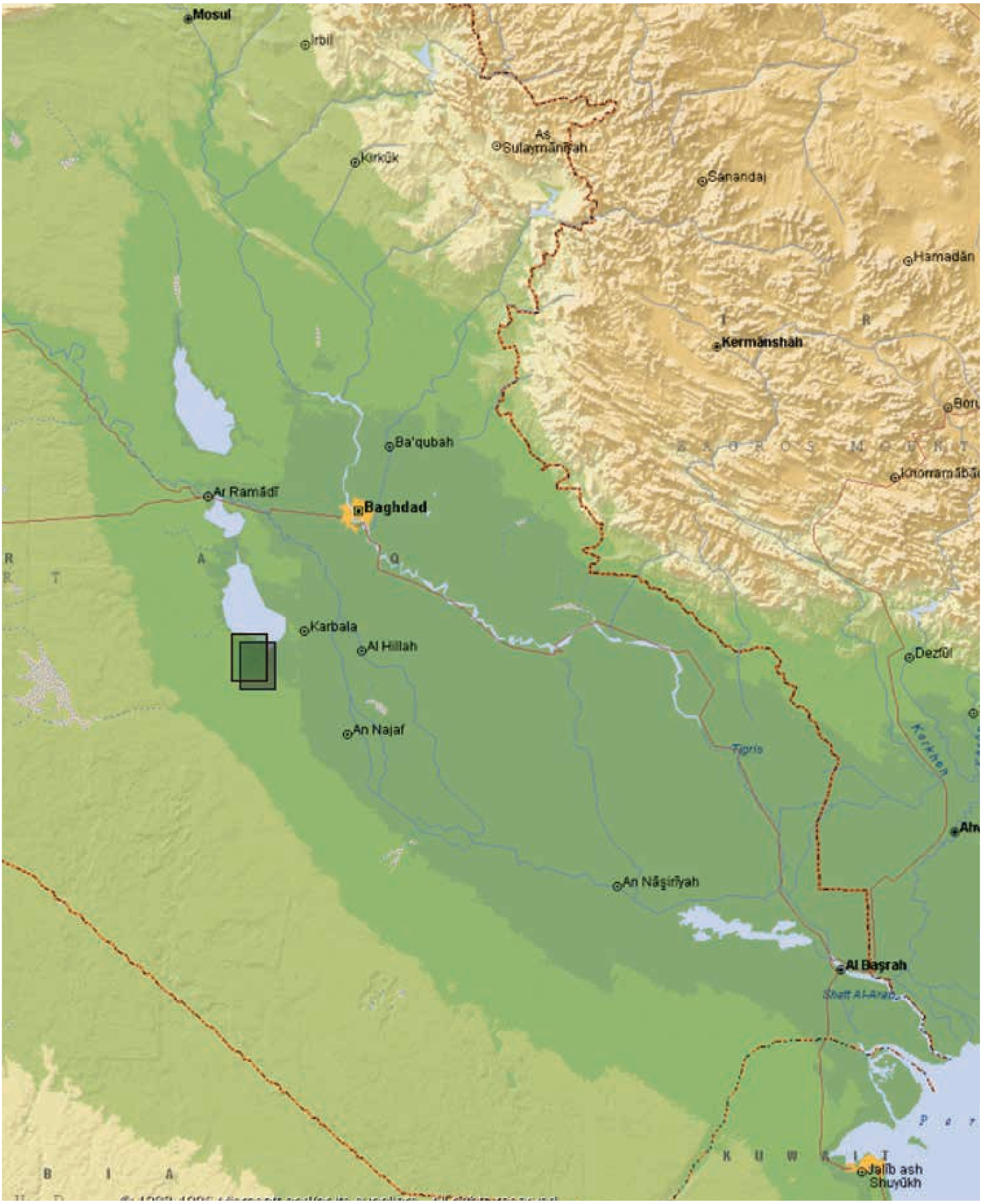
PETREL RESOURCES PLC

Annual Report and Financial Statements

For the financial year ended 31 December 2020



Cover image: Location of the Merjan Block, located SW of Baghdad and close to the holy city of Karbala.

Petrel Resources Plc
Contents

Petrel Resources Plc
Chairman's Statement

It's very difficult to write a chairman's report fifteen months into an effective world lockdown of exploration activities. International travel has ceased, obtaining visas is difficult as embassies are not staffed, attempts to gain meetings with authorities are stymied as officials work remotely. Nevertheless work goes on and deals are worked out over zoom calls.

The stalemate continues over the ownership of 32 million Petrel shares. These shares are subject to a high court injunction on their sale. Despite numerous and ongoing discussions with the original buyers of the shares no progress has been made. The original buyers, a French based group very experienced in resources, are either unwilling or unable to clarify ownership and to give the undertaking necessary to lift the injunction. The company is committed to and actively involved in attempting to find a solution. Proposals to date lack clarity on title and funding and do not address the ownership of 32 million shares.

Petrel has ongoing interest in Iraq and Ghana. The Irish offshore exploration ground was dropped in the face of an offshore oil exploration ban on all new licences and in the event of a discovery on existing licences, the likelihood of years of opposition to any development. Ireland is now a no-go area for native fossil fuel development, instead relying on imported oil, gas and electricity. Within a few years our only indigenous gas supplier, the Corrib feed will be depleted, so we will be 100% dependent on supplies of gas from Russia, though UK interconnectors, and electricity from France, most likely generated by nuclear power.

Renewables are the future but they are years if not decades away from being able to supply consistent, stable, cost effective power to boil a kettle, drive a car or run a manufacturing operation. Those of us active in the natural resources sector in Ireland have failed to persuade politicians and the media of the inherent dangers to supply. I hope I am wrong.

Meanwhile Petrel continues to push its interest in Iraq and Ghana. For the foreseeable future oil will play a major part in world economic development. Iraq has some of the best oil deposits in the world. In a stable era Iraqi oil production would be 2 or 3 times the current under 4 million barrels a day. For more than 20 years Petrel has been in Iraq. Activities have languished in year past but the addition of an Iraqi director, Riadh Mahomud Hameed and the contact of French investors led to a re-opening of contacts. It has been, and remains a difficult and dangerous place to explore. Led by Riadh we are putting exploration proposals to the authorities. We are particularly keen to revisit the Merjan field where we earlier produced development proposals.

Ghana, where Petrel holds a 30% interest (Clontarf 60%, local interest 10%) in offshore block Tano 2A continues to frustrate. Covid has played a significant role in recent delays. Meetings expected to take place in Europe in spring 2020 were cancelled and have not yet been reinstated. This 12 year saga shows no sign of being finalised.

Future
While we continue to engage with the French group and respect and admire their experience and contacts, we have to move on. Our focus in the immediate future will be Iraq.

At the same time we will open discussions with groups in other jurisdictions who might see Petrel as a way to monetise their oil and gas assets.

John Teeling
Chairman

10 June 2021

Petrel Resources Plc
Annual Report Operations Review

Highlights
Petrel's Iraqi business is being re-built, and an updated proposal submitted.

Ratification plan agreed-in-principle with Ghanaian authorities.

Shareholder base broadened, to prepare for expansion.

Our main focus in the period under review was on re-building our Iraqi team, updating our historic project proposals, and advancing ratification of the signed Petroleum Agreement Ghanaian offshore Tano 2A Block.

Petrel Resources plc continues to progress its interests in Iraq, and Ghana especially, maintaining cordial relations with the relevant authorities in both countries, while continuing to operate efficiently on minimal expenditure.

We reluctantly were obliged to drop our offshore Ireland interests due to the withdrawal of government political support for new oil and gas exploration, and development.

A turbulent year for the industry
Despite a hostile environment towards oil & gas industries, oil & gas demand recovered (from the demand shock of Covid-19) during late 2020 and early 2021 - despite new virus variants, resulting in periodic lock-downs. Chinese oil consumption grew 1% during 2020, while Chinese LNG demand surged 27% during the first quarter of 2021.

2020 shortages of 'PPE' (Personal Protective Equipment), and later Plexiglass, illustrate society's ongoing dependence on petrochemicals, and their petroleum feedstock. There is no technically and commercially feasible alternative to sterile packaging for medicines, syringes, drips, PPE and Plexiglass. Post Covid-19, oil & gas will again be consumed in volume and product variety.

Petrel Resources plc Interests (as of May 2021):

Ghana
Tano 2A Petroleum Agreement: 30% Petrel Working Interest. Awaiting ratification, then exploration periods of 3 years initial term + 2 extension periods of 3.5 years.

Iraq
Western Desert Block 6: 100% Petrel Interest. Awaiting ratification since 2002. 30 year term, or until early pay-out.

Prior Technical Cooperation Agreement (TCA studies, with 50% Itochu interest) on the Merjan oil-field.

Covid-19 Implications
The pandemic impacted industry operations: Petrel Resources plc's office stayed open and staffed during the Covid-19 pandemic, supplemented with flexible work remotely. During 2020/21, business travel for face-to-face meetings has often been difficult or impossible. However, Petrel Resources plc directors and contractors seized periodic opportunities for worthwhile business travel, conducting visits to Ghana, and the Middle East. As of May 2021, testing, quarantine, and documentation requirements remain onerous.

Iraq has been relatively hard hit by Covid-19, with c.16k deaths out of 30 million population. Ghana, by contrast, suffered only 783 deaths out of a similar 32 million population.

Investor appetite for oil explorers was further impacted by a sudden demand collapse in the first half of 2020, mainly due to lock-downs, and de-stocking – rather than a major structural change in oil consumption. The annual fall in demand for barrels was less than many predicted (excepting aviation fuel), while demand for some petrochemicals was helped by pandemic-driven need for PPE, security screens, ethanol, cleaning agents, etc.

The bigger impact, however, was in provoking a breakdown of the prior OPEC + Russia supply limits, leading to a price war, which briefly put the US financial price (WTI – or West Texas Intermediate - at Cushing, Oklahoma) of oil negative (for May 2020 delivery), as dominant players used their storage muscle to squeeze speculators. Prior to Covid-19, the Brent oil benchmark had hovered in the 60s. This fell into the 20s, before rebounding to the 40s during late 2020. During 2021 the Brent crude oil price rose into the high 60s.

Once output discipline was restored from May 2020, prices stabilised. Saudi Arabia even unilaterally cut output by nearly a further million barrels daily from September 2020 – effectively returning to the pre-1985 days of Saudi price leadership. As of end May 2021, the international price (Brent) is c.$65 – about twice the real average oil price since 1980.

Crude oil demand for 2020 was down by 10% - three times the worst quarter previously experienced at end 2009 (when demand fell by 2.9mmbod). By early 2021, the Asian market had recovered, with Chinese demand again growing (by c. 5.5% for oil and 27% for LNG). Periodic shut-downs and vaccine delays has kept average global demand about 5% below 2019 levels (c.100mmbod). The biggest impact was on aviation fuel demand (which was 5.5mmbod pre-Covid-19, and not expected to fully recover till the mid-2020s). Expectations are for strong demand recovery from late 2021, as trade and tourism recover.

Convergence of Covid-19 demand cuts, the 2020 oil price war, and environmental queries dramatically cut exploration activity, and delayed necessary developments. This cyclical pattern is familiar to those who have studied the oil industry since the 1850s. Capacity is added in big chunks, while demand fluctuations are exacerbated by periodic de-stocking. Exploration is exceptionally impacted in downturns, while booming during recoveries.

The result of companies slashing development spending from 2015 – and especially in 2020 - is a widening gap between prospective supply and expected demand after 2030.

By May 2021, Asian demand had already recovered to pre-C-19 levels. Global consumption is expected to exceed 2019 levels by 2022 (except for aviation fuel). Yet the required new projects have long lead-times, and under-investment since 2014 is expected to create a 10 million barrel daily supply shortfall by 2030.

Delays sometimes allow developers to secure lower taxes and develop improved technology (as with floating LNG platforms off the North West Australian coast). However, current industry estimates are that an additional $5 trillion of investment is required (at current cost levels) to meet 2030 requirements.

The collapse of speculative interest in exploration, and a depressed farm-out market, prevented players from exploiting low steel, services and salary rates – which are unlikely to endure beyond 2022, as shortages re-emerge.

Meanwhile, governments from Nigeria to Mexico are pressured to sweeten fiscal terms – though this is difficult for populist politicians to grasp or explain.

Subject to the lifting of Covid-19 restrictions, Petrel Resources plc expects to enter into re-qualification discussions with the appropriate decision-makers at the Iraqi Ministry of Oil. Discussions may cover Petrel's past studies on the Merjan-Kifl-West Kifl area, and the Mesozoic and Paleozoic potential of the Western Desert.

