PETREL RESOURCES PLC

Annual Report and Financial Statements

For the financial year ended 31 December 2021

Cover image: Deploying hydrophones to acquire offshore 3D seismic

Petrel Resources Plc
Contents

Highlights

- Petrel directors agreed to personally purchase a disputed circa 20% shareholding – this over-hang had confused partners and constrained Petrel's ability to grow.

- Petrel's Iraqi business is being re-galvanised, with data bases being updated, and updated proposals submitted to the incoming administration.

- Ratification plan agreed-in-principle with Ghanaian authorities – though ideally needs recovery of the farm-out market, to fund an early well.

- Additional projects being considered to serve surging commodity demand.

Introduction, Sector Overview and Market Conditions

This is a time of exceptional opportunity in the gas and oil industries, as well as in critical minerals essential for any green or cleaner energy transition. There has been a near investors' strike in oil & gas exploration since 2014, with only limited appraisal drilling. Meanwhile, demand is bouncing back as the world recovers from the Covid-19 pandemic. The result is a supply/demand imbalance, which – together with geopolitical uncertainties – drives commodity prices up. The commodity business cycle operates under its own rules of karma: the longer, and deeper the downturn, the more vigorous and long-lasting the recovery will be – and vice versa, as shown by how the 2003 through 2008 boom led to a lengthy depression till 2021. We aim to fully benefit from this boom, as shareholders could from the last.

Despite media and official petro-phobia since 2008, oil remains 32% of the global primary energy mix (measured in exajoules) – albeit down from 40% in 2000. Oil-fired power generation is almost gone, but petrochemicals are growing. Natural gas continues to grow strongly, to 24% – while even taboo coal remains 27% of global primary energy. In no sense, therefore is the oil age ending.

Despite fast growth – especially in liquefied natural gas ("LNG") – international gas prices have soared since late 2021 – especially in Europe and Asia. This is partly due to geopolitical issues, though an underlying concern is the tightening supply/demand balance. Under-investment in new gas developments since 2014 – exacerbated by the Covid-19 pandemic – have left key markets under-supplied as gas demand recovers.

Pressure to diversify away from Russian gas (both piped and LNG) can only be addressed in the short-term by increasing European LNG imports.

Pipelines from North Africa are subject to their own political uncertainty (as seen by the shutting of the Algeria-Morocco-Spain pipeline since September 2021 because of a colonial era territorial dispute).

Many European countries have outlawed fracking and even conventional offshore gas exploration. Even if these policies are reversed (which is still uncertain), it will take time to re-build confidence among Independent Oil Companies and National Oil Companies which invested so heavily in European seismic and drilling, etc. in recent decades – only to have their ability to monetise their investment by successful developments unilaterally sabotaged by the State. Once bitten, they will be twice shy.

Despite much wishful thinking, additional hydro and geothermal potential in Europe is quite limited, while investment in intermittent renewables generation requires back-up from reliable generators, of which gas-fired turbines are the most flexible and efficient.

However, while LNG supplies to Asia have grown by a CAGR of 8%, there has been LNG under-investment since 2015, exacerbating supply issues – especially in cold winters, as Asian generator struggle to displace dirty bituminous coal with clean gas.

This supply constraint is particularly tight in Australia's North-West Shelf, where several expanding LNG export facilities urgently need new gas reserves.

LNG is now over half of global traded gas sales, and a third of European consumption – which will grow as buyers seek to diversify from dependence on Russian gas.

Meanwhile the Asian market (70% of global LNG deliveries) is also surging with economic recovery post Covid-19.

The OPEC+Russia deal has stabilised the oil industry

Despite a hostile environment towards oil, demand recovered (from the 2019 Sino-American trade war, and demand shock of Covid-19) during 2021 – despite new virus variants, resulting in periodic lock-downs. High oil & gas prices in early 2022 led to some loss of demand, though you could equally remark on how price-insensitive demand now seems to be – in both developing as well as developed markets.

The petrochemical industries' success in surging supply (after brief 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.

Operations

Iraq

Our main focus in the period under review was on re-energising our Iraqi business. This required resolving an outstanding issue of circa 20% disputed shareholdings. This has been complicated to untangle due to an apparent breach of a 2019 lock-in agreement, by wrongful pledging of these shares, and resulting legal actions.

Though Petrel acted properly throughout, as was confirmed by the High Court with the award of an open-ended injunction, life must go on. Counter-parties want certainty of whom they are dealing with, while expansion plans require higher activity and funding. By end-May 2022, the complicated issue seems finally resolved, so Petrel can resume growth. Market endorsement of this deal is shown by a higher share price and much greater trading volume since April 2022 – despite inflation and geopolitical concerns.

Other constraints on early progress had been the Covid-19 pandemic – which had impacted business travel and some Middle Eastern populations severely – and lengthy Iraqi Government formation negotiations following end 2021 elections. As of May 2022, the Covid-19 threat diminishing, while Iraqi government formation talks near completion.

Accordingly, Petrel is strengthening its Iraqi team, updating its legacy data-base in the light of advances in geology and geophysics, as well as surging commodity prices. These have de-risked many projects – after the bleak depression of 2014 through 2021, and opened many opportunities.

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-Covid-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.

Iraq has generally 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. The Covid-19 demand shock is now over, and pressure is on to deliver additional supplies. Yet output seems stuck at c.4.4mmcfd, with minimal gas (so that Iraq imports gas from Iran – despite discovered gas fields like Siba, Akkaz and flared gas at producing oil-fields).

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 the 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 the 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

Juniors require partners to efficiently provide technology and capital. Unfortunately the farm-out market cooled after 2008, and almost vanished from late 2014. The drought was as lengthy and intense as the prior noughties boom in commodities. Finally, from late 2021, the commodity markets sharply recovered due to post-COVID19 demand surges, and a dawning realisation that there has been under-investment in exploration, appraisal and development since 2010. The under-investment was exacerbated by outmoded fiscal terms that failed to align partner interests and resulted in excessive reliance on slow-moving majors and National Oil Companies (NOCs). Having stressed our industry for years, the business cycle is now turning in our favour. Many still under-estimate the critical role that petroleum will play in developing the world this century, but that is part of why there are business cycles.

Accordingly, we are again pressing Ghanaian authorities to complete the ratification of the signed Petroleum Agreement on offshore Tano 2A Block. Petrel is again ready to deliver on its demanding work programme – as shown by our sister company's participation in a similar 2022 well off Australia's north-west shelf, targeting similar plays in similar aged rocks in comparable water depths.

