574	9,688,174	**(306,831)**	(410,826)

9. SEGMENTAL ANALYSIS (CONTINUED)

9B. Segment Assets and Liabilities (continued)

Additions to non-current assets (Group and Company)

	2014 €	2013 €
Iraq	**88,135**	4,301,258
Africa	**197,546**	75,467
Ireland	**709,803**	447,989
Total for continuing operations	**995,484**	4,824,714
Unallocated head office	**-**	-
	995,484	4,824,714

10. INCOME TAX EXPENSE

	2014 €	2013 €
Factors affecting the tax expense:		
Loss on ordinary activities before tax	**(2,959,492)**	(528,597)
Income tax calculated @ 12.5%	**(369,937)**	(66,075)
Effects of:		
Expenses not allowable	**340,936**	12,300
Tax losses carried forward	**24,954**	53,554
Income taxed at higher rate	**4,047**	221
Tax charge	**-**	-

No corporation tax charge arises in the current financial year or the prior financial year due to losses brought forward.

At the balance sheet date, the Group had unused tax losses of €5,361,665 (2013: €5,090,900) which equates to a deferred tax asset of €670,208 (2013: €636,363). No deferred tax asset has been recognised due to the unpredictability of the future profit streams. Losses may be carried forward indefinitely.

11. LOSS PER SHARE

	2014 €	2013 €
Loss per share - basic and diluted	**(2.97c)**	(0.63c)

Basic loss per share

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

	2014 €	2013 €
Loss for the financial year attributable to equity holders	**(2,959,492)**	(526,783)

	2014 Number	2013 Number
Weighted average number of ordinary shares for the purpose of basic earnings per share	**99,681,992**	84,088,217

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

12. FINANCIAL ASSET

Investment	2014 €	2013 €
Group		
At the beginning of the financial year	**4,211,123**	-
Additions	**-**	4,211,123
At the end of the financial year	**4,211,123**	4,211,123

On 14 August 2013 the company announced that through its wholly owned subsidiary, Petrel Resources (TCI) Limited, it had acquired a 20 per cent shareholding in Amira Hydrocarbons Wasit B.V. ("Amira") from Amira Petroleum N.V. 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, Iraq.

Although the company owns 20 per cent of Amira, it does not have significant influence over Amira. Petrel does not have any representation on the Board of Amira. It does not have the right to participate in any financial or operating policy decisions. As a result Amira does not meet the definition of an associate and is treated as an investment.

The consideration for the Acquisition comprised an up-front cash payment of US$500,000 and the issue of 18,947,368 shares in Petrel ("Initial Consideration Shares"), representing 19.82 per cent of the enlarged issued share capital of Petrel. The Initial Consideration Shares are locked-in until the spudding of the first conventional oil well in respect of Amira's interest in the Wasit province. If the Spudding Date has not occurred by 19 August 2018, Petrel may, amongst other things, elect to re-acquire the Initial Consideration Shares for a nominal amount.

Following completion of the Acquisition, a further 21,052,632 shares in Petrel may be issued in two tranches upon the occurrence of certain events ("Deferred Consideration Shares"). The first tranche of 10,526,316 Deferred Consideration Shares is to be issued upon the Spudding of the first conventional oil well. The second tranche of 10,526,316 Deferred Consideration Shares is to be issued upon notification of a discovery in respect of Amira's interest in the Wasit Province.

As part of the Acquisition, Arman Kayablian, COO of Amira Industries, joined the board of Petrel as a non-executive director with effect from 19 August 2013.

12. FINANCIAL ASSET (CONTINUED)

Under the terms of the Acquisition agreement, Petrel is also given a right of first refusal to participate or acquire an operated interest in any future exploration and production licences that Amira Industries secures in the Iraqi provinces of Muthanna, Karbala, Babil and Najaf, which are currently being pursued by Amira Industries. The terms of Petrel's participation in such licence are subject to agreement between the parties but are likely to be similar to Amira Industries' arrangement with Oryx Petroleum ("Oryx") in respect of the Wasit licences.

Fair value information for the investment in Amira has not been disclosed as its fair value cannot be reliably measured. As a result the investment is carried at cost. Fair value cannot be reliably measured as the investment is held in a private company. The company's equity instruments do not have a quoted price is an active market.

The recoverability of the group's financial asset is dependent on the discovery and successful development of the economic reserves which is subject to a number of risks as outlined in Note 1(xi).