Accordingly, in May 2020, Petrel raised £250k, less costs, at a price of 3.25p per share from ETX Capital, to fund working capital.

Our Iraqi Director, Riadh Ani, has maintained strong relationships with Ministry of Oil officials. Petrel has monitored the evolving contracts, and opportunities, even during the darkest hours of sanctions, invasion, conflict, and Covid-19.

Riadh Ani, is highly regarded as the son of one of the most successful drillers in history: his father Mahmoud Ahmed had run Iraq's North Oil Company, and also the State Iraqi Drilling Company, and in a decades' long drilling career encountered oil & gas in over 1,000 wells. Only about 12 wells were duds – a record of exploration and appraisal drilling that is unlikely to be bettered. This stellar career highlights Iraq's unique petroleum geology – even compared to neighbouring oil exporters.

Prevailing circumstances obliged Petrel to temporarily dis-engage from on-the-ground Iraqi operations in 2010. We had seen the erosion of central government control in the areas of most interest, and high levels of governance were proving more challenging to guarantee. The then available Service Contracts imposed strict legal duties over outcomes that were not then under operators' realistic control. As a result, some of the international majors have wearied of Service Contracts that capped their upside and have sought to improve terms – with some success, since the oil price falls of 2014, and especially 2020. Others, like Exxon, have indicated a preference to divest.

Our Iraqi colleagues in the Ministry of Oil remained committed, diligent and supportive, but the political authorities were then insufficiently supportive of small business. That neglect is finally changing following the oil price crash and forced output cuts of 2020. Now licensing terms are being reviewed, and we expect more economically attractive terms necessary to return Iraqi output to the pre-C-19 4.7mmbod, and eventually to rival Saudi Arabia and Russia.

Iraqi fiscal terms have long held development back. Politicians and even technicians focus on Iraq's excellent geology, without understanding the equal importance of logistics and finance. Investors like profits and prefer more to less. They dislike risk, and prefer less to more. In practice, investors trade risk off against return. Iraq has low geological risk, but there are operational, logistical, and OPEC quota uncertainties. An additional headache is the oil industry's cyclical nature, with price volatility due to the interaction of low marginal costs of production and high marginal value in some applications.

The contractual terms available must reflect these objective facts if Iraq is to fully realise its potential.

But recent events have enhanced Iraq's competitive position. A three-way rivalry among Saudi Arabia, Russia, and American frackers – aggravated by an unprecedented demand hit caused by Covid-19 – crashed the oil price in early 2020. This crippled high cost operations offshore, and unconventional reservoirs in North America. It halted new investment in high cost tar sands and fracking projects, and forced operators to high-grade from 'sweet-spots' such as the Texas Permian.

In the short-run, Iraq has largely honoured the May 2020 OPEC+ output cuts, with a promised aggressive 1.07mmbod cut (out of a March 2020 base-line of 4.65mmbod). However, these aggressive cuts are specifically designed, as an emergency response to the sharp demand fall which began in 1st quarter 2020, was at its sharpest in the 2nd quarter 2020, and is now steadily recovering through end 2021.

While impressive in the circumstances, recent output levels are only about half Iraq's geological long-term oil production potential. It takes about 5 years to bring Iraqi discoveries on-stream, so new exploration and development are needed now.

As the lowest cost producer, Iraq is now well positioned to exploit this historic opportunity. Petrel has the experience, contacts and board commitment to help drive forward the next phase of Iraqi oil development.

In discussions shortly before the Covid-19 pandemic, the authorities suggested that Petrel initially target "exploration of blocks in the western desert of Iraq, and present past studies done on the Merjan-Kifl-West Kifl discoveries, and Petrel's work on the Mesozoic and Paleozoic plays in the Western Desert". Larger companies have also conducted workshops regarding exploration of Gas Blocks in western desert of Iraq, but locals tell us that some have experienced hostility from local communities since 2014, due to their nationality and hiring of foreign mercenaries. By contrast, where skills are available, Petrel favours local workers and suppliers. Petrel has also invested heavily in training and development of its Iraqi staff and Ministry officials we have partnered with. Despite periodic issues with politicians, Iraqis value longstanding relationships and independence from foreign players. They want partners, not bosses.

Ghana

Ghana – developments delayed

Petrel Resources plc, and its partners, are ready to advance the Ghana Tano 2A work programme, subject to securing the necessary funding in an environment complicated by prevailing circumstances, as soon as the signed Petroleum Agreement is ratified.

Despite volatile oil prices, the carefully calibrated Ghanaian fiscal terms help make the Tano Basin oil play feasible, given the demonstrated source rock and Cretaceous sands reservoirs which remain an industry favourite. Indeed, the industry's exploration contraction may assist the project company's focused strategy on bigger potential stratigraphic traps.

Ghana achieved much after 2007, ramping oil production up to 215 kbpd by 2020. The Jubilee oil-field started producing in 2010, just 3 years after discovery. Non-associated Sankofa gas (operated by the ENI, with World Bank finance) generates electricity cleanly and competitively. A further discovery well (Afina-1, at 4,085 meters depth) was announced by independent Springfield in 2019.

Unfortunately, a slow ratification process, exacerbated by conflicting policies, stymied efficient development: progress stagnated after 2018, and output slipped below 200kbod. Jubilee's topside issues constrained water injection, and gas output stalled, when Ghana Gas prioritised Sankofa gas over Jubilee gas. A contributing factor was the former Energy Minister's desire for joint development of the Sankofa/Afina fields, which (with C-19 and a volatile oil price) contributed to a temporary exploration shut-down during 2020.

The Aker Energy operated Pecan field has been delayed, and split into northern and southern developments. But Ghana's Tano basin remains highly prospective, and Tullow's Greater Jubilee production ramp-up could boost output in 2021-2025.

How does Petrel Resources share in this expansion?

High-level official meetings immediately prior to and during the pandemic were productive. We understand that new shareholders helped the Tano 2A Operating Company (Pan Andean Resources (Ghana) Ltd.) overcome financial capacity concerns following volatile oil prices and market capitalisation. Everyone should remember, however, that Ghanaian ratification can be a slow and tortuous process.

The Company also notes the passing of insolvency legislation that may assist in the recovery of all of Petrel's original Tano 2A coordinates. There now appears to be a legal structure enabling the authorities to recover 529km2 of the original acreage Tano 2A acreage over which we signed, with partners, a Petroleum Agreement, and which is now awaiting ratification.

During productive discussions in December 2019 on the early resolution of all outstanding issues, Petrel's project company Pan Andean Resources (Ghana) Ltd. requested to finalize and implement the negotiated Petroleum Agreement on Tano 2A Block, with adjusted coordinates, in accordance with Section 10(9) of the Petroleum Exploration & Production Act 919, 2016.

It seems that the most practical way forward is to contract for the available acreage as per the Ministry of Energy.

Tano 2A Block, Tano Basin, Ghana

The Joint Venture (JV) group, which consists of Petrel Resources plc 30%, Clontarf Energy plc 60%, and local partner (Abbey Oil & Gas 10%) negotiated a Memorandum of Understanding (MoU) with GNPC in 2008, and signed (subject to ratification – which has proven a lengthy process in Ghana) a Petroleum Agreement in 2010.

The original 1,532km2 in Tano 2A Block included 40% onshore acreage (which is less prospective acreage, since there are limited sediments from the target Cretaceous age),and 60% shallow offshore. The seismic-covered fillet of this original acreage was excised in 2014 and granted to the then Camac, now Erin Energy Inc., an American-listed company then controlled by Nigerian interests, which later entered Chapter 11 bankruptcy proceedings. The Ghanaian authorities are recovering this acreage, since Erin Energy Inc.is in default – both (a) of its work programme and (b) by ceasing to be solvent – but this has been a slow process, without clear deadlines. In discussions, GNPC and the Ministry offered to return this acreage to the JV group once it was again available. We understand that the recently passed bankruptcy legislation may assist.

The fiscal terms were agreed before many of the Tano discoveries (other than 'Jubilee') had become public.

The work programme was aggressive (by the standards of the time), including 2D seismic and a well commitment, but it was not bonded (other than by corporate guarantees).

Part of the Petroleum Agreement is a once-off "technology" grant (of US$0.5mm) and "training" (of US$0.2mm yearly) payments, together with land rentals, and standard fees.

The Company has had some initial partnership discussions with potential partners but could not advance these without full ratification of title. About 60% of Ghanaian Tano wells have been successful. Fiscal terms, in spite of upward creep, and lower oil prices, are competitive.

The current status of Tano 2A Petroleum Agreement, in which Petrel has a 30% Working Interest, is that it awaits ratification (by passage through Cabinet and Parliament), after which there are exploration periods of 3 years initial term, plus 2 extension periods of a total 3.5 years.

In September 2018 Petrel agreed that it could proceed with that portion of the original acreage that remains available – with the balance to be added when it is relinquished by Erin Energy (now in Chapter 11 bankruptcy), in accordance with law.

After a period of slow progress, Ghana's current NPP Government sought to galvanise licensing. The administration is pro-development, and actively reviewing historic Petroleum Agreements, with stated focus on early exploration, discoveries and output. During 2018 the Ghanaian Ministry of Energy and the Ghanaian National Petroleum Commission considered the current re-application by Pan Andean Resources over the original Tano 2A licence block acreage in the prospective Tano Basin.

There seems a mutual desire to complete the ratification process. Our preference is to honour, as far as possible, the terms of the existing signed Petroleum Agreement, adjusting the revised coordinates and any other fine-tuning necessary.

The project company (Pan Andean Resources Ltd.) purchased available reports and seismic data from GNPC for the Tano 2A onshore and shallow offshore area. The 45 reports purchased from GNPC, mostly containing raw geological data, together with the well logs, have been studied and incorporated within a prospect report. The well data have also been integrated into a number of cross sections. New structural models were developed, taking into account the known structural data, together with an analysis of play categories on the licence.

One constraint was that the historic 4 seismic campaigns (all 2D – there was no 3D over this acreage) over the original 1,532km2 of Tano 2A Block are now regarded as "old data". Access is not free, and GNPC was missing some key data. Quality control was variable, and some of the seismic data did not belong to the operators – though this is not unique to Ghana.

The seismic work was sometimes not well supervised, and the key work was under state aid to Ghana, and therefore imperfectly conducted.

But we reprocessed the data at the GSC offices in Amman, and eventually merged the various lines. That is why we included a new seismic 1,000km 2D programme in the agreed work programme – which will allow us to work up drillable targets. Much seismic, including 3D, has been done since 2005, which will help when acquired. It makes little sense to acquire 3D seismic in a shallow surf zone, such as in the shallow offshore of Tano 2A.

However, the Tano shelf plunges quite deeply on that acreage so any major company will want 3D before they will drill – though structure size tends to be big in Ghana Tano Basin, the edges of stratigraphic traps are hard to identify. Generally, the closer to existing discoveries the more prospective – both technically, and for access recent seismic and drill logs.

Nevertheless, oil companies understand that Tano remains prospective despite these challenges – the wildcat hit rate was an excellent 66% for Tullow during the most active exploration phase.

Accordingly, Pan Andean Resources Ltd. prepared digital base maps for the onshore and offshore areas, incorporating seismic lines and wells, and all available topographic data. All the data are held within a multi-level GIS system. In addition, satellite images covering the licence area and surrounding region have been acquired and processed. The images have been interpreted for elements of structural geology and have also been used to geo-rectify the base maps.

Ghana remains an attractive province, especially as many oil companies retreat from dying basins like the North Sea and seek higher potential in relatively unexplored regions.