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

Additional projects

We reluctantly dropped our offshore Ireland interests due to the withdrawal of government support for new oil and gas exploration, and development. This despite the attractive economics of gas & oil plays identified – resulting from record gas prices and geopolitical fears about the continued reliable supply of Russian and North African gas. These issues were communicated by Petrel via the media and directly to decision-makers from 2011 to date, and may finally be getting some traction – though Petrel will need reassurance by such policy errors will not recur before returning to work in the European offshore.

David Horgan
Chairman

Date: 27 June 2022

Petrel Resources plc Interests (as of May 2022):

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

Background on Iraq:
Why has Petrel patiently invested effort in Iraqi opportunities since 1997, and why is Iraqi gas output still negligible, while oil production struggled to make 4.4 mmbod in April 2022, despite global shortages, inventory run-down and an unparalleled geology?

How well has Iraq exploited its oil potential, and why?

How should the new Iraqi Government develop the Iraqi oil industry from 2022? Have Service Contracts achieved their objectives for companies and Iraq?

Should individual Governates (e.g. Kurdistan) be allowed to award Production Sharing Agreements be introduced, and if so why?

Should the Federal Ministry of Oil itself negotiate Production Sharing Agreements? Should Iraq stay in OPEC?

To answer these questions, we need to recall how bad luck and history conspired against Iraq's unique geology:

Having oil potential, or even reserves, no matter how big or low cost to develop, does not by itself deliver prosperity. While the provinces which later made up Iraq (Mesopotamia, Mosul, and Basra) were part of the Ottoman Empire (until WW1), they were neglected by the oil industry – despite Gulbenkian's Turkish Petroleum Company (TPC), and the fact that Iraq neighboured the Arabic-speaking part of south-western Iran (Kuwaz) which was explored by Anglo-Persian's D'Arcy.

The former Ottoman Empire (excluding North Africa and Kuwait) were part of the 'red line agreement' signed at a Scottish castle on 31 July 1928 establishing an international consortium involving Anglo-Persian Oil Company (APOC – which is now BP), the Royal Dutch Shell Company (Shell), the Compagnie Française des Pétroles (CFP – now Total), and a five-member American consortium headed by Standard Oil of New Jersey (Exxon). Each had 23¾ percent, with 5 percent held by the original TPC's C. S. Gulbenkian, a polyglot Armenian wheeler-dealer. In 1925 before the partnership terms were finalised, the TPC obtained an Iraqi oil concession.

Because of this effective cartel, exploration activity for oil was relatively modest given the high potential. Though BP had a number of discoveries, especially Kirkuk in 1927, if you compare BP stratigraphy maps in Iraq with those of BP in Iran and Kuwait, they do not match – with even Formation names differing by country, showing that BP did not integrate their regional geology and drilling.

Iraq was formed from the mainly Sunni west and north, largely Kurdish mountains and mostly Shia centre and south – but formed a national identity around Arab Nationalism, participating in the 1948 war against Israel, and supporting Palestinian causes and Ba'athist policies – especially under Saddam Hussein.

Many Iraqi citizens of the post-Suez (1956) generation are resource nationalists, and support limiting the role of foreign oil companies. Following the bloody though ultimately victorious Iraq-Iran war 1980-1988, Saddam Hussein tried to intimidate Kuwait, Saudi Arabia and the Emirates into writing off most or all of their debt advanced to fund the war. Kuwait (which had originally been ruled from Basra – until carved out by the British Empire, as one of several strongholds on the route to India, including Egypt, Aden, Oman and Iran), refused to yield and allegedly tapped oil from oil-fields straddling the Iraqi-Kuwaiti border – which triggered an Iraqi invasion and annexation in 1990.

The post-Cold War USA imposed UN sanctions, built up a large task force and, following Saddam's naïve refusal to withdraw, attacked and defeated Iraq's brave and large but out-armed military. The sanctions, however, remained in place until the second Anglo-American invasion in 2003.

Unfortunately, the combination of suspicion of foreign oil companies, sanctions, and wars (including internal sectarian conflict and resistance since 2003) have held back Iraq's development, including the building of necessary oil and other infrastructure. Iraq's government earnings and economy remains highly dependent on oil – much more so than Russia or even Iran, which have steadily diversified.

The result is that by the onset of Covid-19 in 2020, Russia and Saudi Arabia were each about 3 times Iraq's oil output. Saudi Arabia still allows only limited service contracts – though Saudi Aramco still depends on expatriates. Russia and even Iran are more flexible.

Iraq suffers from the 'oil curse' whereby easy revenues drive out enterprise, maintain the exchange rate at a high level that undermines other industries. It encourages patronage, and corruption – which exacerbates sectarian, ethnic and tribal divisions.

Have Service Contracts achieved their objectives for companies and Iraq?

No: even at its pre-Covid-19 peak of c.4.7mmbod output, Iraq fell short of its 6 to 9 mmbod 1989 plan, and the high hopes of rivalling Saudi Arabia. There is insufficient incentive for contractors to boost production, and recoveries – while the Ministry of Oil has been hollowed out by sanctions and wars, and now unable to fill the gap.

Should the Federal Ministry of Oil negotiate Production Sharing Agreements?

Yes: this would better align the interests of the parties, and create more wealth, value-added in downstream industries like refined products and petrochemicals, infrastructure and employment for Iraq.

The success of Qatar in LNG – or even the Emirates and Oman show what can be done with more pragmatism.

Should Production Sharing Agreements be introduced for individual Governates (e.g. Kurdistan), and why? The KRG (formed of the 3 most northern Governates) tried to negotiate Production Sharing Agreements after 1992 (unsuccessfully) but after the 2003 invasion (with Kurdish pershmerga support) attracted first juniors like DNO, Gulf Keystone, and later Hunt Oil, Gazprom and even Exxon and Chevron. Though the legality of such PSAs was always dubious, they have become facts on the ground – though after a foolish independence referendum in September 2017 the Baghdad military recovered Kirkuk and other mixed territory that had previously been seized by the pershmerga at times of Baghdad weakness.

Should other Governates (e.g. Shia Wasit or Sunni Anbar) have autonomy to award Production Sharing Agreements on acreage or smaller discoveries that the Baghdad Ministry of Oil does not plan to develop? There would be competition and innovation, facilitating companies of different sizes and specialties. This would also provide local tax revenue and employment. But the State Marketing Organisation (SOMO) would have to market any export oil, and OPEC quotas might restrict output.

Should Iraq stay in OPEC?

Given that OPEC was established in Baghdad in 1960, and Iraq's dependence on the goodwill of its oil-exporting neighbours, the benefits of compliant OPEC membership outweigh the risks of leaving, like Qatar, or staying out like Mexico, Russia and Brazil.