13. INTANGIBLE ASSETS

	Group		Company	
	2014	2013	**2014**	2013
	€	€	**€**	€
Exploration and evaluation assets:				
Cost:				
Opening balance	**4,017,982**	3,424,049	**4,006,745**	3,412,812
Additions	**687,803**	760,608	**687,803**	760,608
Receipt from farm out of exploration assets	**(945,214)**	-	**(945,214)**	-
Impairment charge	**(2,528,975)**	(19,658)	**(2,528,975)**	(19,658)
Exchange translation adjustment	**307,681**	(147,017)	**307,681**	(147,017)
Closing balance	**1,539,277**	4,017,982	**1,528,040**	4,006,745

Segmental Analysis	**Group**	Group
	2014	2013
	€	€
Iraq	**-**	2,382,185
Ghana	**801,834**	662,943
Ireland	**737,443**	972,854
	1,539,277	4,017,982

Exploration and evaluation assets at 31 December 2014 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.

Due to the political and legal uncertainty in Iraq the directors have decided to impair in full the exploration and evaluation assets in Iraq to nil, resulting in an impairment charge of €2,470,320.

In addition the group incurred expenditure of €58,655 on various projects in Cameroon and Mozambique. The directors have decided to impair this cost, and accordingly an impairment charge of €58,655 was written off against the exploration and evaluation assets in Africa.

On 4 March 2014 the company announced that it had finalised an 85% farm-out agreement with Woodside, Australia on its offshore Ireland acreage. The agreement covers all of Petrel's participating interest in Licensing Option 11/6 (comprising offshore blocks 45/6, 45/11 and 45/16) and Licensing Option 11/4 (comprising offshore blocks 35/23, 35/24 and the western half of 35/25) Woodside will be operator of the licensing blocks. Petrel Resources received US$1,300,000 from Woodside for the 85% farm-out.

13. INTANGIBLE ASSETS (CONTINUED)

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 these 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 in Note 1 (xi).

Directors' remuneration of €175,000 (2013: €175,000), salaries of €115,000 (2013: €110,000) and share based payments of €Nil (2013: €13,436) were capitalised as exploration and evaluation expenditure during the financial year.

14. INVESTMENT IN SUBSIDIARIES

	2014	2013
	€	€
Company		
At beginning of the financial year	**15,019**	11,237
Additions	**-**	3,782
At end of the financial year	**15,019**	15,019

On 6 August 2013 the company acquired 5,000 shares of US$1 each in Petrel Resources (TCI) Limited, being 100% of that company's issued share capital. Petrel Resources (TCI) Limited was formed to acquire the 20% shareholding in Amira Hydrocarbons Wasit B.V. Details of the acquisition are provided in Note 12 above.

The directors are satisfied that the carrying value of the investment, is not impaired. The realisation of the investment in subsidiaries is dependent on the discovery and successful development of economic reserves and is subject to a number of significant potential risks, as set out in Note 1 (xi).

The Group consisted of the parent company and the following wholly owned subsidiaries as at 31 December 2014:

Name	**Nature of Business**	**Registered Office**	**Share**
Petrel Industries Limited	Dormant	162 Clontarf Road, Dublin 3, Ireland	100%
Petrel Resources of the Middle East Offshore S.A.L.	Dormant	Damascus Street Beirut, Lebanon	100%
Petrel Resources (TCI) Limited	Holding	Duke Street, Grand Turk, Turks & Caicos Island	100%

The company also holds a 30% interest in Pan Andean Resources Limited, an early stage exploration company incorporated in Ghana. Pan Andean Resources Limited has not traded since incorporation.

15. TRADE AND OTHER RECEIVABLES

	Group 2014 €	Group 2013 €	**Company 2014 €**	Company 2013 €
VAT refund due	**12,729**	29,919	**12,729**	29,919
Other receivables	**31,679**	4,125	**31,679**	4,125
Due by group undertakings (Note 7)	**-**	-	**4,207,341**	4,207,341
	44,408	34,044	**4,251,749**	4,241,385

The carrying value of trade and other receivables approximates to their fair value. The realisation of the investment in subsidiaries is dependent on the discovery and successful development of economic reserves and is subject to a number of significant potential risks, as set out in Note 1 (xi).

16. CASH AND CASH EQUIVALENTS

	Group 2014 €	Group 2013 €	**Company 2014 €**	Company 2013 €
Cash and cash equivalents	**1,330,766**	1,425,025	**1,330,766**	1,425,025

Cash at bank earns interest at floating rates on daily bank rates. The fair value for cash and cash equivalents is €1,330,766 (2013: €1,425,025) for Group and €1,330,766 (2013: €1,425,025) for Company. The Group and Company only deposits cash surpluses with major banks.