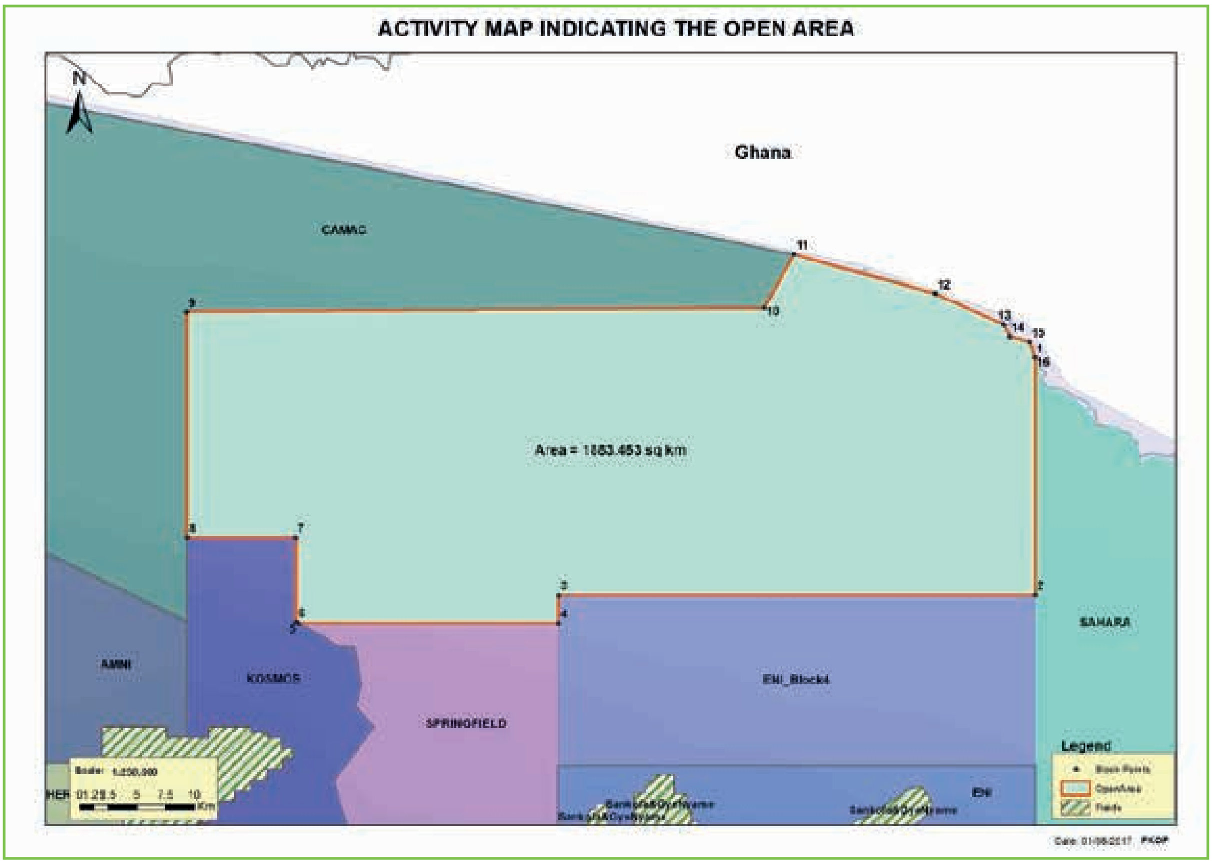
We are ready to initiate the Tano 2A work programme, as soon as the signed Petroleum Agreement is ratified, and subject to securing the necessary funding in an environment complicated by the recent oil price fall.

Despite lower oil prices, the carefully calibrated Ghanaian fiscal terms help make the Tano Basin oil play feasible, given the demonstrated source rock and Cretaceous sands which remain an industry favourite. Indeed, the industry contraction may assist Petrel Resources plc focused strategy on the bigger potential stratigraphic traps.

Recent high-level official meetings have been productive. The Company understands that Petrel's new shareholders are interested in the Tano 2A Block, and have accordingly helped the Tano 2A Operating Company (Pan Andean Resources (Ghana) Ltd.) to overcome any financial capacity concerns following a lower oil price and market capitalisation.

The passing of insolvency legislation may assist in the recovery of all of our original Tano 2A coordinates. There now appears to be a legal structure enabling the authorities to recover 529km2 of the original acreage Tano 2A acreage over which Petrel signed, with partners, a Petroleum Agreement, and which is now awaiting ratification.

During productive discussions in December 2019 on the early resolution of all outstanding issues, the project company Pan Andean Resources (Ghana) Ltd. requested to finalise and implement the negotiated Petroleum Agreement on Tano 2A Block, with adjusted coordinates, in accordance with Section 10(9) of the Petroleum Exploration & Production Act 919, 2016.



Proposed replacement Coordinates

There is a mutual desire to complete the ratification process. Our strong preference is to honour as far as possible the terms of the existing signed Petroleum Agreement, adjusting the revised coordinates and any other fine-tuning necessary.

Ghanaian Petroleum Background

Ghana currently produces circa 200,000 barrels of oil per day, from the Jubilee, and TEN oil-fields. But potential output could increase dramatically with more pro-business policies. The latest IOC discovery in just the 3rd year of ENI's work programme shows what is possible.

The New Patriotic Party (NPP) has been in power since January 2017. We have had cordial and frank discussions leading, Petrel Resources plc & its partners, Clontarf Energy plc & Abbey Oil & Gas Ltd., believe, to a meeting of minds.

The Ghanaian authorities now seem keen to resolve outstanding issues, and drive forward with the professional and prompt development of Ghana's oil & gas potential.

Ireland: Atlantic Porcupine Basin

The then Taoiseach's UN speech of September 2019, and subsequent enabling legislation during 2020 effectively killed the Irish offshore oil & gas industry. Petrel and its partners had been intrigued by the potential as-yet-unexplored deep water Atlantic. This enthusiasm was shared by several super-majors, National Oil Companies and independents who received acreage in the successful 2015 Bid Round. Several up-to-date 3D seismic campaigns had recently been acquired.

Petrel's promising Licensing Option 16/24 had worked up excellent plays, close to the historic Connemara oil discovery. But drilling these targets requires wholehearted official support given the oil price volatility and operational challenges. Identified drill targets on Irish acreage are not worth pursuing on a gas-only basis, or against ideological hostility of doctrinaire activists indulged by short-termist politicians.

Reluctantly, therefore, Petrel relinquished its 10% interest in FEL 11/18, and the promising LO 16/24. This despite the multiple targets identified, especially in the Jurassic and Cretaceous Formations.

Petrel had initiated a farm-down process, and had received an encouraging technical response from a giant State Natural Resources Company. As part of a major State, the giant company insists on host country, as well as their shareholding country's support. This was available until the Taoiseach's September 2019 speech to the UN in New York, which received extensive international coverage. Though any change in policy should not in theory impact historic licences, the reality is that regulatory uncertainties have substantially risen. Accordingly, it is difficult to obtain funds from partners or institutions or persuade partners to carry Petrel. There are circa 200 other countries where investors can risk their money. The net effect is a loss to Petrel – despite our cost discipline and reliance on farm-outs. But the Irish taxpayer also loses between 29% and 55% (depending on field profitability – as per the 2015 Finance Act and Licensing Terms) of the expected profits, which could have funded necessary housing, schools, and healthcare.

Cyber-attacks on the key eastern US products (Colonial) pipeline, and the Irish healthcare system during May 2021, underline the need for multiple sources of energy and multiple routes to market, necessary for energy security.

Ireland is still 100% oil import dependent and now 60% gas import dependent (thanks to Shell's Corrib gas production – previously it was 95%). By the mid-2030s, without new discoveries, Ireland will again be 100% import dependent.

The Irish State-backed gas and power companies involved have spent heavily building infrastructure to Britain, and State-backed utility Eirgrid is continuing to spend another circa €700 million on an electrical Interconnector to France. This arrangement will provide *security of infrastructure but not security of energy supply*. Those who believe that the British or French nuclear industries will provide low-cost base-load protection for intermittent Irish renewables do not understand how electricity markets work: intermittency must be paid for by someone, and those supplying reliable power can command a price premium in free markets. Those unable to guarantee reliable supply will suffer a price penalty in free markets – which may be disguised but not eliminated by bundled pricing, misleading marketing or state subsidies.

About 89% of Ireland's primary energy mix is fossil fuels (only 10% of primary energy is renewables and 1% hydro power) pre-Covid-19. All Ireland's oil is imported as well as circa 60% of gas consumption. The imported gas comes via 2 Scottish gas interconnectors, but Britain itself is now over 62% gas import dependent – including from Norway, Russia (via various pipelines) and North Africa, as well as limited LNG. Ireland still lacks LNG import facilities.

Ireland's energy mix is not unusual: at least 85% (depending on the calculation methodology) of the world's primary energy mix is fossil fuels – which is slightly up over the last 15 years due to the relative decline in market share of nuclear and hydro power. The rise of dirty coal in China and India call into question the costly measures taken in Europe to control the rise of carbon emissions. A small, albeit prosperous economy has negligible impact on the world's carbon balance.

The initiative to 'keep fossil fuels in the ground', effectively leads to importing gas from distant suppliers, with an increase in cost, risk and emissions, as the gas must be compressed and pumped through the lengthy pipeline system – at a emission penalty of circa 33%. This is additional to the enhanced political and logistics risks, given issues with Russia's western neighbours, North Africa and the Middle East.

Liquefied Natural Gas (LNG) is a pure fuel that releases 65% more energy per carbon atom than coal. However, LNG has a high overall carbon footprint because LNG must be transported to the sea-port, purified to over 99% methane, compressed to c.600 atmospheres and a temperature of -161° C, after which the LNG must be shipped in pressurised containers, then re-gasified at the receiving terminal. The overall LNG emissions increase would be 10 to 20 times that of locally produced gas. So locally produced natural gas is the lowest emission option.

Opponents of exploration are thus effectively encouraging the increase of greenhouse emissions by at least 33%.

Intermittent renewables need 100% reliable immediately available back-up. In Ireland this effectively means gas-fired generators, or dependence on fragile power connectors. Thus limiting the gas supply undermines the viability of wind and solar energy. These industries are complementary rather than alternatives.

The directors present their annual report and the audited financial statements for the financial year ended 31 December 2020.

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 Operations Review.

RESULTS FOR THE FINANCIAL YEAR

The consolidated loss after taxation for the financial year, transferred to reserves, amounted to €450,685 (2019: loss of €1,959,099).

The Group recorded an impairment charge of €51,552 (2019: €1,613,591) in relation to exploration licences which were relinquished during the year.

The directors do not recommend that a dividend be declared for the financial year ended 31 December 2020 (2019: €Nil) and no interim payments were made during the financial year (2019: €Nil).

PERFORMANCE REVIEW

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

DIRECTORS' COMPLIANCE STATEMENT

The directors, in accordance with Section 225(2)(a) of the Companies Act 2014 (the "Act"), acknowledge that they are responsible for securing the Company's compliance with its "relevant obligations." "Relevant obligations", in the context of the Company, are the Company's obligations under:

(a) the Act, where a breach of the obligations would be a category 1 or category 2 offence;

(b) the Act, where a breach of the obligation would be a serious Market Abuse or Prospectus offence; and

(c) tax law.

Pursuant to Section 225(2)(b) of the Act, the directors confirm that:

- the Company has drawn up a statement setting out the Company's policies that are in the opinion of the directors appropriate with respect to the Company complying with its relevant obligations;
- there are appropriate arrangements and structures in place designed to secure material compliance with the Company's relevant obligations; and
- a review of these structures has been performed during the year.

The directors confirm that the above sections have been complied with during the financial year.

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
License obligations	When licenses are obtained, operations must be carried out in accordance with the terms of each license 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 licenses 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 license obligations and changes to legislation applicable to the company and reports as necessary to the Board once licenses are ratified or obtained
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. The Directors will continue to monitor the impacts of Covid-19 on the Group's ability to raise external finance.
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, Iraq 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. The Group are actively aware of the potential impacts that Covid-19 may have on the Groups ability to carry out the exploration activities noted above. To date no significant issues have come to light, however, the Board will continue to monitor developments.
Title to assets	Title to oil and gas assets in Ghana and Iraq can be complex. The Group is currently awaiting ratification of its licenses in Ghana and Iraq. The Directors monitor any threats to the Group's interest in foreign jurisdictions and employ the services of experienced and competent lawyers in relevant jurisdictions to defend those interests, where appropriate. The directors maintain close contact with the relevant authorities to progress the ratification of license agreements.
Exchange rate risk	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. The Group are actively aware of the potential impacts that Covid-19 may have on the foreign dominated currencies held by the Group. To date no significant issues have come to light, however, the Board will continue to monitor developments.
Covid-19	General economic uncertainty following the unprecedented spread of Covid-19 across the world represents a risk for the Group. The Directors continue to monitor the situation closely, particularly in relation to Iraq and Ghana.
Political risk	The Group holds interests in Ghana, Iraq 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 17 of the financial statements.

KEY PERFORMANCE INDICATORS

The two main KPIs for the Group are as follows. These allow the Group to monitor costs and plan future exploration and development activities:

KPI	**2020** **€**	2019 €
Exploration and evaluation costs capitalised during the year	**-**	150,870
Finance raised in the year on the Alternative Investment Market	**281,108**	560,000

In addition the Group reviews ongoing operating costs which relate to the Group's ability to run the corporate function. As detailed in Note 4 of the financial statements, the directors expect that adequate resources will be available to meet the Group's committed obligations as they fall due. Further details are set out in the Operations Review and Chairman's Statement.

DIRECTORS

The current directors are listed on the inside back cover.