What fiscal terms should Iraq negotiate?

Taxation (and sometimes subsidies) is key when exploiting natural resources:

Government policy is critical in resource extraction: countries like Canada, Australia, Norway and Botswana, have had much more success than equally resource rich countries like DRC, Nigeria, South Sudan, Iraq, Iran). The paradox of taxation is that excess greed and short-termism often makes you poorer.

Taxation is important for business generally, but especially so for natural resources.

Despite their bad image (based on an incomplete understanding of the past), it is hard for 21st century oil & gas producers – or miners generally – to understate profits. Everyone can see the market price for commodities, there are well-informed analysts available for hire.

Natural resources companies cannot hide or offshore their deposits.

An academic industry has grown up around how to "pluck the maximum number of feathers with the minimum of hissing", by harvesting "rents" from operators. However, there are many simplifying assumptions used by academics with only a superficial understanding of how finance works in real world conditions.

Fiscal terms should be set so as to align the interests of the parties and encourage behaviour in the public interest (high recovery, use of flared gas), while discouraging unwanted outcomes (neglect of smaller discoveries, flaring, leaving hydrocarbons in the ground).

Ghana – developments delayed but undoubted potential

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 which remain an industry favourite. Indeed, the industry's exploration contraction may assist Petrel's focused strategy on the bigger potential stratigraphic traps.

Ghana achieved much after 2007, ramping oil production up to 215 kbpd by the onset of Covid-19 in 2020. Jubilee started producing in 2010, just 3 years after discovery.

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.

How does Petrel Resources plc share in this expansion?

High-level official meetings immediately prior to and during the pandemic were productive.

During productive discussions on the early resolution of all outstanding issues, Petrel Resources' 30% owned 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 assume the available acreage as per the Ministry of Energy.

Tano 2A Block, Tano Basin, Ghana

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

The original 1,532km2 in Tano 2A Block included 40% (less prospective onshore – since there are limited sediments from the target Cretaceous age), and 60% shallow offshore. The 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. The Ghanaian authorities are recovering this acreage, since the company 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 the original Mahogany – now renamed '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.

Under previous administrations, the authorities raised periodic objections, usually concerning bonding (though this had been agreed to be unnecessary in the signed Petroleum Agreement), the market capitalisation of the original vehicle (Pan Andean

Resources plc), they have encouraged us to admit additional Ghanaian partners – though to date these have proven to be ultimately Nigerian or other companies lacking substance.

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 of 3.5 years.

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.

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 (Input-Output) offices in Amman – which were excellent, 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.

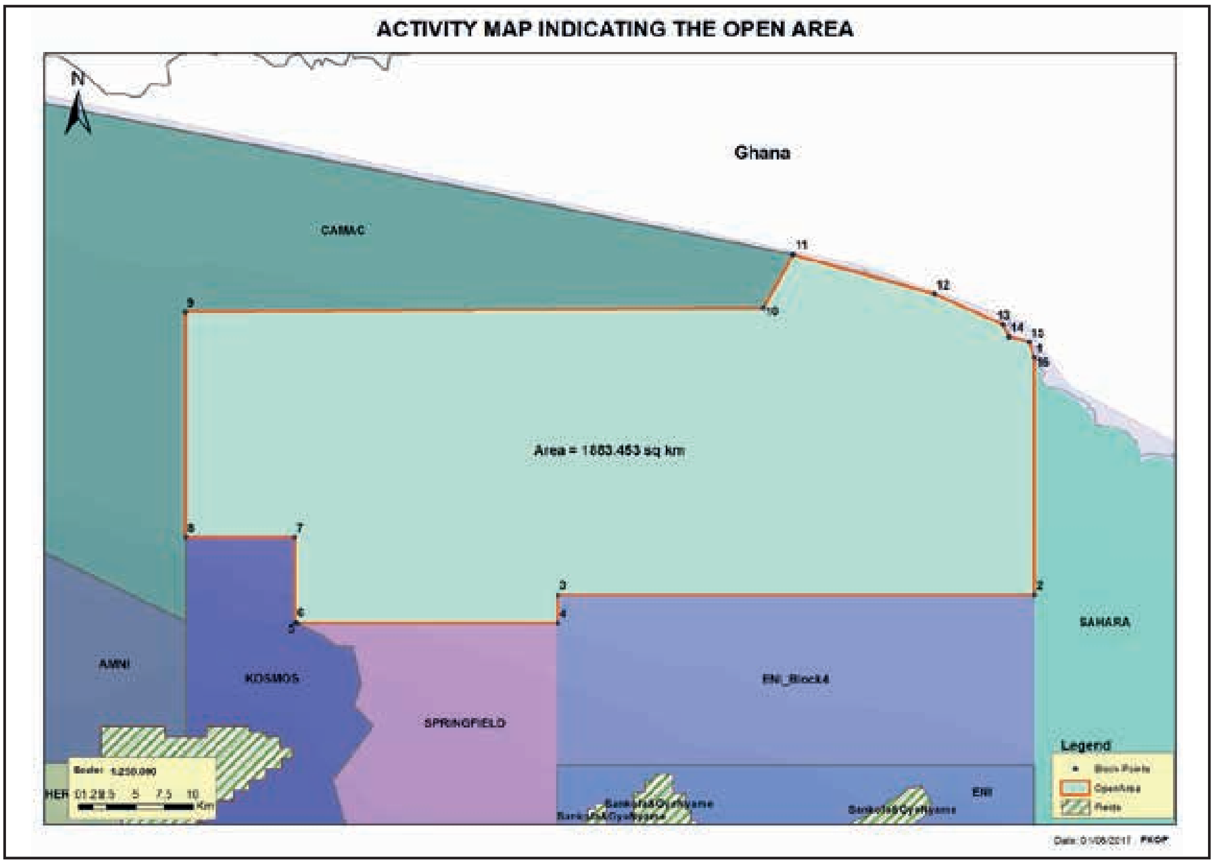
However, the Tano shelf plunges quite deeply on that acreage so any major company will want 3D before they will drill – though structure size tends to be big in Ghana Tano Basin, the edges of stratigraphic traps are hard to identify.

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.



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.

Throughout its work, Petrel Resources plc has a strict Anti-Bribery and Corruption (ABC) Policy.

The directors present their annual report and the audited financial statements for the year ended 31 December 2021.

GENERAL INFORMATION
Petrel Resources plc is a public limited company listed on AIM, part of the London Stock Exchange and is incorporated and domiciled in the Republic of Ireland. The company's registered number is 92622.