17. TRADE AND OTHER PAYABLES

	Group 2014 €	Group 2013 €	**Company 2014 €**	Company 2013 €
Accruals	**232,500**	291,518	**232,500**	291,518
Other payables	**74,331**	119,308	**74,331**	119,308
	306,831	410,826	**306,831**	410,826

It is the Group's normal practice to agree terms of transactions, including payment terms, with suppliers. It is the Group's policy that payments are made between 30 - 45 days and suppliers are required to perform in accordance with the agreed terms. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. The carrying value of trade and other payables approximates to their fair value.

18. FINANCIAL INSTRUMENTS

The Group and Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The Group and Company holds cash as a liquid resource to fund the obligations of the Group. The Group's cash balances are held in Euro, Sterling and in US dollar. The Group's strategy for managing cash is to maximise interest income whilst ensuring its availability to match the profile of the Group's expenditure. This is achieved by regular monitoring of interest rates and monthly review of expenditure.

The Group and Company has a policy of not hedging due to no significant dealings in currencies other than euro and dollar denominated transactions and therefore takes market rates in respect of foreign exchange risk; however, it does review its currency exposures on an ad hoc basis.

The Group and Company has relied upon equity funding to finance operations. The directors are confident that adequate cash resources exist to finance operations for future exploration but expenditure is carefully managed and controlled.

The carrying amounts of the Group and Company's foreign currency denominated monetary assets and monetary liabilities at the reporting dates are as follows:

GROUP AND COMPANY	**Assets 2014 €**	Assets 2013 €	**Liabilities 2014 €**	Liabilities 2013 €
Sterling	**4,292**	199,163	**40,479**	8,275
US Dollar	**1,276,667**	1,221,141	**14,554**	1,969

19. FINANCIAL RISK MANAGEMENT

The Group's financial instruments comprise cash balances and various items such as trade receivables and trade payables which arise directly from exploration and evaluation activities. The main purpose of these financial instruments is to provide working capital to finance Group operations.

The Group and Company do not enter into any derivative transactions, and it is the Group's policy that no trading in financial instruments shall be undertaken. The main financial risk arising from the Group's financial instruments is currency risk. The board reviews and agrees policies for managing financial risks and they are summarised below.

Interest rate risk profile of financial assets and financial liabilities
The Group finances its operations through the issue of equity shares, and had no exposure to interest rate agreements at the financial year end date.

Liquidity Risk
As regards liquidity, the Group's policy is to ensure continuity of funding primarily through fresh issues of shares. Short-term funding is achieved through utilising and optimising the management of working capital. All financial liabilities are due within 1 financial year from the financial year end. The directors are confident that adequate cash resources exist to finance operations in the short term, including exploration and development expenditure.

Foreign Currency Risk
The Group has transactional currency exposures. Such exposures arise from expenses incurred by the Group in currencies other than the functional currency. The Group seeks to minimise its exposure to currency risk by closely monitoring exchange rates, and maintaining a level of cash in foreign denominated currencies sufficient to meet planned expenditure in that currency. Foreign currency denominated assets and liabilities are set out in Note 18.

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk
The maximum credit exposure of the group and company at 31 December 2014 amounted to €1,375,174 and €5,582,515 respectively relating to the cash and cash equivalents and receivables. The directors believe there is limited exposure to credit risk on the group and company's cash and cash equivalents as they are held with major financial institutions. The credit risk on receivables is significant and their recoverability is dependent on the discovery and successful development of economic reserves by those subsidiary undertakings. Given the nature of the group's business significant amounts are required to be invested in exploration and evaluation activities at various locations. The directors manage this risk by reviewing expenditure plans in relation to projects before any monies are advanced.

Capital Management
The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Group does not hold any external debt and is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2013 and 31 December 2014.

20. SHARE CAPITAL

	Group and Company 2014 €	2013 €
Authorised:		
200,000,000 ordinary shares of €0.0125	**2,500,000**	2,500,000

Allotted, called-up and fully paid:

	Number	Share Capital €	Share Premium €
At 1 January 2013	76,664,624	958,308	17,784,268
Issued during the financial year	23,017,368	287,717	3,631,817
At 31 December 2013	**99,681,992**	**1,246,025**	**21,416,085**
At 1 January 2014	99,681,992	1,246,025	21,416,085
Issued during the financial year	-	-	-
At 31 December 2014	**99,681,992**	**1,246,025**	**21,416,085**

Movements in share capital
On 13 August 2013 the company issued 18,947,368 new ordinary shares to Amira Petroleum N.V. at a price of 20c per share as part consideration for the acquisition of a 20 per cent shareholding in Amira Hydrocarbons Wasit B.V. Details of this acquisition are provided in Note 12.