The directors, who served at any time during the financial year except as noted, were as follows:

John Teeling
David Horgan
Riadh Mahmoud Hameed
Michel Fayad (Non-executive Director resigned 24 July 2020)

The current directors are:

John Teeling (Chairman)
David Horgan (Managing Director)
Riadh Mahmoud Hameed (Non-executive Director)

DIRECTORS' AND SECRETARY'S INTERESTS IN SHARES

The directors and secretary holding office at 31 December 2020 held the following beneficial interests in the shares of the company:

	31/12/2020 Ordinary Shares of €0.0125 Number	**31/12/2020 Options - Ordinary Shares of €0.0125 Number**	1/1/2020 Ordinary Shares of €0.0125 Number	1/1/2020 Options - Ordinary Shares of €0.0125 Number
J. Teeling	5,415,000	-	5,415,000	-
D. Horgan	4,215,384	-	4,215,384	-
J. Finn (Secretary)	1,785,385	-	1,785,385	-
Riadh Mahmoud Hameed	-	-	-	-

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 2020 and 24 May 2021:

	24 May 2021 Number of Ordinary Shares	**%**	31 December 2020 Number of Ordinary Shares	%
Chase Nominees Limited ***	**-**	**-**	32,086,538	20.43%
Citibank Nominees (Ireland) DAC ***	**-**	**-**	9,612,437	6.12%
Euroclear Nominees Limited	**40,758,529**	**25.95%**	-	-
Interactive Investor Services Nominees Limited (SMKTNOMS)	**8,429,522**	**5.37%**	7,409,922	4.72%
Vidacos Nominees Limited (IGUKCLT)	**6,615,734**	**4.21%**	5,847,049	3.72%
HSDL Nominees Limited	**6,029,040**	**3.84%**	6,027,827	3.84%
Hargreaves Lansdown (Nominees) Limited	**6,019,430**	**3.83%**	5,582,453	3.55%
Interactive Investor Services Nominees Limited (SMKTISAS)	**5,360,175**	**3.41%**	3,937,979	2.62%

*** Shares now held in Euroclear Nominees Limited

FINANCIAL RISK MANAGEMENT

Details of the Group's financial risk management policies are set out in Note 17 to the financial statements.

GOING CONCERN

Information in relation to going concern is outlined in Note 4 to the financial statements.

SOCIAL RESPONSIBILITY

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 that 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 13 to the financial statements.

CHARITABLE AND POLITICAL DONATIONS

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

ACCOUNTING RECORDS

To secure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, the directors have involved appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The company's accounting records are maintained at the company's registered office at 162 Clontarf Road, Dublin 3.

DISCLOSURE OF INFORMATION TO AUDITORS

So far as each of the directors in office at the date of approval of the financial statements is aware:

- There is no relevant audit information of which the Company's auditors are unaware; and
- The Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

POST BALANCE SHEET EVENTS
Material post balance sheet events are detailed in Note 23.

AUDITOR
The auditor, Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm, continues in office in accordance with Section 383(2) of the Companies Act 2014.

Approved by the Board and signed on its behalf by:

John Teeling Director	David Horgan Director

Date: 10 June 2021

The Company's securities are traded on the Alternative Investment Market of the London Stock Exchange ("AIM"). In line with amendments to the AIM rules for companies which took effect from 28 September 2018 the company adopted the QCA Corporate Governance Code 2018 published by the Quoted Companies Alliance ("the QCA Code"), to the extent they consider it appropriate having regard to the size and resources of the Company. Instances of non-compliance have been highlighted below.

In addition, the Company has an established code of conduct for dealings in the shares of the Company by directors.

John Teeling, in his capacity as Chairman, has assumed responsibility for ensuring that the Company has appropriate corporate governance standards in place and that these requirements are communicated and applied.

The Board currently consists of 3 directors: the Chairman; the Managing Director and one Non-Executive Director. This is not in compliance with the QCA Code which requires at least two independent non-executive directors. However the Board considers that appropriate oversight of the Company is provided by the currently constituted Board having regard to the current size and resources of the Company.

The Company also has a Chief Financial Officer who also acts as the Company Secretary.

The 10 principles set out in the QCA Code are listed below, with an explanation of how Petrel applies each of the principles and the reason for any aspect of non-compliance. The same information can be viewed at the following link http://www.petrelresources.com/financial-reports.

1. Establish a strategy and business model which promote long-term value for shareholders

The Company has a clearly defined strategy and business model that has been adopted by the Board.

The Company strategy is the appraisal and exploitation of the assets currently owned. Concurrent with this process, management will continue to use its expertise to acquire additional license interests for oil and gas exploration to generate long term value for shareholders. The key challenges in executing this are referred to in paragraph 4 below.

2. Seek to understand and meet shareholder needs and expectations

All shareholders are encouraged to attend the Company's Annual General Meetings where they can meet and directly communicate with the Board. After the close of business at the Annual General Meeting, the Chairman makes an up to date corporate presentation and opens the floor to questions from shareholders.

Shareholders are also welcome to contact the Company via email at info@petrelresources.com with any specific queries.

The Company also provides regulatory, financial and business news updates through the Regulatory News Service (RNS) and various media channels. Shareholders also have access to information through the Company's website www.petrelresources.com which is updated on a regular basis and which includes the latest corporate presentation on the Group. Contact details are also provided on the website.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board is committed to having the highest degree possible of Corporate Social Responsibility in how the Company undertakes its activities.

We aim to have an uncompromising stance on health, safety, environment and community relations. The Company policy is that all Company activities are carried out in compliance with safety regulations, in a culture where the safety of personnel is paramount. The Company will ensure an appropriate level of contact and negotiation with all stakeholders including landowners, community groups and regional and national authorities and will seek to obtain feedback from such stakeholders. This is carried out by David Horgan and local management in Ghana, Ireland and Iraq.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board regularly reviews the risks to which the Company is exposed and ensures through its meetings and regular reporting that these risks are minimised as far as possible whilst recognising that its business opportunities carry an inherently high level of risk. It is ultimately responsible for the management, governance, controls, risk management, direction and performance of the Group. The principal risks and uncertainties facing the Company at this stage in this development and in the foreseeable future are detailed in on page 11 of the Annual Report, together with risk mitigation strategies employed by the Board.

5. Maintain the board as a well-functioning, balanced team led by the chair

The Board's role is to agree the Company's long-term direction and strategy and monitor achievement its business objectives, while ensuring that they are properly pursued within a robust framework of risk management and internal controls. The Board meets formally at least four times a year for these purposes and holds additional meetings when necessary to transact other business. The Board held six scheduled meetings during the year, during which the Board received reports for consideration on all significant strategic, operational and financial matters.

The Board is supported by the Audit and Remuneration and the Nomination committees, detailed below. The Audit Committee met twice during the year, and both the Remuneration and Nomination Committee's met once.

The Board comprises the Chairman, John Teeling, the Managing Director David Horgan and Riadh Mahmoud Hameed, an independent Non-executive Director.

All directors are subject to re-election intervals as prescribed in the Company's Articles of Association. At each Annual General Meeting one-third of the Directors who are subject to retirement by rotation, shall retire from office. They can then offer themselves for re-election.

On appointment, each director receives a letter of appointment from the Company. The Directors will receive a fee for their services as a director which is approved by the Board, being mindful of the time commitment and responsibilities of their roles and of current market rates for comparable organisations and appointments. The non-executive Directors are reimbursed for travelling and other incidental expenses incurred on Company business.

6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The Board considers the current balance of sector, financial and public market skills and experience which it embodies is appropriate for the size and stage of development of the Company and that the Board has the skills and requisite experience necessary to execute the Company's strategy and discharge its fiduciary duties effectively. The experience and knowledge of each of the Directors gives them the ability to constructively challenge the strategy and execute performance. The Board is committed to ensuring diversity of skill and experience.

The Board delegates certain of its responsibilities to the Board Committees, listed within this report, which clearly defined terms of reference.

All Directors have access to the advice and services of the Company's solicitors and the Company Secretary, who is responsible for ensuring that all Board procedures are followed. Any Director may take independent professional advice at the Company's expense in the furtherance of his duties.

Details of the current Board of Directors' biographies are as follows:

John Teeling, Executive Chairman
John Teeling is executive chairman of Petrel Resources. He has 40 years' resources experience. John Teeling is also involved in a number of other AIM exploration companies. He is a founder of a number of companies in the resource sector including African Diamonds, Pan Andean Resources, Minco, African Gold, Persian Gold and West African Diamonds, all listed on AIM. John Teeling holds degrees in Economics and Business from University College Dublin, an MBA from Wharton and a Doctorate in Business Administration from Harvard. He lectured for 20 years in business and finance at University College Dublin.

David Horgan, Managing Director
David Horgan has over 20 years' experience in oil and gas and resources projects in Latin America, Africa and the Middle East through a number of AIM listed companies including Clontarf Energy and Pan Andean Resources. He previously worked at Kenmare where he raised finance, captured the premium graphite worldwide market and evaluated investment opportunities. Prior to that he worked with Boston Consulting Group internationally for seven years. He holds a first class law degree from Cambridge and an MBA with distinction from the Harvard Business School.

Riadh Mahmoud Hameed, Non-executive Director
Riadh Mahmoud Hameed was appointed as a non-executive director of Petrel on 12 June 2019. Riadh is a quality control engineer working for an aerospace component company based in the USA. Prior experience has included over a decade of working in the oil and gas sector, to include six years working for Petrel as a co-ordinator for its projects in Iraq.

All Directors have access to the Company Secretary who is responsible for ensuring that Board procedures and applicable rules and regulations are observed.

The Board as a whole considers the Non-Executive Director to be independent of management and free from any business or other relationship which could materially interfere with the exercise of independent judgement.

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

In accordance with provisions of the Code, a performance evaluation of the Board is carried out annually. In 2020, the performance evaluation process was conducted internally.

Board Evaluation Process in July 2020
The Chairman John Teeling appraised the Board on the performance of each of the Directors during the year. The Board formally concluded on its own performance, on the performance of Committees and on the performance of individual Directors, including the Chairman.

Analysis of 2020 evaluation
The evaluation indicated a high level of satisfaction with the composition, performance and effectiveness of the Board, its Chair and Committees. It found that there are good communications both within the Board/ Committees and with management.

A number of key focus areas were identified for the Board to consider. These include:

- Continued consideration of succession planning at Board and management level
- Increased allocation of Board meeting time to consideration of strategic issues
- Increased diversity on the Board

Arising from the evaluation process, a number of actions were agreed by the Board which will be implemented by the Chairman during the current year.

8. Promote a corporate culture that is based on ethical values and behaviours

The corporate culture of the Company is promoted throughout its contractors and is underpinned by compliance with local regulations and the implementation and regular review and enforcement of various policies: Health and Safety Policy; Share Dealing Policy; Code of Conduct and Privacy Policy. The Company policy is that all Company activities are carried out in compliance with safety regulations, in a culture where the safety of personnel is paramount. The Company will ensure an appropriate level of contact and negotiation with all stakeholders including strategic partners, landowners, community groups and regional and national authorities.

The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Company and that this will impact performance. The Board is well aware that the tone and culture set by the Board will greatly impact all aspects of the Company and the way that contractors behave. The exploration for and development of oil and gas resources can have significant impact in the areas where the Company and its contractors are active and it is important that the communities in which we operate view the Company's activities positively. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this is reflected in all the Company does.

The Company also has an established code for Directors' dealings in securities which is appropriate for a company whose securities are traded on AIM, and is in accordance with Rule 21 of the AIM rules and the Market Abuse Regulation.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The Board has overall responsibility for all aspects of the business. The Chairman is responsible for overseeing the running of the Board, ensuring that no individual or group dominates the Board's decision-making. The Chairman has overall responsibility for corporate governance matters in the Company and chairs the Nomination Committee. The Managing Director has the responsibility for implementing the strategy of the Board and managing the day-to-day business activities of the Company. The

Company Secretary is responsible for ensuring that Board procedures are followed and applicable rules and regulations are complied with.

The Nomination Committee comprises the Chairman, the Managing Director, the Company Secretary and the Non-Executive Director, Riadh Mahmoud Hameed, meets at least once per year to examine Board appointments and to make recommendations to the Board in accordance with best practice and other applicable rules and regulations.

The Audit Committee, which is chaired by Managing Director, David Horgan, and also includes Riadh Mahmoud Hameed meets at least twice a year and assists the Board in meeting responsibilities in respect of external financial reporting and internal controls. The Chief Financial Officer and Company Secretary James Finn is invited to attend meetings of the Committee. The Audit Committee also keeps under review the scope and results of the audit. It also considers the cost-effectiveness, independence and objectivity of the Auditor taking account of any non-audit services provided by them.

The Remuneration Committee is comprised of David Horgan and John Teeling. The Remuneration Committee meets at least once a year to determine the appropriate remuneration for the Company's executive directors, ensuring that this reflects their performance and that of the Company. The Company has a share option scheme for directors. No Director participates in discussions concerning his own remuneration.