PRINCIPAL ACTIVITIES AND FUTURE DEVELOPMENTS
The main activity of Petrel Resources plc and its subsidiaries is oil and gas exploration. The Group has exploration interests in Iraq and Ghana.

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

RESULTS AND DIVIDENDS
The consolidated loss for the financial year, after taxation, amounted to €322,077 *(2020: €450,685)*.

The directors do not recommend that a dividend be declared for the financial year ended 31 December 2021 (2020: Nil) and no interim payments were made during the financial year (2020: €Nil).

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

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.

PRINCIPAL 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 are the principal risks relevant to the Group's activities:

Risk	Nature of risk and mitigation
Licence 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.
Geological and development risks	Exploration activities are speculative and capital intensive and there is no guarantee of identifying commercially recoverable reserves. The Group activities in Ghana and Iraq are in proven resource basins. The Group uses a range of techniques to minimise risk prior to drilling and utilises independent experts to assess the results of exploration activity.
Title to assets	Title to oil and gas assets in Ghana 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.
Political risk	The Group holds assets in Ghana and Iraq and therefore the Group is exposed to country specific risks such as the political, social and economic stability of this country. The countries in which the Group operates are encouraging foreign investment. The Group's projects are long standing and we have established strong relationships with local and national government which enable the Group to monitor the political and regulatory environment.
Going Concern	Group cashflows are rigorously monitored and managed to ensure that the Group is in a liquid position and able to meet its ongoing commitments. The Directors and management regularly meet to agree the appropriate course of action to ensure that any matters that significantly, positively or negatively, impact the cash generation of the Group, are resolved in the best interest of the Group and its shareholders. Further information is set out in Note 3.
Financial risk management	Details of the Group's financial risk management policies are set out in note 16.

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

FINANCIAL 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	2021 €	2020 €
Exploration and evaluation costs capitalised during the year	**1,200**	—
Finance raised in the year on AIM	**—**	281,108

In addition, the Group reviews ongoing operating costs which relate to the Group's ability to run the corporate function. As detailed in Note 3 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 Chairman's Statement and Review of Operations.

DIRECTORS

The current directors are:

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

DIRECTORS AND SECRETARY'S INTEREST IN SHARES

The directors holding office at 31 December 2021 had the following interests in the ordinary shares of the company:

	31 December 2021		1 January 2021	
	Ordinary Shares of €0.0125 Number	Options – Ordinary Shares of €0.0125 Number	Ordinary Shares of €0.0125 Number	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 changes to the directors' interests between the financial year end and the date of this report. On 14 April 2022 John Teeling acquired 21,086,538 shares and James Finn acquired 11,000,000 shares. These shares were previously held by the Tamraz Group.

SUBSTANTIAL SHAREHOLDINGS

The share register records that, in addition to the directors, the following shareholders held 3% or more of the issued share capital of the company as at 31 December 2021:

	31 December 2021 No. of Shares	%
Chase Nominees Ltd	**32,086,538**	**20.43%**
Interactive Investors Services (SMKTNOMS)	**10,370,129**	**6.60%**
Peel Hunt Holdings Ltd	**6,558,300**	**4.18%**
HSDL Nominees Ltd	**6,417,519**	**4.09%**
Interactive Investor Services (SMKTISAS)	**5,871,078**	**3.74%**
Vidacos Nominees Ltd	**5,760,377**	**3.67%**
Hargreaves Lansdown (Nominees) Ltd	**5,487,743**	**3.49%**

FINANCIAL RISK MANAGEMENT

Details of the Group's financial risk management policies are set out in Note 16 to the financial statements.

GOING CONCERN

Information in relation to going concern is outlined in Note 3 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 12 to the financial statements.

CHARITABLE AND POLITICAL DONATIONS
The company made no charitable or political donations during the financial year.

ACCOUNTING RECORDS
The measures taken by the directors to ensure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, are the employment of 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
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

POST BALANCE SHEET EVENTS
Material post balance sheet events are detailed in Note 22.

AUDITORS
The auditors Deloitte Ireland LLP have resigned and Nexia Smith & Williamson (Ireland) Limited were appointed on a casual vacancy. They have indicated their willingness to continue in office in accordance with section 383(2) of the Companies Act 2014.

This report was approved by the Board and signed on its behalf.

David Horgan	John Teeling
Director	Director

Date: 27 June 2022

The Company's securities are traded on AIM, part of the London Stock Exchange ("AIM"). The Company has accomplished the requirements of the Quoted Company Alliance ("**QCA**") corporate governance guidelines for AIM companies. Due to the size and nature of its current business the Company has not adopted the UK Corporate Governance Code in its entirety. The Company have complied with the QCA corporate guidelines where practical; instances of noncompliance have been highlighted below.

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

David Horgan, 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 Company. 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 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 Company. 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 of 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, David Horgan, John Teeling, Director, and Riadh Mahmoud Hameed, an independent Non-executive Director.

The Board currently has one non-executive director, which is a departure from 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.

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:

David Horgan, Chairman
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.

John Teeling, Director
John Teeling is director 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.

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 consulting for Petrel as a coordinator for its projects in Iraq in the early 2000s.

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 2021, the performance evaluation process was conducted internally.

Board Evaluation Process in July 2021
The Chairman David Horgan 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 2021 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 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 Chairman, 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 pages 18 and 19 and provides further details on the committee's responsibilities and its activities during 2021, 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, Chairman, 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. 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 Chairman, 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 2021.

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 2020 annual accounts and the interim accounts to 30 June 2021 and audit planning for the year ended 31 December 2021. Members of the committee reviewed with the independent auditor its judgements as to the acceptability of the Company's accounting principles.

In January 2022, the audit committee met to discuss appointing new external auditors and various tenders were considered. It was agreed to appoint Nexia, Smith & Williamson as auditors for the Group.

Since the year end, the committee has met with the newly appointed auditors to consider the 2021 financial statements. In particular, the committee discussed the significant audit risks and the audit report.

David Horgan
Chairman Audit Committee

27 June 2022

Directors' Responsibilities Statement

The directors are responsible for preparing the Group Strategic Report, Directors' Report and the consolidated financial statements, in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Group and parent Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

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 state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing the consolidated financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that the financial statements comply with the Companies Act 2014. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are also responsible for ensuring that they meet their responsibilities under the AIM Rules.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Nexia Smith & Williamson

Opinion

We have audited the financial statements of Petrel Resources plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement Cash Flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union (EU IFRS) as applied in accordance with the provisions of the Companies Act 2014.