On 17 December 2013 the directors of the company exercised 4,070,000 options at exercise prices ranging from 2.5p to 5p.

21. SHARE BASED PAYMENTS

The Group issues equity-settled share-based payments to certain directors and individuals who have performed services for the Group. Equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured by the use of a Black-Scholes model.

OPTIONS

The Group plan provides for a grant price equal to the average quoted market price of the ordinary shares on the date of grant. The options vest immediately.

	Year ended 31/12/2014 Options	**Year ended 31/12/2014 Weighted average exercise price in pence**	Year ended 31/12/2013 Options	Year ended 31/12/2013 Weighted average exercise price in pence
Outstanding at beginning of financial year	**500,000**	**10.50**	-	-
Granted during the financial year	**-**	**-**	500,000	10.50
Outstanding and exercisable at the end of financial year	**500,000**	**10.50**	500,000	10.50

The options outstanding at 31 December 2014 had a weighted average exercise price of 10.50p, and a weighted average remaining contractual life of 5.97 financial years.

22. PROFIT ATTRIBUTABLE TO PETREL RESOURCES PLC

In accordance with Section 304 of the Companies Act, 2014, the company is availing of the exemption from presenting its individual income statement to the Annual General Meeting and from filing it with the Registrar of Companies. The loss for the financial year in the parent company was €2,959,492 (2013: €526,783) in accordance with Companies Act 2014.

23. CAPITAL COMMITMENTS

There were no capital commitments at the balance sheet date.

24. POST BALANCE SHEET EVENTS

There were no material post balance sheet events affecting the company or group.

25. CONTINGENT LIABILITIES

There are no contingent liabilities (2013: €Nil) other than those disclosed in Note 12.

26. COMPARATIVE AMOUNTS

Comparative information has been reclassified where necessary to conform to current financial year presentation.

Petrel Resources Plc
Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting of Petrel Resources plc will be held on Wednesday, 29 July 2015 in the Westbury Hotel, Grafton Street, Dublin 2 at 11 am for the following purposes:

Ordinary Business

1. To receive and consider the Directors Report, Audited Accounts and Auditors Report for the year ended December 31, 2014.

2. To re-appoint director: John Teeling retires in accordance with Article 95 and seeks re-election.

3. To re-appoint Deloitte as auditors and to authorise the directors to fix their remuneration.

4. To transact any other ordinary business of an annual general meeting.

By order of the Board:

James Finn
Secretary

24 June 2015

Registered Office: 162 Clontarf Road, Dublin 3.

Note: A member of the company who is unable to attend and vote at the above Annual General Meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A proxy need not be a member of the Company.

To be effective, the Form of Proxy duly signed, together with the power of attorney (if any) under which it is signed, must be deposited at the Company's Registrars, Computershare Investor Services (Ireland) Ltd., Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, not less than forty-eight hours before the time appointed for the Meeting or any adjournment thereof at which the person named in the Form of Proxy is to vote.

Directors and Other Information

CURRENT DIRECTORS	John Teeling (Chairman) David Horgan Arman Kayablian
SECRETARY	James Finn
REGISTERED OFFICE	162 Clontarf Road Dublin 3 Telephone: 353-1-833 2833 Fax: 353-1-833 3505 E-Mail: info@petrelresources.com Website: www.petrelresources.com
AUDITORS	Deloitte Chartered Accountants and Statutory Audit Firm Deloitte & Touche House Earlsfort Terrace Dublin 2
BANKERS	Barclays Bank Ireland plc. Two Park Place Hatch Street Upper Dublin 2 Commerzbank AG Gallusanlage 60329 Frankfurt
SOLICITORS	McEvoy Partners 27 Hatch Street Lower Dublin 2
NOMINATED BROKER & ADVISOR	Northland Capital Partners Limited 60 Gresham Street London EC2V 7BB
REGISTRATION NUMBER	92622
AUTHORISED CAPITAL	200,000,000 €0.0125 Ordinary Shares
CURRENT ISSUED CAPITAL	99,681,992 Ordinary Shares
MARKET	Alternative Investment Market
NUMBER OF SHAREHOLDERS	1,558

PETREL

RESOURCES

Corporate Office:
162 Clontarf Road, Dublin 3, Ireland.
Tel: +353 (0)1 833 2833
Fax: + 353 (0)1 833 3505
Company Registration Number: 92622

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