The Company's Audit Committee Report is presented on page 19 and provides further details on the committee's responsibilities and its activities during 2020, and while a separate report from the Remuneration Committee was not produced due to the size of the company, the Company intends to review this requirement on an annual basis.

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company.

Investors also have access to current information on the Company though its website http://www.petrelresources.com/ and through David Horgan, Managing Director, who is available to answer investor relations enquiries. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting and any other General Meetings that are held throughout the year.

The Company's financial reports can be found here: http://www.petrelresources.com/investors/financial-reports.

Audit Committee Report

Dear Shareholders,

I am pleased to present this report on behalf of the Audit Committee and to report on the progress made by the Committee during the year. During 2020 the Company's internal financial reporting and control systems were both expanded and streamlined in compliance with good corporate governance guidelines outlined in the QCA Corporate Governance Code (2018) and with advice from our Nomad. This report details how the Audit Committee has met its responsibilities under its Terms of Reference and the Irish Companies Act over the last twelve months.

Aims of the Audit Committee

Our purpose is to assist the Board in managing risk, discharging its duties regarding the preparation of financial statements, ensure that a robust framework of accounting policies is in place and enacted and oversee the maintenance of proper internal financial controls.

The Audit Committee, which is chaired by Managing Director, David Horgan, and also includes Riadh Mahmoud Hameed meets at least twice a year and assists the Board in meeting responsibilities in respect of external financial reporting and internal controls. The Chief Financial Officer and Company Secretary James Finn is invited to attend meetings of the Committee. The Audit Committee also keeps under review the scope and results of the audit. It also considers the cost-effectiveness, independence and objectivity of the Auditor taking account of any non-audit services provided by them.

The Audit Committee is committed to:

- Maintaining the integrity of the financial statements of the Company and reviewing any significant reporting matters therein;
- Reviewing the Annual & Interim Report and Accounts and monitoring the accuracy and fairness of the Company's financial statements;
- Ensuring compliance of financial statements with applicable accounting standards and the AIM Rules;
- Reviewing the adequacy and effectiveness of the internal financial control environment and risk management systems; and
- Overseeing the relationship with and the remuneration of the external auditor, reviewing their performance and advising the Board members on their appointment.

The Audit Committee met twice in 2020.

Activities of the Audit Committee during the year

On behalf of the Board, the Audit Committee has closely monitored the maintenance of internal controls and risk management during the year. Key financial risks are reported during each Audit Committee meeting, including developments and progress made towards mitigating these risks.

The Audit committee received and reviewed reports from the Chief Financial Officer, other members of management and external auditors relating to the interim and annual financial statements and the accounting and internal control systems in use throughout the Group.

The external auditor attended one of the meetings to discuss the planning and conclusions of their work and meet with members of the committee. The committee was able to call for information from management and consult with the external auditor directly as required.

The objectivity and independence of the external auditor was safeguarded by reviewing the auditor's formal declarations and monitoring relationships between key audit staff and the Company.

As noted above, the committee met twice during the year, to review the 2019 annual accounts and the interim accounts to 30 June 2020 and audit planning for the year ended 31 December 2020. Members of the committee reviewed with the independent auditor its judgements as to the acceptability of the Company's accounting principles.

Since the year end, the committee has met further with the auditor to consider the 2020 financial statements. In particular, the committee discussed the significant audit risks and the audit report.

David Horgan
Chairman Audit Committee
10 June 2021

Directors' Responsibilities Statement

The directors are responsible for preparing the directors' report and the Group and Company financial statements ("financial statements") in accordance with the Companies Act 2014.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. 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 Group and the Company 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 Company Financial Statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those 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 of the Company, enable at any time the assets, liabilities, financial position of the Group and Company and profit or loss of the Group to be determined with reasonable accuracy, enable them to ensure that the financial statements and 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 Group's website (httpps://petrelresources.com). Irish legislation governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Members of Petrel Resources plc.

Independent auditor's report to the members of Petrel Resources plc

Report on the audit of the financial statements

Opinion on the financial statements of Petrel Resources plc (the 'company')

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 2020 and of the loss of the group and parent company for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

the group financial statements:

- the Consolidated Statement of Comprehensive Income;
- the Consolidated Statement of Financial Position;
- the Consolidated Statement of Changes in Equity;
- the Consolidated Cash Flow Statement; and
- the related notes 1 to 23, including a summary of significant accounting policies as set out in note 3.

the parent company financial statements:

- the Company Statement of Financial Position;
- the Company Statement of Changes in Equity;
- the Company Cash Flow Statement; and
- the related notes 1 to 23, including a summary of significant accounting policies as set out in note 3.

The relevant financial reporting framework that has been applied in the preparation of the group financial statements is the Companies Act 2014 and International Financial Reporting Standards (IFRS) as adopted by the European Union ("the relevant financial reporting framework").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, as applied to SME listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

We draw attention to note 4 in the financial statements, which indicates that the group incurred a net loss for the year of €450,685 and had net current liabilities of €341,647 at the balance sheet date. As the group is not revenue or cash generating it relies on raising capital from the public market. These conditions represent a material uncertainty that may cast doubt on the group's and company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included:

- Obtained an understanding of the group and parent company's controls over the preparation and review of cash flow projections and assumptions used in the cash flow forecasts to support the going concern assumption;
- Challenged the key assumptions used in the cash flow forecasts by agreement to historical run rates, expenditure commitments and other supporting documentation;
- Tested the clerical accuracy of the cash flow forecasts;
- Assessed the company's ability to raise additional finance; and
- Assessed the adequacy of the disclosures in the financial statements.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • *Going concern (see material uncertainty relating to going concern section above)* • *Realisation of Intangible Assets – group and parent* Within this report, any key audit matters which are the same as the prior year are identified with ».
Materiality	The materiality that we used in the current year was €24,300 for the group and €23,000 for the parent company which was determined on the basis of 2.6% of the carrying value of intangible assets.
Scoping	We identified one significant component, which was the holding company Petrel Resources plc, and a full audit was carried out on this component.
Significant changes in our approach	No significant changes to our audit approach from the prior year.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current financial year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

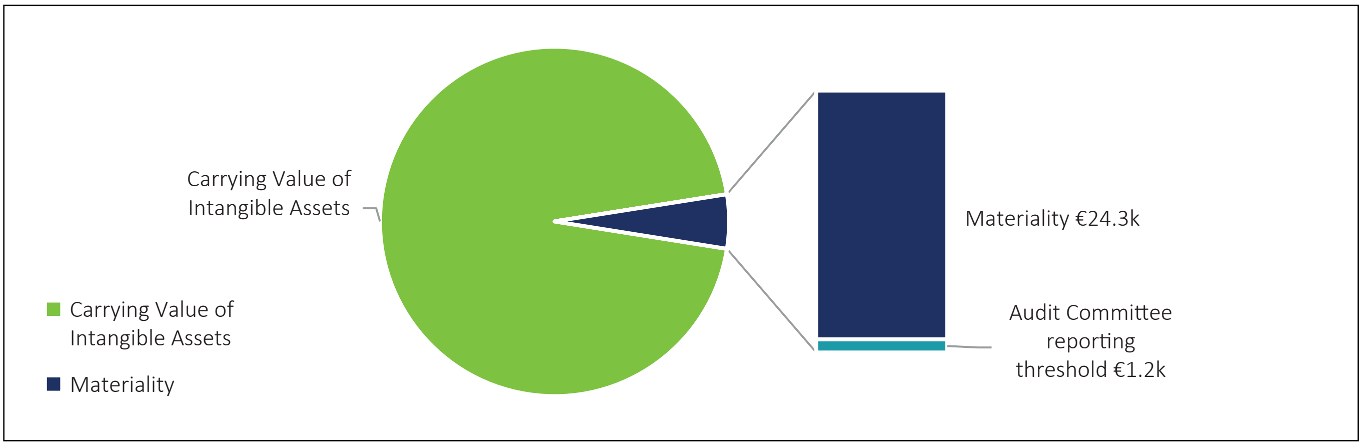
Realisation of Intangible Assets – group and parent	
Key audit matter description	As at 31 December 2020, the carrying value of intangible assets included in the consolidated balance sheet amounted to €931,967 (parent company €920,370). During the year the directors recognised an impairment charge of €51,552. As disclosed in note 12 to the financial statements, the realisation of these assets is dependent on the discovery and the successful development of economic reserves which is subject to a number of uncertainties including the group and parent company's ability to raise funding to develop the intangible assets. Refer to the accounting policies included within note 3 to the financial statements and the disclosures included within note 12.
How the scope of our audit responded to the key audit matter	We evaluated the design and determined the implementation of relevant key controls in relation to the impairment of intangible assets. We considered and challenged the directors' assessment of indicators of impairment in relation to intangible assets in accordance with IFRS 6. This included a review of the board of directors' minutes of meetings and press releases in relation to the status of the exploration activities and funding strategies and a review of the group's budgeted expenditure for the next 12 months. We also considered the adequacy of the disclosures included in the financial statements.
Key observations	An inherent uncertainty exists in relation to the ability of the group and company to realise the exploration and evaluation assets capitalised as intangible assets. As noted above, recoverability of these assets is dependent on the discovery and the successful development of economic oil & gas reserves, obtaining title to the license, the future profitable production of the asset and the ability of the group to raise sufficient finance to develop the projects. The financial statements do not include any adjustments relating to this uncertainty and the ultimate outcome cannot, at present, be determined. Our opinion is not modified in respect of this matter.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

We define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the group to be €24,300 which is approximately 2.6% of the carrying value of intangible assets. In addition, we determined materiality for the company to be €23,000 which is approximately 2.4% of the carrying value of intangible assets. We have considered the carryng value of intangible assets to be the critical component for determining materiality because intangible asets equate to 70% of the group and company's total assets. We have considered quantitative and qualitative factors such as understanding the entity and its environment, history of mistatetements, complexity of the company, reliabity of control environment.



We agreed with the Audit Committee that we would report to them any audit differences in excess of €1,215, as well as differences below that threshold which, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

In approaching the audit, we considered how the group is organised and managed. We identified one significant component, which was the holding company Petrel Resources plc, and a full audit was carried out on this component.

Component materiality levels applicable to the component were lower than group materiality. The component was audited as part of the group audit by the group auditors.

Other information

The other information comprises the information included in the Reports and Consolidated Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Reports and Consolidated Financial Statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Director's Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and parent company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the group to express an opinion on the (consolidated) financial statements. The group auditor is responsible for the direction, supervision and performance of the group audit. The group auditor remains solely responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

For listed entities and public interest entities, the auditor also provides those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence, including the Ethical Standard for Auditors

(Ireland) 2016, and communicates with them all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards.

Where the auditor is required to report on key audit matters, from the matters communicated with those charged with governance, the auditor determines those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. The auditor describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- 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 and the directors' report has been prepared in accordance with the Companies Act 2014.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report

We have nothing to report in respect of the provisions in the Companies Act 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.

Use of our report

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 auditor's 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.