In our opinion, the financial statements:

- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2021 and of its loss for the year then ended;
- the Company statement of financial position gives a true and fair view of the asset, liabilities and financial position of the Company as at 31 December 2021;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014; and
- the Group financial statements and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

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 further described 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 ("IAASA") as applied to 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 in relation to Going Concern

We draw attention to Note 3 in the financial statements, which indicates that the Group has incurred a net loss in the financial year of €322,077 and had net current liabilities of €664,924 at the reporting date. The Group is not revenue or cash generating and it relies on raising capital from public markets. This represents a material uncertainty to the Group's ability to continue as a Going Concern. Our opinion is not modified in respect of this matter.

We have reviewed and challenged the directors' cash flow forecasts, verified the mathematical accuracy of those forecasts and have taken into account the ability of the group to raise additional funds. We have also reviewed the disclosures in Note 3 to the financial statements.

Notwithstanding the above, 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.

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

Our approach to the audit

We identified one significant component, being the parent company Petrel Resources plc, and an audit was carried out on this component.

For the remaining four components, we performed analysis at a group level to re-examine our assessment that there were no significant risks of material misstatement within these.

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 period, 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.

In addition to the matter described in the material uncertainty in relation to going concern section, we have determined the matter described below to be the key audit matter to the communicated in our report.

Key audit matter	Description of risk	How the matter was addressed in the audit
Recoverability of intangible assets (group)	Intangible assets relate to costs capitalised in relation to the group's exploration activities in both the consolidated and parent statements of financial position. The group has exploration assets with a carrying value of €933,167. The realisation of this assets is dependent on the successful discovery and development of oil & gas reserves, which is subject to risks and uncertainties as set out in the directors report on Page 11 and in Note 11 of the financial statements.	We examined the directors assessment of the carrying value of the intangible assets. We challenged the assessment therein in accordance with the guidance in IFRS 6. This included a review of publicly available information in respect of the Group's projects under license, consideration of the status of the Group's activities under their license and a review of the cash flow forecast for the next 12 months. We have reviewed the disclosures in the financial statements and assessed their sufficiency in line with IFRS.

Our application of materiality

The materiality for the group financial statements as a whole ("group FS materiality") was set at €21,000. This has been determined with reference to the benchmark of the group's total assets, which we consider to be one of the principal considerations for members of the company in assessing the group's performance. Group FS materiality represents 2% of the group's total assets.

The materiality for the parent company financial statements as a whole ("parent FS materiality") was set at €20,000. This has been determined with reference to the benchmark of the parent company's total assets as it exists only as a holding company for the group and carries on no trade with customers. Parent FS materiality represents 2% of the parent company's total assets as presented on the face of the parent company statement of financial position.

Performance materiality for the group financial statements was set at €16,800, being 80% of group FS materiality, for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. We have set it at this amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds group FS materiality. We judged this level to be appropriate based on our understanding of the group and its financial statements, as updated by our risk assessment procedures and our expectation regarding current period misstatements.

Performance materiality for the parent company financial statements was set at €16,000, being 80% of parent FS materiality. It was set at 80% to reflect the fact that few misstatements were expected in the current period.

Other information

The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon.

The directors are responsible for the other information contained within the Annual Report and 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Chairman's statement incorporation review of operations and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Chairman's statement incorporation review of operations and the directors' report have been prepared in accordance with applicable legal requirements; and

- we have obtained all of the information and explanations which we consider necessary for the purposes of our audit; and

- the accounting records of the parent company were sufficient to permit the financial statements to be readily and properly audited, and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

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

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of Directors' remuneration and transactions required by section 305 to 312 of the Act were not made. We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 20, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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's and the 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 or the 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.

A further description of our responsibilities is available on IAASA's website at: http://www.iaasa.ie/Publications/Auditing-standards/Standards-Guidance-for-Auditors-in-Ireland/Description-of-the-auditor-s-responsibilities-for. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

John O'Callaghan
Statutory Auditor

for and on behalf of
Nexia Smith & Williamson (Ireland) Limited
Chartered Accountants and Statutory Audit Firm

Paramount Court
Corrig Road
Sandyford
Dublin 18
Date: 28 June 2022

Petrel Resources Plc
Consolidated Statement Of Comprehensive Income
For The Year Ended 31 December 2021

	Note	2021 €	2020 €
Administrative expenses	4	**(322,077)**	(399,133)
Impairment of exploration and evaluation assets	11	**—**	(51,552)
Operating loss		**(322,077)**	(450,685)
Loss before taxation		**(322,077)**	(450,685)
Income tax expense	9	**—**	—
Loss for the financial year		**(322,077)**	(450,685)
Other comprehensive income		**—**	—
Total comprehensive income for the financial year		**(322,077)**	(450,685)

		2021 Cents	2020 Cents
Earnings per share attributable to the ordinary equity holders of the parent			
Profit or loss			
Loss per share – basic and diluted	10	**(0.21)**	(0.29)

The notes on pages 31 to 47 form part of these financial statements.

Petrel Resources Plc
Consolidated Statement Of Financial Position
As At 31 December 2021

	Note	2021 €	2020 €
Assets			
Non-current assets			
Intangible assets	11	**933,167**	931,967
		933,167	931,967
Current assets			
Trade and other receivables	13	**25,663**	34,994
Cash and cash equivalents	14	**101,843**	333,900
		127,506	368,894
Liabilities			
Current liabilities			
Trade and other payables	15	**(792,430)**	(710,541)
Total liabilities		**(792,430)**	(710,541)
Net assets		**268,243**	590,320
Equity			
Share capital	17	**1,962,981**	1,962,981
Capital conversion reserve fund		**7,694**	7,694
Capital redemption reserve		**209,342**	209,342
Share premium	17	**21,786,011**	21,786,011
Share based payment reserve	18	**26,871**	26,871
Retained deficit		**(23,724,656)**	(23,402,579)
Total equity		**268,243**	590,320

The financial statements on pages 25 to 30 were approved and authorised for issue by the Board of Directors on 27 June 2022 and were signed on its behalf by:

David Horgan
Director

John Teeling
Director

The notes on pages 31 to 47 form part of these financial statements.