Sinéad McHugh (Senior statutory auditor)
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

Date: 11 June 2021

Petrel Resources Plc
Consolidated Statement Of Comprehensive Income
For The Financial Year Ended 31 December 2020

	Notes	**2020**	2019
		€	€
Administrative expenses	5	**(399,133)**	(345,508)
Impairment of exploration and evaluation assets	12	**(51,552)**	(1,613,591)
OPERATING LOSS		**(450,685)**	(1,959,099)
LOSS BEFORE TAXATION	5	**(450,685)**	(1,959,099)
Income tax expense	10	**-**	-
LOSS FOR THE FINANCIAL YEAR: all attributable to equity holders of the parent		**(450,685)**	(1,959,099)
Other comprehensive income		**-**	-
Items that are or may be reclassified subsequently to profit or loss		**-**	-
Exchange differences		**-**	(119,048)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**(450,685)**	(2,078,147)
Loss per share – basic and diluted	11	**(0.29c)**	(1.50c)

Petrel Resources Plc
Consolidated Statement Of Financial Position
As At 31 December 2020

	Notes	2020 €	2019 €
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	12	**931,967**	983,969
		931,967	983,969
Current Assets			
Trade and other receivables	14	**34,994**	38,036
Cash and cash equivalents	15	**333,900**	367,777
		368,894	405,813
Current Liabilities			
Trade and other payables	16	**(710,541)**	(629,885)
Net Current Liabilities		**(341,647)**	(224,072)
NET ASSETS		**590,320**	759,897
Equity			
Called-up share capital	19	**1,962,981**	1,866,827
Capital conversion reserve fund		**7,694**	7,694
Capital redemption reserve		**209,342**	209,342
Share premium	19	**21,786,011**	21,601,057
Share based payment reserve	20	**26,871**	26,871
Translation reserve		**-**	376,154
Retained deficit		**(23,402,579)**	(23,328,048)
TOTAL EQUITY		**590,320**	759,897

The financial statements were approved and authorised for issue by the Board of Directors on 10 June 2021 and signed on its behalf by:

John Teeling
Director

David Horgan
Director

Petrel Resources Plc
Company Statement Of Financial Position
As At 31 December 2020

	Notes	2020 €	2019 €
NON-CURRENT ASSETS			
Intangible assets	12	**920,370**	972,732
Investment in subsidiaries	13	**15,019**	15,019
		935,749	987,751
Current Assets			
Trade and other receivables	14	**31,212**	34,254
Cash and cash equivalents	15	**333,900**	367,777
		365,112	402,031
Current Liabilities			
Trade and other payables	16	**(710,541)**	(629,885)
Net Current Liabilities		**(345,429)**	(220,290)
NET ASSETS		**590,320**	759,897
Equity			
Called-up share capital	19	**1,962,981**	1,866,827
Capital conversion reserve fund		**7,694**	7,694
Capital redemption reserve		**209,342**	209,342
Share premium	19	**21,786,011**	21,601,057
Share based payment reserve	20	**26,871**	26,871
Translation reserve		**-**	376,154
Retained deficit		**(23,402,579)**	(23,328,048)
TOTAL EQUITY		**590,320**	759,897

The loss for the financial year ended 31 December 2020 was €450,685 (2019: €1,959,099). The financial statements were approved and authorised for issue by the Board of Directors on 10 June 2021 and signed on its behalf by:

John Teeling
Director

David Horgan
Director

Petrel Resources Plc
Consolidated And Company Statements Of Changes In Equity
For The Financial Year Ended 31 December 2020

Group and company

	Share Capital €	Share Premium €	Capital Redemption Reserve €	Capital Conversion Reserve fund €	Share Based Payment Reserve €	Translation Reserve €	Retained Deficit €	Total €
At 31 December 2018	1,306,966	21,601,057	209,342	7,694	26,871	495,202	(21,368,949)	2,278,183
Shares issued	559,861	-	-	-	-	-	-	559,861
Total comprehensive income for the financial year	-	-	-	-	-	(119,048)	(1,959,099)	(2,078,147)
At 31 December 2019	1,866,827	21,601,057	209,342	7,694	26,871	376,154	(23,328,048)	759,897
Shares issued	**96,154**	**184,954**	**-**	**-**	**-**	**-**	**-**	**281,108**
Total comprehensive income for the financial year	**-**	**-**	**-**	**-**	**-**	**-**	**(450,685)**	**(450,685)**
Transfer of reserves						**(376,154)**	**376,154**	**-**
At 31 December 2020	**1,962,981**	**21,786,011**	**209,342**	**7,694**	**26,871**	**-**	**(23,402,579)**	**590,320**

Share premium

Share premium reserve comprises of a premium arising on the issue of shares. Share issue expenses are expensed through the statement of comprehensive income when incurred.

Capital redemption reserve

On 25 July 2018 the shareholders approved the buy back and cancellation of 16,747,368 shares for nominal consideration from Amira Petroleum N.V., Amira International Holdings Limited and their advisors. These shares were immediately cancelled upon their repurchase and the nominal value of these shares were transferred into the capital redemption reserve.

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 arises on the grant of share options under the share option plan.

Translation Reserve

The translation reserve arises from the translation of foreign operations. A transfer from the translation reserve to retained deficit occurred during the year as a result of the impairment of the related intangible assets.

Retained deficit

Retained deficit comprises of losses incurred in the current and prior years.

Petrel Resources Plc
Consolidated Cash Flow Statement
For The Financial Year Ended 31 December 2020

	Notes	**2020**	2019
		€	€
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the financial year		**(450,685)**	(1,959,099)
Impairment charge	12	**51,552**	1,613,591
Foreign exchange		**4,623**	-
OPERATING CASHFLOW BEFORE MOVEMENTS IN WORKING CAPITAL		**(394,510)**	(345,508)
Movements in working capital:			
Increase/(Decrease) in trade and other payables	16	**80,656**	(47,730)
Decrease in trade and other receivables	14	**3,042**	19,980
CASH USED IN OPERATIONS		**(310,812)**	(373,258)
NET CASH USED IN OPERATING ACTIVITIES		**(310,812)**	(373,258)
INVESTING ACTIVITIES			
Receipts/(Payments) for exploration and evaluation assets		**450**	(150,870)
NET CASH USED IN INVESTING ACTIVITIES		**450**	(150,870)
FINANCING ACTIVITIES			
Shares issued		**281,108**	559,861
NET CASH GENERATED FROM FINANCING ACTIVITIES		**281,108**	559,861
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(29,254)**	35,733
Cash and cash equivalents at beginning of financial year		**367,777**	329,503
Effect of exchange rate changes on cash held in foreign currencies		**(4,623)**	2,541
Cash and cash equivalents at end of financial year	15	**333,900**	367,777

Petrel Resources Plc
Company Cash Flow Statement
For The Financial Year Ended 31 December 2020

	Notes	2020 €	2019 €
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the financial year		**(450,685)**	(1,959,099)
Impairment charge	12	**51,552**	1,613,591
Foreign exchange		**4,623**	-
OPERATING CASHFLOW BEFORE MOVEMENTS IN WORKING CAPITAL		**(394,510)**	(345,508)
Movements in working capital:			
Increase /(Decrease) in trade and other payables	16	**80,656**	(47,730)
Decrease in trade and other receivables	14	**3,042**	19,980
CASH USED IN OPERATIONS		**(310,812)**	(373,258)
NET CASH USED IN OPERATING ACTIVITIES		**(310,812)**	(373,258)
INVESTING ACTIVITIES			
Receipts/(Payments) for exploration and evaluation assets		**450**	(150,870)
NET CASH USED IN INVESTING ACTIVITIES		**450**	(150,870)
FINANCING ACTIVITIES			
Shares issued		**281,108**	559,861
NET CASH GENERATED FROM FINANCING ACTIVITIES		**281,108**	559,861
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(29,254)**	35,733
Cash and cash equivalents at beginning of financial year		**367,777**	329,503
Effect of exchange rate changes on cash held in foreign currencies		**(4,623)**	2,541
Cash and cash equivalents at end of financial year	15	**333,900**	367,777

1. GENERAL INFORMATION

Petrel Resources plc (the Company) is a public company limited by shares incorporated and registered in Ireland. The number under which it is registered is 92622. The address of its registered office is 162 Clontarf Road, Dublin 3.

The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out on page 10.

2. INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied a number of amendments to IFRS Standards and Interpretations adopted by the European Union that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

New and amended IFRS Standards that are effective for the current year

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3 (October 2018): Definition of Business
- Amendments to IAS 1 and IAS 8 (October 2018): Definition of Material
- Amendments to IFRS 9, IAS 39 and IFRS 7 (September 2019): Interest Rate Benchmark Reform

Standards in issue but not yet effective:

The following standards, amendments to the existing standards and new interpretations, have been adopted by the EU but are not yet mandatorily effective and have not been early adopted by the company.

- Amendment to IFRS 16: Covid-19 Related Rent Concessions
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform - Phase 2
- Amendments to IAS 16: Property, Plant and Equipment – Proceeds before intended use
- Annual Improvements to IFRS Standards 2018-2020 (May 2020)
- Amendments to IFRS 3 (May 2020): Reference to the Conceptual Framework
- Amendments to IAS 37 (May 2020): Onerous Contracts – Cost of Fulfilling a Contract
- IFRS 17: Insurance Contracts
- Amendments to IFRS 17
- Amendments to IAS 1: Classification of liabilities as current or non-current
- Amendments to IAS 1: Classification of liabilities as current or non-current – Deferral of effective date
- Amendments to IFRS 4: Extension of the Temporary Exemption from applying IFRS 9
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of accounting policies
- Amendments to IAS 8: Definition of accounting estimates

The Directors are currently assessing the impact in relation to the adoption of these standards, amendments to the existing standards and a new 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 financial year of initial application.

3. PRINCIPAL ACCOUNTING POLICIES

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

Basis of preparation

The financial statements are prepared under the historical cost basis.

The consolidated financial statements are presented in Euro.

(i) Statement of compliance

The Group financial statements of Petrel Resources plc and all its subsidiaries (the "Group") have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The Group financial statements are prepared in accordance with the Companies Act 2014.

The Company financial statements of Petrel Resources plc have been prepared in accordance with IFRS as applied in accordance with the Companies Act 2014.

(ii) 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 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.

(iii) Investment in subsidiaries

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

(iv) Intangible assets

Exploration and evaluation assets
Exploration expenditure relates to the initial search for mineral deposits with economic potential in Ireland, Ghana and Iraq. 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.

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.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

(iv) Intangible assets (cotinued)

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.

(v) Foreign currencies

The individual financial statements of each Group company are maintained in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in Euro, the functional currency of the Company.

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

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.

(vi) 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.

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.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

(vi) Taxation (continued)

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

(vii) Share-based payments

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'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.

(viii) 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.

(ix) Financial instruments

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

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

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.

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.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

(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 assets
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, Ghana and Iraq.

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

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

The recoverability of exploration and evaluation assets is dependent on the discovery and successful development of economic reserves which is subject to a number of uncertainties 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.

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.

Impairment of Intangible Assets
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 recoverability of the asset, which is dependent upon the discovery and successful development of economic reserves, ability to be awarded exploration licenses and the ability to raise sufficient finance, to develop the Group's projects. If the directors determine that an intangible asset is impaired, a provision is recognised in the statement of comprehensive income. Further information concerning the impairment of Intangible Assets is outlined in Note 12.

3. PRINCIPAL ACCOUNTING POLICIES (continued)

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

Share-based payments

The Group issues equity-settled share-based payments only to certain employees and directors. Equity settled share-based payments are measured at fair value at the date of grant. 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's estimate of shares that will eventually vest and adjusted for the effect of market-based vesting conditions.

The fair value determined at grant date is measured by use of a Black Scholes Model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

4. GOING CONCERN

The Group incurred a loss for the financial year of €450,685 (2019: loss of €1,959,099) and had net current liabilities of €341,647 (2019: €224,072) and a retained earnings deficit of €23,402,579 (2019 deficit of €23,328,048) at the balance sheet date. These conditions as well as those noted below, represent a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern.

Included in current liabilities is an amount of €677,531 (2019: €587,531) owed to key management personnel in respect of remuneration due at the balance sheet date. Key management have confirmed that they will not seek settlement of these amounts in cash for a period of at least one year after the date of approval of the financial statements or until the Group has generated sufficient funds from its operations after paying its third party creditors.

The Group and Company had a cash balance of €333,900 (2019: €367,777) at the balance sheet date. The directors have prepared cashflow projections for a period of at least twelve months from the date of approval of these financial statements which indicate that additional finance may be required to fund working capital requirements and develop existing projects. The cashflow projections include any anticipated impacts of the Covid-19 pandemic on the Group and Company. As the Group is not revenue or cash generating it relies on raising capital from the public market. The Group completed capital raisings during the year.

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

5. LOSS BEFORE TAXATION

	2020	2019
	€	€
The loss before taxation is stated after charging the following items:		
Administrative expenses:		
Professional fees	**234,207**	218,356
Staff costs – Directors and Secretary (Note 7)	**90,000**	45,000
Other administration expenses	**74,926**	82,152
	399,133	345,508

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

6. AUDITOR'S REMUNERATION

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

	2020	2019
	€	€
Group		
Audit of Group accounts	**13,000**	9,975
Other assurance services	**12,000**	9,975
Tax advisory services	**2,750**	5,250
Total	**27,750**	25,200

	2020	2019
	€	€
Company		
Audit of individual company accounts	**13,000**	9,975
Other assurance services	**12,000**	9,975
Tax advisory services	**2,750**	5,250
Total	**27,750**	25,200

7. RELATED PARTY AND OTHER TRANSACTIONS

Group and Company

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

	2020 Fees – services as directors	**2020 Fees – other services**	**2020 Total**	2019 Fees – services as directors	2019 Fees – other services	2019 Total
	€	**€**	**€**	€	€	€
John Teeling	**5,000**	**25,000**	**30,000**	5,000	25,000	30,000
David Horgan	**5,000**	**25,000**	**30,000**	5,000	25,000	30,000
Michel Fayad	**-**	**-**	**-**	-	-	-
Riadh Mahoud Hameed	**-**	**-**	**-**	-	-	-
	10,000	**50,000**	**60,000**	10,000	50,000	60,000

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 accrued at financial year end 31 December 2020 was €472,460 (2019: €412,460).

Directors' remuneration of €Nil (2019: €30,000) was capitalised as exploration and evaluation expenditure as set out in Note 12.

7. RELATED PARTY AND OTHER TRANSACTIONS (continued)

Key management compensation

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

	2020	2019
	€	€
Short-term employee benefits	**90,000**	90,000

Key management compensation accrued at financial year end 31 December 2020 was €677,531 (2019: €587,531).

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**	**Arkle Resources Plc**	**Great Northern Distillery Limited**	**Total**
	€	**€**	**€**	**€**	**€**
Balance at 1 January 2019	-	-	-	-	-
Office and overhead costs recharged	(12,904)	9,813	(9,800)	(10,800)	(23,691)
Exploration and evaluation costs recharged	-	-	-	-	-
Repayments	12,904	(9,813)	9,800	10,800	23,691
Balance at 31 December 2019	-	-	-	-	-
Balance at 1 January 2020	-	-	-	-	-
Office and overhead costs recharged	(19,256)	9,632	(8,375)	(8,103)	(26,102)
Repayments	19,256	(9,632)	8,375	8,103	26,102
Balance at 31 December 2020	**-**	**-**	**-**	**-**	**-**

8. STAFF NUMBERS

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

	2020	2019
Management and administration	4	5
Staff costs for the above persons were:	**€**	€
Wages and salaries	**90,000**	90,000
Social welfare costs	**-**	-
Pension costs	**-**	-
	90,000	90,000

9. SEGMENTAL ANALYSIS

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

	2020	2019
	€	€
Continuing Operations		
Ghana	**-**	-
Ireland	**(51,552)**	(1,613,591)
Iraq	**-**	-
Total for continuing operations	**(51,552)**	(1,613,591)
Unallocated head office	**(399,133)**	(345,508)
	(450,685)	(1,959,099)

There was no revenue earned during the financial year (2019: €Nil).

9B. Segment Assets and Liabilities

	Assets		**Liabilities**	
	2020	2019	**2020**	2019
	€	€	€	€
Ghana	**931,967**	931,967	**-**	-
Ireland	**-**	52,002	**-**	(6,597)
Iraq	**-**	-	**-**	-
Total for continuing operations	**931,967**	983,969	**-**	(6,597)
Unallocated head office	**368,894**	405,813	**(710,541)**	(623,288)
	1,300,861	1,389,782	**(710,541)**	(629,885)

9C. Additions to non-current assets (Group and Company)

	2020	2019
	€	€
Ghana	**-**	-
Ireland	**-**	195,870
Iraq	**-**	-
Total for continuing operations	**-**	195,870
Unallocated head office	**-**	-
	-	195,870

10. INCOME TAX EXPENSE

	2020	2019
	€	€
Factors affecting the tax expense:		
Loss on ordinary activities before tax	**(450,685)**	(1,959,099)
Income tax calculated @ 12.5% (2019: 12.5%)	**(56,336)**	(244,887)
Effects of:		
Expenses not allowable	**-**	-
Tax losses carried forward	**56,336**	244,887
Income taxed at higher rate	**-**	-
Tax charge	**-**	-

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

At the balance sheet date, the Group had unused tax losses of €8,450,128 (2019: €7,999,443) which equates to a deferred tax asset of €1,056,266 (2019: €999,930). 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

	2020	2019
	€	€
Loss per share - basic and diluted	**(0.29c)**	(1.50c)

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:

	2020	2019
	€	€
Loss for the financial year attributable to equity holders	**(450,685)**	(1,959,099)

	2020	2019
	Number	Number
Weighted average number of ordinary shares for the purpose of basic earnings per share	**153,961,544**	130,647,568

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

12. INTANGIBLE ASSETS

	Group		Company	
	2020	2019	**2020**	2019
Exploration and evaluation assets	**€**	€	**€**	€
Cost:				
Opening balance	**983,969**	2,523,279	**972,732**	2,512,042
Additions	**-**	195,870	**-**	195,870
Disposals	**(450)**	-	**(450)**	-
Exchange translation adjustment	**-**	(121,589)	**-**	(121,589)
Impairment	**(51,552)**	(1,613,591)	**(51,552)**	(1,613,591)
Closing balance	**931,967**	983,969	**920,730**	972,732

	Group	Group
	2020	2019
Segmental Analysis	**€**	€
Ghana	**931,967**	931,967
Ireland	**-**	52,002
Iraq	**-**	-
	931,967	983,969

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

Due to legislative uncertainty since 2017, exacerbated by the Taoiseach's public statements in September 2019 against the issue of new Atlantic oil exploration licenses, Petrel has discontinued farm-out discussions with a gas super-major. Also, the board reluctantly dropped our 100% owned and operated Frontier Exploration License (FEL) 3/14, despite multiple identified targets. Similarly, the board decided not to apply to convert our prospective Licensing Option (LO) 16/24 into a Frontier Exploration License. Accordingly, the directors have impaired in full all expenditure relating to the above mentioned licenses, resulting in an impairment charge of €51,552 in the current year and €1,613,591 in the prior year.

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

Relating to the remaining exploration and evaluation assets at the financial year end, the directors believe there were no facts or circumstances indicating that the carrying value of the intangible assets may exceed their recoverable amount and thus no impairment review was deemed necessary by the directors. The realisation of these intangible assets is dependent on the successful discovery and development of economic reserves and is subject to a number of significant potential risks, as set out in Note 3 (xi).

Directors' remuneration of €Nil (2019: €30,000) and salaries of €Nil (2019: €15,000) were capitalised as exploration and evaluation expenditure during the financial year.

13. INVESTMENT IN SUBSIDIARIES

	2020	2019
	€	€
Company		
At beginning of the financial year	**15,019**	15,019
Additions	**-**	-
At end of the financial year	**15,019**	15,019

The Group consisted of the parent company and the following wholly owned subsidiaries as at 31 December 2020:

Name	**Nature of Business**	**Registered Office**	**Total allotted Capital**	**% Ownership**
Petrel Industries Limited	Dormant	162 Clontarf Road, Dublin 3, Ireland	12 Ordinary shares of €1.269738 each	100%
Petrel Resources of the Middle East Offshore S.A.L.	Dormant	Damascus Street, Beirut, Lebanon	2,000 Ordinary shares of US$10 each	100%
Petrel Resources (TCI) Limited	Holding	Duke Street, Grand Turk, Turks & Caicos Island	5,000 Ordinary shares of US$1 each	100%
Pan Andean Resources Limited	Dormant	Accra, Ghana	15,000 Shares of GHC1 each	30%

14. TRADE AND OTHER RECEIVABLES

	Group 2020	Group 2019	**Company 2020**	Company 2019
	€	€	**€**	€
VAT refund due	**29,216**	19,523	**29,216**	19,523
Prepayments	**5,778**	18,513	**1,996**	14,731
	34,994	38,036	**31,212**	34,254

15. CASH AND CASH EQUIVALENTS

	Group 2020	Group 2019	**Company 2020**	Company 2019
	€	€	**€**	€
Cash and cash equivalents	**333,900**	367,777	**333,900**	367,777

The fair value for cash and cash equivalents is €333,900 (2019: €367,777) for Group and €333,900 (2019: €367,777) for Company.

16. TRADE AND OTHER PAYABLES

	Group 2020 €	Group 2019 €	**Company 2020 €**	Company 2019 €
Amounts due to key management personnel (Note 7)	**677,531**	587,531	**677,531**	587,531
Accruals	**25,000**	20,000	**25,000**	20,000
Other payables	**8,010**	22,354	**8,010**	22,354
	710,541	629,885	**710,541**	629,885

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.

As outlined in Note 4, key management personnel have confirmed that they will not seek settlement in cash of the amounts due to them in relation to remuneration for a period of at least one year after the date of approval of the financial statements or until the Group has generated sufficient funds from its operations after paying its third party creditors.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's financial instruments comprise cash balances. The main purpose of these financial instruments is to provide working capital to finance Group operations.

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 and Company have a policy of not hedging due to no significant dealings in currencies other than euro and dollar 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 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.

The Group has no outstanding bank borrowings at the year end. New projects and acquisitions are financed by a combination of existing cash surpluses and through funds raised from equity share issues. The Group may use project finance in the future to finance exploration and development costs on existing licenses.

17. FINANCIAL RISK MANAGEMENT (continued)

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 utilizing and optimising the management of working capital. All financial liabilities are due within 1 year from the year end. Based on cashflow projections for a period of at least 12 months from the date of this report the directors are confident that adequate cash resources exist to finance operations in the short term, including exploration and development expenditure.

Foreign Currency Risk
In the normal course of business, the Group enters into transactions denominated in foreign currencies (Sterling and Euro). As a result, the Group is subject to exposure from fluctuations in foreign currency exchange rates; however it does review its currency exposures on an ad hoc basis.

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

	Assets		**Liabilities**	
	2020	2019	**2020**	2019
Group and Company	**€**	€	**€**	€
Euro	**135,215**	359,615	**-**	2,364
US Dollar	**6,831**	480	**6,052**	-
Sterling	**198,002**	7,682	**-**	-

Credit risk
The maximum credit exposure of the group and company at 31 December 2020 amounted to €333,900 relating to cash and cash equivalents. 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 Group manages its credit risk in cash and cash equivalents by holding surplus funds in high credit worthy financial institutions and maintains minimum balances with financial institutions in remote locations. 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 and budgets in relation to projects before any monies are advanced to subsidiary undertakings in respect of those projects. This review ensures that any expenditure is value enhancing and as a result the recovery of amounts receivable is subject to successful discovery and development of economic reserves.

	2020	2019
	€	€
Cash held in institutions with S&P A- rating or higher	**333,900**	367,777

Capital Management
The primary objective when managing capital is to safeguard the ability of the Group to continue of as a going concern in order to support its business and maximise shareholder value. The capital structure of the Group consists of issued share capital, share premium and reserves.

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 years ended 31 December 2019 and 31 December 2020. The Group's only capital requirement is its authorised minimum capital as a plc. The Companies Act 2014 specifies that the authorised minimum is €25,000 with 25% paid up.

18. SHARE CAPITAL

	Group and Company 2020 €	2019 €
Authorised:		
800,000,000 ordinary shares of €0.0125	**10,000,000**	10,000,000

Allotted, called-up and fully paid:

	Number	Share Capital €	Share Premium €
At 1 January 2019	104,557,246	1,306,966	21,601,057
Issued during the financial year	44,788,913	559,861	-
At 31 December 2019	149,346,159	1,866,827	21,601,057
At 1 January 2020	149,346,159	1,866,827	21,601,057
Issued during the financial year	7,692,308	96,154	184,954
At 31 December 2020	**157,038,467**	**1,962,981**	**21,786,011**

On 30 July 2019 a total of 44,788,913 shares were placed at a price of 1.25 cents per share. Proceeds were used to provide additional working capital and fund development costs.

On 26 May 2020 a total of 7,692,308 shares were placed at a price of 3.25 pence per share. Proceeds were used to provide additional working capital and fund development costs.

19. SHARE BASED PAYMENT

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 valuation 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 31/12/2020 Options	**Year ended 31/12/2020 Weighted average exercise price in pence**	Year ended 31/12/2019 Options	Year ended 31/12/2019 Weighted average exercise price in pence
Outstanding at beginning of financial year	**500,000**	**10.50**	500,000	10.50
Granted during the financial year	**-**	**-**	-	-
Outstanding and exercisable at the end of financial year	**500,000**	**10.50**	500,000	10.50

20. LOSS 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 profit and loss account 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 €450,685 (2019: €1,959,099).

21. CAPITAL COMMITMENTS

There were no capital commitments at the balance sheet date.

22. CONTINGENT LIABILITIES

There are no contingent liabilities (2019: €Nil).

23. POST BALANCE SHEET EVENTS

There were no material post balance sheet events affecting the Company or Group.

Statement Accompanying Notice of AGM

To holders of ordinary shares of €0.0125 each in the Company

Dear Shareholder,

This letter accompanies the Notice of the Annual General Meeting of the Company (the "AGM") to be held on 27 July 2021 at the Hotel Rui Plaza The Gresham, 23 O'Connell Street Upper, North City Dublin, D01 C3W7 at 10.00 a.m.

We are closely monitoring the Coronavirus (COVID-19) situation. The Board takes its responsibility to safeguard the health of its shareholders, stakeholders and employees very seriously and so the following measures will be put in place for the AGM in response to the COVID-19 pandemic.

The holding of the AGM will be kept under review in line with current Covid-19 guidelines. However, it will be attended only by the minimum number of Directors of the Company permissible and other officers and professional advisers will not be in attendance, unless required for the AGM.