Petrel Resources Plc
Company Statement Of Financial Position
As At 31 December 2021

	Note	2021 €	2020 €
Assets			
Non-current assets			
Intangible assets	11	**921,930**	920,730
Investment in subsidiaries	12	**15,019**	15,019
		936,949	935,749
Current assets			
Trade and other receivables	13	**21,881**	31,212
Cash and cash equivalents	14	**101,843**	333,900
		123,724	365,112
Liabilities Current liabilities			
Trade and other payables	15	**(792,430)**	(710,541)
Total liabilities		**(792,430)**	(710,541)
Net assets		**268,243**	590,320
Equity			
Share capital	17	**1,962,981**	1,962,981
Capital conversion reserve fund		**7,694**	7,694
Capital redemption reserve		**209,342**	209,342
Share premium	17	**21,786,011**	21,786,011
Share based payment reserve	18	**26,871**	26,871
Retained deficit		**(23,724,656)**	(23,402,579)
Total equity		**268,243**	590,320

The Company's loss for the year was €322,077 (2020: €450,685).

The financial statements on pages 25 to 30 were approved and authorised for issue by the Board of Directors on 27 June 2022 and were signed on its behalf by:

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Petrel Resources Plc
Consolidated Statement Of Changes In Equity
For The Year Ended 31 December 2021

Group and company

	Share Capital €	Share Premium €	Capital Redemption Reserve €	Capital Conversion Reserve fund €	Share Based Payment Reserve €	Translation Reserve €	Retained Deficit €	Total €
At 1 January 2020	1,866,827	21,601,057	209,342	7,694	26,871	376,154	(23,328,048)	759,897
Issue of shares	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
Total comprehensive income for the financial year	**—**	**—**	**—**	**—**	**—**	**—**	**(322,077)**	**(322,077)**
At 31 December 2021	**1,962,981**	**21,786,011**	**209,342**	**7,694**	**26,871**	**—**	**(23,724,656)**	**268,243**

Share premium
Share premium reserve comprises of a premium arising on the issue of shares. Share issue expenses are deducted against the share premium reserve when incurred.

Capital redemption reserve
The Capital redemption reserve reflects nominal value of shares cancelled by the Company.

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 prior year related to a balance on reserves linked to assets no longer held by the group.

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

Petrel Resources Plc
Consolidated Statement of Cash Flows
For The Year Ended 31 December 2021

	2021 €	2020 €
Cash flows from operating activities		
Loss for the year	**(322,077)**	(450,685)
Impairment charge	**—**	51,552
Foreign exchange	**(9,622)**	4,623
Operating cashflow before movements in working capital:	**(331,699)**	(394,510)
Decrease in trade and other payables	**81,889**	80,656
Increase in trade and other receivables	**9,331**	3,042
Cash used in operations	**(240,479)**	(310,812)
Net cash used in operating activities	**(240,479)**	(310,812)
Investing activities		
Payments for exploration and evaluation assets	**(1,200)**	—
Receipts for exploration and evaluation assets	**—**	450
Net cash (used in) / generated from investing activities	**(1,200)**	450
Financing activities		
Shares issued	**—**	281,108
Net cash generated from financing activities	**—**	281,108
Net cash decrease in cash and cash equivalents	**(241,679)**	(29,254)
Cash and cash equivalents at the beginning of year	**333,900**	367,777
Exchange gains / (loss) on cash and cash equivalents	**9,622**	(4,623)
Cash and cash equivalents at the end of the year	**101,843**	333,900

The notes on pages 31 to 47 form part of these financial statements.

Petrel Resources Plc
Company Statement of Cash Flows
For The Year Ended 31 December 2021

	2021 €	2020 €
Cash flows from operating activities		
Loss for the financial year	**(322,077)**	(450,685)
Impairment charge	**—**	51,552
Foreign exchange	**(9,622)**	4,623
Movements in working capital:	**(331,699)**	(394,510)
Increase in trade and other payables	**81,889**	80,656
Decrease in trade and other receivables	**9,331**	3,042
Cash used in operations	**(240,479)**	(310,812)
Net cash used in operating activities	**(240,479)**	(310,812)
Investing activities		
Payment for exploration and evaluation assets	**(1,200)**	—
Receipts for exploration and evaluation assets	**—**	450
Net cash (used in) / generated from investing activities	**(1,200)**	450
Financing activities		
Shares issued	**—**	281,108
Net cash generated from financing activities	**—**	281,108
Net cash decrease in cash and cash equivalents	**(241,679)**	(29,254)
Cash and cash equivalents at the beginning of year	**333,900**	367,777
Exchange gains/(loss) on cash and cash equivalents	**9,622**	(4,623)
Cash and cash equivalents at the end of the year	**101,843**	333,900

The notes on pages 31 to 47 form part of these financial statements.

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. ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

2.1 Basis of preparation

The financial statements of the Group and the Parent Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and in accordance with the provisions of the Companies Act 2014.

The financial statements of the Group and the Parent Company have been prepared on the historical cost basis. The consolidated financial statements have been prepared in accordance with the Companies Act 2014.

2.2 Changes in accounting policies and disclosures

The IFRSs adopted by the EU as applied by the Group and the Parent Company in the preparation of these financial statements are those that were effective on or before 31 December 2021.

New accounting standards and interpretations for the year ending 31 December 2021

The following standards, amendments and interpretations apply from 1 January 2021:

Standard	Content	Applicable for years beginning on/after
IFRS 7	Financial Instruments: Disclosures (amended)	1 January 2021
IFRS 9	Financial Instruments (amended)	1 January 2021
IFRS 16	Leases (amended)	1 January 2021
IAS 39	Financial Instruments: Recognition and Measurement (amended)	1 January 2021

There were no material impact to the financial statements in the current year from these standards, amendments and interpretations.

The following standards, amendments and interpretations are not yet required and have not been adopted early by the company:

Standard	Content	Applicable for years beginning on/after
IFRS 9	Financial Instruments (amended)	1 January 2022
IFRS 17	Insurance Contracts	1 January 2023
IAS 1	Presentation of Financial Statements	1 January 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
IAS 12	Income Taxes (amended)	1 January 2023
IAS 16	Property, Plant and Equipment	1 January 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
IAS 41	Agriculture	1 January 2022

There would not have been a material impact on the financial statements if these standards had been applied in the current year.

2. ACCOUNTING POLICIES (continued)

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at this time that decisions need to be made, including voting patterns at previous shareholders' meetings.

2.4 Basis of consolidation

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The company has taken advantage of the exemption under section 304 of the Companies Act 2014 from publishing its individual income statement, statement of other comprehensive income and related notes.

2. ACCOUNTING POLICIES (continued)

2.5 Functional and presentational currency

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

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the Statement of Comprehensive Income for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the Statement of Comprehensive Income for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that year, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the year in which the operation is disposed of.

2.6 Investment in subsidiaries

Investments in subsidiaries are stated at cost less any accumulated impairment losses.