In order to reduce the risk of infection, the meeting will end immediately following the formal business of the AGM and there will be no refreshments.

Shareholders are actively encouraged to consider whether their attendance at the AGM is necessary given the current guidelines. In order to safeguard the well-being of our shareholders and employees, we are encouraging shareholders to appoint the Chairman as their proxy (either electronically or by post) with their voting instructions rather than attend the AGM in person.

If you have questions which you would like to discuss in advance of the AGM, please contact the Board by emailing info@petrelresources.com or send them in writing with your Form of Proxy to the Registrar, by no later than four days in advance of the AGM and a member of the Board will respond to you in writing as soon as possible.

Shareholders still wishing to attend the meeting in person should not do so if they or someone living in the same household feels unwell or has been in contact with anyone who has the virus or who feels unwell. The Board will put in place security arrangements and to gain entrance to the meeting, shareholders will be required to sign a certificate to confirm that this is the case.

These requirements and confirmations are subject to change to reflect the latest Covid-19 guidelines at the time of the AGM. The Company will continue to monitor the impact of COVID-19. Any relevant updates regarding the AGM will be available on the Company's website.

By order of the Board

James Finn
Secretary

10 June 2021

Petrel Resources Plc
Notice of Annual General Meeting
For the Financial Year Ended 31 December 2020

Notice is hereby given that an Annual General Meeting of Petrel Resources plc will be held on 27 July 2021 at the Rui Plaza The Gresham, 23 O'Connell Street Upper, North City Dublin, D01 C3W7 at 10.00 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and consider the Director's Report, Audited Accounts and Auditor's Report for the year ended 31 December, 2020.

2. To re-elect Director: Riadh Mahmoud Hameed 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.

SPECIAL BUSINESS
ORDINARY RESOLUTION

5. The Directors be and are hereby generally and unconditionally authorised pursuant to Section 1021 of the Companies Act 2014 ("2014 Act"), in substitution for all existing such authorities, to exercise all powers of the Company to allot relevant securities (within the meaning of Section 1021 of the 2014 Act) provided that such power shall be limited to the allotment of relevant securities up to an amount equal to aggregate nominal value the authorised but unissued ordinary share capital of the Company from time to time. The authority hereby conferred shall expire on 27 July 2026, unless previously revoked, renewed or varied by the Company in General Meeting, save that the Company may before such expiry date make an offer or agreement which would or might require relevant securities to be allotted after such authority has expired and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority hereby conferred had not expired.

SPECIAL RESOLUTION

6. Subject to the passing of Resolution 5 above that the Directors be and are hereby empowered pursuant to Section 1022 and Section 1023(3) of the Companies Act 2014 ("2014 Act"), in substitution for all existing such authorities, to allot equity securities (within the meaning of Section 1023 of the 2014 Act) for cash pursuant to the authority conferred by resolution number 5 above as if Section 1022(1) of the 2014 Act, did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities (including, without limitation, any shares purchased by the Company pursuant to the provisions of the 2014 Act and held as treasury shares) up to an amount equal to the aggregate nominal value of the authorised but unissued ordinary share capital of the Company from time to time. The authority hereby conferred shall expire on 27 July 2026, save that the Company may before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such authority has expired and the Directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the power hereby conferred had not expired. The authority hereby conferred may be renewed, revoked or varied by special resolution of the Company.

By order of the Board:

James Finn
Secretary

Registered Office: 162 Clontarf Road, Dublin 3.

10 June 2021

Notes:

a. Any shareholder of the Company entitled to attend and vote may appoint another person (whether a member or not) as his/her proxy to attend, speak and on his/her behalf. For this purpose a form of proxy is enclosed with this Notice. A proxy need not be a shareholder of the Company. Lodgement of the form of proxy will not prevent the shareholder from attending and voting at the meeting.

b. Only shareholders, proxies and authorised representatives of corporations, which are shareholders, are entitled to attend the meeting.

c. To be valid, the form of proxy and, if relevant, the power of attorney under which it is signed, or a certified copy of that power of attorney, must be received by the Company's share registrar, Computershare Investor Services (Ireland), 3100

Lake Drive, Citywest Business Campus, Dublin 24, D24 AK82 at not less than 48 hours prior to the time appointed for the meeting.

d. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of member of the Company in respect of the joint holding.

e. The Company, pursuant to Section 1095 of the Companies Act 2014 and regulation 14 of the Companies Act 1990 (Uncertificated Securities) Regulation 1996 (as amended) specifies that only those shareholders registered in the Register of Member of the Company (the “Register”) at the close of business on the day which is four days before the date of the Meeting, (or in the case of an adjournment at the close of business on the day which is four days prior to the adjourned Meeting), shall be entitled to attend and vote at the Meeting or any adjournment thereof in respect only of the number of shares registered in their name at that date.

f. Subject to the articles of association of the Company and provided it is received not less than 48 hours before the time appointed for the holding of the AGM or adjourned AGM or (in the case of a poll taken otherwise than at or on the same day as the AGM or adjourned AGM) at least 48 hours before the taking of the poll at which it is to be used, the appointment of a proxy by a Shareholder may be submitted electronically, subject to the terms and conditions of electronic voting, via the internet by accessing the Company’s Registrar’s website www.eproxyappointment.com. You will need your control number, shareholder reference number and your PIN number, which can be found on your Form of Proxy.

   Electronic proxy voting by Euroclear Nominees Limited in respect of the ordinary shares registered in the name of Euroclear Nominees Limited as nominee for Euroclear Bank SA/NV ("Euroclear Bank") may also occur through the use of a secured mechanism to exchange electronic messages as agreed by the Company with Euroclear Bank.

g. Persons who hold their interests in ordinary shares of the Company as Belgian law rights through the Euroclear system (either directly or indirectly, including through a custodian) or as CREST depository interests through the CREST system, should consult with their stockbroker, custodian or other intermediary at the earliest opportunity for further information on the processes and timelines for submitting proxy voting instructions for the AGM through the respective systems.

Voting Instructions
Proxy voting
Those Shareholders unable to attend the Meeting may appoint a proxy. For Shareholders whose name appears in the register of members of the Company at the record date, your proxy may be submitted by post by completing the enclosed Form of Proxy and returning it to the Company's Registrar, Computershare Investor Services (Ireland) Limited, 3100 Lake Drive, Citywest Business Campus, Dublin 24, D24 AK82, Ireland. Your proxy may also be submitted through Computershare's voting website www.eproxyappointment.com, instructions on how to do this are set out on the Form of Proxy.

Electronic proxy voting by Euroclear Nominees Limited as nominee for Euroclear Bank SA/NV ("Euroclear Bank" or "EB") in respect of the ordinary shares registered in the name of Euroclear Nominees Limited may also occur through the use of a secured mechanism to exchange electronic messages (as agreed by the Company with Euroclear Bank).

Deadlines for receipt by the Company of proxy voting instructions
All proxy votes must be received by the Company's Registrar not less than 48 hours before the time appointed for the Meeting or any adjournment of the Meeting. However, persons holding through the Euroclear Bank or (via a holding of CREST depository interests ("CDIs")) CREST systems will also need to comply with any additional voting deadlines imposed by the respective service offerings. All persons affected are recommended to consult with their stockbroker or other intermediary at the earliest opportunity.

The submission of a proxy will not prevent members attending and voting at the Meeting should you wish to do so. However, we are discouraging Shareholders from physical attendance this year to comply with Public Health Guidance limiting the assembly of people due to the COVID-19 pandemic. We are instead encouraging Shareholders to submit their votes on the resolutions in advance of the meeting through the appointment of a proxy.

For voting services offered by custodians holding Irish corporate securities directly with Euroclear Bank, please contact your custodian.

The following information for EB Participants and holders of CDIs is based on the information available to the Company as at the date of this document.

Further information for EB Participants
Participants in the Euroclear system ("EB Participants") can submit proxy appointments (including voting instructions) electronically in the manner described in the document issued by Euroclear Bank in February 2021 and entitled "Euroclear Bank as issuer CSD for Irish corporate securities" (the "EB Services Descriptions". EB Participants can either send:

- electronic voting instructions to instruct Euroclear Nominees Limited (as sole registered shareholder of all ordinary shares held through the Euroclear system) ("Euroclear Nominees") (or to appoint the chairman of the meeting as proxy) to:
- vote in favour of all or a specific resolution(s);
- vote against all or a specific resolution(s);
- abstain from all or a specific resolution(s); or
- give a discretionary vote to the chairman in respect of one or more of the resolutions being put to a shareholder vote; or
- a proxy voting instruction to appoint a third party (other than Euroclear Nominees/the chairman of the meeting) to attend the meeting and vote for the number of ordinary shares specified in the proxy voting instruction.

Euroclear Bank will, wherever practical, aim to have a voting instruction deadline of one (1) hour prior to the Company's proxy appointment deadline (being 48 hours before the relevant meeting).

Voting instructions cannot be changed or cancelled after Euroclear Bank's voting deadline. There is no facility to offer a letter of representation/appoint a corporate representative other than through the submission of third-party proxy appointment instructions.

EB Participants are strongly encouraged to familiarise themselves with the new arrangements with Euroclear Bank, including the new voting deadlines and procedures.

Further information for CREST members with holdings of CDIs
Euroclear UK & Ireland Limited ("EUI"), the operator of the CREST system has arranged for voting instructions relating to the CDIs held in CREST to be received via a third-party service provider, Broadridge Financial Solutions Limited ("Broadridge"). Further details on this service are set out on the "All you need to know about SRD II in Euroclear UK & Ireland" webpage (see section CREST International Service – Proxy voting). CREST members can complete and submit proxy appointments (including voting instructions) electronically through Broadridge.

If you hold CDIs you will be required to make use of the Euroclear UK & Ireland proxy voting service facilitated on EUI's behalf by Broadridge Global Proxy Voting service in order to receive meeting announcements and send back voting instructions as required.

To facilitate client set up, if you hold CDIs and wish to participate in the proxy voting service, you will need to complete the following documentation: Meetings and Voting Client Set-up Form (CRT408).

Completed application forms should be returned to EUI by an authorised signatory with another relevant authorised signatory copied in for verification purposes using the following email address: eui.srd2@euroclear.com.

Fully completed and returned applications forms will be shared with Broadridge by EUI. This will enable Broadridge to contact you and share further detailed information on the service offering and initiate the process for granting your access to the Broadridge platform. The voting service will process and deliver proxy voting instructions received from CREST members on the Broadridge voting deadline date to Euroclear Bank, by its cut-off and to agreed market requirements. The same voting options as described above for EB Participants will be available (i.e. electronic votes by means of chairman proxy appointments or appointing a third-party proxy).

Broadridge's voting deadline will be earlier than Euroclear Bank's voting instruction deadline as set out above. Broadridge will use best endeavours to accept late votes, changes and cancellations from a CDI holder after the voting deadline but there is no guarantee that these will be processed within the requisite timeframes. There is no facility to offer a letter of representation/ appoint a corporate representative other than through the submission of third-party proxy appointment instructions.

CREST members with holdings of CDIs are strongly encouraged to familiarise themselves with the new arrangements with Broadridge, including the new voting deadlines and procedures and to take, as soon as possible, any further actions required by Broadridge before they can avail of this voting service.

Petrel Resources Plc

Directors and Other Information

CURRENT DIRECTORS	John Teeling (Chairman) David Horgan (Managing Director) Riadh Mahmoud Hameed
SECRETARY	James Finn
REGISTERED OFFICE	162 Clontarf Road Dublin 3 Ireland Telephone: 353-1-8332833 Fax: 353-1-8333505 E-Mail: info@petrelresources.com Website: www.petrelresources.com
AUDITORS	Deloitte Ireland LLP Chartered Accountants and Statutory Audit Firm Deloitte & Touche House Earlsfort Terrace Dublin 2 Ireland
BANKERS	Barclays Bank Ireland plc. Two Park Place Hatch Street Upper Dublin 2 Ireland
SOLICITORS	Philip Lee 7-8 Wilton Terrace Dublin 2 Ireland
NOMINATED BROKER & ADVISOR	Beaumont Cornish Limited 10th Floor 30 Crown Place London, EC2A 4EB United Kingdom
JOINT BROKER	Novum Securities Limited 8-10 Grosvenor Gardens London, SW1W 0DH United Kingdom
REGISTRARS	Computershare Investor Services (Ireland) Limited 3100 Lake Drive Citywest Business Campus Dublin 24 D24 AK82
REGISTRATION NUMBER	92622
AUTHORISED CAPITAL	800,000,000 €0.0125 Ordinary Shares
CURRENT ISSUED CAPITAL	157,038,467 Ordinary Shares
MARKET	Alternative Investment Market

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

www.petrelresources.com