2.7 Intangible assets

Exploration and evaluation assets

Exploration expenditure relates to the initial search for mineral deposits with economic potential in Ghana and Iraq. Evaluation expenditure arises from a detailed assessment of deposits that have been identified as having economic potential. The Group's exploration activities are subject to a number of significant uncertainties including:

- license obligations;
- exchange rate risks;
- uncertainty over development and operational costs;
- political and legal risks, including arrangements with Governments for licences, profit sharing and taxation;
- foreign investment risks including increases in taxes, royalties and renegotiation of contracts;
- financial risk management;
- going concern; and
- ability to raise finance.

The recoverability of these intangible assets is dependent on the discovery and successful development of economic reserves, which is subject to the risks and uncertainties set out above. Should this provide unsuccessful, the value included in the Statement of Financial Position would be written off to the Statement of Comprehensive Income.

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.

2. ACCOUNTING POLICIES (continued)

2.7 Intangible assets (continued)

Exploration and evaluation assets (continued)

The assessment of whether general administration costs and salary costs are capitalized or expensed involves judgement. Management considers the nature of each cost incurred and whether it is deemed appropriate to capitalize it within intangible assets. Costs which can be demonstrated as project related are included within exploration and evaluation assets.

Impairment of intangible assets

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

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 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 mineral resources in the specific area is neither budgeted nor planned;

c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral 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 through successful development or by sale.

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.

2.8 Taxation

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

Current tax payable is based on the taxable profit for the year. Taxable profit differs from the loss as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other 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 liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences arising on investments in subsidiaries and associates, only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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

2. ACCOUNTING POLICIES (continued)

2.8 Taxation (continued)

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

2.9 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 behavioral considerations.

2.10 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.

2.11 Financial instruments

Financial assets and 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.

A loss allowance for expected credit losses is determined for all financial assets, other than those at fair value through profit and loss (FVTPL), at the end of each reporting period. The expected credit loss recognised represents a probability-weighted estimate of credit losses over the expected life of the financial instrument.

For all other financial assets at amortised cost, the Group recognises lifetime expected credit losses using the simplified model within ECL.

Cash and cash equivalents

Cash and cash equivalents comprises 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 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.

2. ACCOUNTING POLICIES (continued)

2.12 Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies above, management has made the following judgements 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 Ghana.

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 concept 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 becoming available. Based on the assumptions that such finance would become available, the directors believe that the going concern basis is appropriate for these accounts. Should the going concern basis not be appropriate, adjustments would have to be made to reduce the value of the Group's assets, in particular the intangible assets, to their realizable values. Further information concerning going concern is outlined in Note 3.

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 as at the balance sheet date and the amounts reported for revenues and expenses during the 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 licences and the ability to raise sufficient finance to develop the Group's projects. If the directors determine that an intangible asset is impaired, an allowance is recognised in the Statement of Comprehensive Income. Further information concerning the impairment of Intangible Assets is outlined in note 11.

3. GOING CONCERN

The Group incurred a loss for the financial year of €322,077 (2020: loss of €450,685) and had net current liabilities of €664,924 (2020: €341,647) 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 €767,531 (2020: €677,531) 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 €101,843 (2020: €333,900) 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. As the Group is not revenue or cash generating it relies on raising capital from the public market.

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.

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.

4. LOSS BEFORE TAXATION

The loss before taxation is stated after charging the following items:

Administrative expenses:

	2021	2020
	€	€
Professional fees	**204,209**	234,207
Staff costs – Directors and Secretary (Note 6)	**90,000**	90,000
Other administration expenses	**27,868**	74,926
	322,077	399,133

Details of auditor's and directors' remuneration are set out in Notes 5 and 6 respectively.

5. AUDITOR'S REMUNERATION

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

	2021	2020
	€	€
Group		
Audit of Group accounts	**16,500**	13,000
Other assurance services	**6,343**	12,000
Tax advisory services	**2,750**	2,750
Total	**25,593**	27,750

	2021	2020
	€	€
Company		
Audit of individual company accounts	**16,500**	13,000
Other assurance services	**6,343**	12,000
Tax advisory services	**2,750**	2,750
Total	**25,593**	27,750

The 2020 audit fees were payable to Deloitte Ireland LLP and the 2021 audit fees are payable to Nexia, Smith & Williamson

6. RELATED PARTY AND OTHER TRANSACTIONS

Group and Company

Directors' Remuneration

The remuneration of the directors is as follows:

	2021			2020		
	Fees: Services as director	**Fees: Other services**	**Total**	Fees: Services as director	Fees: Other services	Total
	€	**€**	**€**	€	€	€
David Horgan	**5,000**	**25,000**	**30,000**	5,000	25,000	30,000
John Teeling	**5,000**	**25,000**	**30,000**	5,000	25,000	30,000
Riadh Mahmoud 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 2021 was €532,460 (2020: €472,460).

Directors' remuneration of €Nil (2020: €Nil) was capitalised as exploration and evaluation expenditure as set out in Note 11.

6. RELATED PARTY AND OTHER TRANSACTIONS (continued)

Key management compensation

Key management personnel are David Horgan (Chairman), John Teeling (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:

	2021	2020
	€	€
Short-term employee benefits	**90,000**	90,000

Key management compensation accrued at financial year end 31 December 2021 was €767,531 (2020: €677,531).

Other

The Group and Company shares offices and overheads with a number of other companies also based at 162 Clontarf Road. These companies share some of the same key management personnel, who exercise control over these entities.

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

	Botswana Diamonds Plc	**Clontarf Energy Plc**	**Arkle Resources Plc**	**Great Northern Distillery**	**Total**
	€	**€**	**€**	**€**	**€**
At 1 January 2020	—	—	—	—	—
Overhead and office costs recharged	(19,256)	9,632	(8,375)	(8,103)	(26,102)
Payments	19,256	(9,632)	8,375	8,103	26,102
At 31 December 2020	—	—	—	—	—
Overhead and office costs recharged	(13,391)	10,025	(10,019)	(8,114)	(21,499)
Payments	13,391	(10,025)	10,019	8,114	21,499
At 31 December 2021	**—**	**—**	**—**	**—**	**—**

Amounts due to and from the above companies are unsecured and repayable on demand.

7. STAFF NUMBERS

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

	2021	2020
Management and administration	**4**	4

Staff costs for the above persons were:

	€	€
Wages and salaries	**90,000**	90,000
Social welfare costs	**—**	—
Pension costs	**—**	—
	90,000	90,000

8. 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.

Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

	Segment revenue		Segment profit/(loss)	
	2021	2020	**2021**	2020
	€	€	**€**	€
Ireland	**—**	—	**—**	(51,552)
Unallocated head office	**—**	—	**(322,077)**	(399,133)
	—	—	**(322,077)**	(450,685)
Loss before tax (continuing operations)	**—**	—	**(322,077)**	(450,685)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2020: nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. Segment profit represents the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, share of profit of associates, share of profit of a joint venture, gain recognised on disposal of interest in former associate, investment income, other gains and losses, as well as finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

8.1 Segment assets and liabilities

	2021	2020
	€	€
Segment assets		
Ghana	**933,167**	931,967
Iraq	**—**	—
Total for continuing operations	**933,167**	931,967
Unallocated head office	**127,506**	368,894
Consolidated total assets	**1,060,673**	1,300,861
Segment liabilities		
Ghana	**—**	—
Ireland	**—**	—
Iraq	**—**	—
Total for continuing operations	**—**	—
Unallocated head office	**(792,430)**	(710,541)
Consolidated total liabilities	**(792,430)**	(710,541)

9. INCOME TAX EXPENSE

Income tax recognised in profit or loss

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the Republic of Ireland applied to losses for the year are as follows:

	2021 €	2020 €
Loss for the year	**(322,077)**	(450,685)
Loss before income taxes	**(322,077)**	(450,685)
Tax using the Company's domestic tax rate of 12.5% (2020:12.5%)	**(40,260)**	(56,336)
Deferred tax not recognised	**40,260**	56,336
Total tax expense	**–**	–

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 €8,772,205 (2020: €8,450,128) which equates to a deferred tax asset of €1,096,526 (2020: €1,056,266).

No deferred tax asset has been recognised due to the unpredictability of the future profit streams. Losses may be carried forward indefinitely.

10. LOSS PER SHARE

(i) Loss per share

Basic loss per share is computed by dividing the loss after taxation for the year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue and ranking for dividend during the year. Diluted loss per share is computed by dividing the loss after taxation for the year by the weighted average number of ordinary shares in issue, adjusted for the effect of all dilutive potential ordinary shares that were outstanding during the year.

The following tables set out the computation for basic and diluted earnings per share (EPS):

	2021 Cents	2020 Cents
Loss per share – basic and diluted	**(0.21)**	(0.29)

(ii) Reconciliation of earnings used in calculating earnings per share

Loss from continuing operations attributable to the ordinary equity holders of the Company:

	€	€
Loss for the year	**(322,077)**	(450,685)

(iii) Denominator

	2021 Number	2020 Number
For basic and diluted EPS	**157,038,467**	153,961,544

11. INTANGIBLE ASSETS

Group

	Exploration and evaluation assets €
Cost	
At 1 January 2020	983,969
Disposals	(450)
Impairment	(51,552)
At 31 December 2020	931,967
Additions	1,200
At 31 December 2021	**933,167**

	€
Net book value	
At 1 January 2020	983,969
At 31 December 2020	931,967
At 31 December 2021	933,167

Company

	Exploration and evaluation assets €
Cost	
At 1 January 2020	972,732
Disposals	(450)
Impairment	(51,552)
At 31 December 2020	920,730
Additions	1,200
At 31 December 2021	**921,930**

	€
Net book value	
At 1 January 2020	972,732
At 31 December 2020	920,730
At 31 December 2021	**921,930**

	2021 €	2020 €
Segmental analysis		
Ghana	**933,167**	931,967
Iraq	**—**	—
	933,167	931,967

Exploration and evaluation assets relate to expenditure incurred in exploration in 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.

11. INTANGIBLE ASSETS (continued)

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 2.

Directors' remuneration of €Nil (2020: €Nil) and salaries of €Nil (2020: €Nil) were capitalised as exploration and evaluation expenditure during the financial year.

12. INVESTMENT IN SUBSIDIARIES

	2021	2020
	€	€
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 2021:

Name of subsidiary	**Nature of Business**	**Registered Office**	**Total allocated 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 Company	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%

13. OTHER RECEIVABLES

	Group 2021 €	Group 2020 €	**Company 2021 €**	Company 2020 €
VAT refund due	**19,774**	29,216	**19,774**	29,216
Prepayments	**5,889**	5,778	**2,107**	1,996
	25,663	34,994	**21,881**	31,212

14. CASH AND CASH EQUIVALENT

	Group 2021 €	Group 2020 €	**Company 2021 €**	Company 2020 €
Cash and cash equivalents	**101,843**	333,900	**101,843**	333,900

The fair value for cash and cash equivalents is €101,843 (2020: €333,900) for the Group and €101,843 (2020: €333,900) for the Company.

15. OTHER PAYABLES

	Group 2021 €	Group 2020 €	**Company 2021 €**	Company 2020 €
Amounts due to key personnel (Note 6)	**767,531**	677,531	**767,531**	677,531
Accruals	**16,500**	25,000	**16,500**	25,000
Other payables	**8,399**	8,010	**8,399**	8,010
	792,430	710,541	**792,430**	710,541

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.

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.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's financial instruments comprise cash balances, investments and various other items such as other payables which arise directly from operations. The main purpose of these financial instruments is to provide working capital to finance Group operations.

The Group 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.

16. FINANCIAL INSTRUMENTS AND 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	
	2021	2020
	€	€
Group and company		
Euro	**46,731**	135,215
US Dollar	**602**	683
Sterling	**54,510**	198,002

Credit risk

Credit risk arises from cash and cash equivalents.

The maximum credit exposure of the Group and Company at 31 December 2021 amounted to €101,843 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.

	2021	2020
	€	€
Cash held in institutions with S&P A-rating or higher	**101,843**	333,900

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 2020 and 31 December 2021. 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.

17. SHARE CAPITAL

Authorised	2021 Number	2021 €	2020 Number	2020 €
Shares treated as equity				
Ordinary shares of €0.0125 each	**800,000,000**	**10,000,000**	800,000,000	10,000,000

Issued and fully paid

	2021 Number	2021 Share Capital €	2021 Share Premium €	2020 Number	2020 Share Capital €	2020 Share Premium €
Ordinary shares of €0.0125 each						
At 1 January	**157,038,467**	**1,962,981**	**21,786,011**	149,346,159	1866,827	21,601,057
Share issue	**—**	**—**	**—**	7,692,308	96,154	184,954
At 31 December	**157,038,467**	**1,962,981**	**21,786,011**	157,038,467	1,962,981	21,786,011

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.

18. 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.

The options outstanding at 31 December 2021have a weighted average remaining contractual life of 5 years

	31/12/2021 Options	2021 Weighted average exercise price in pence	31/12/2020 Options	2020 Weighted average exercise price in pence
Outstanding at beginning of year	**500,000**	**10.50**	500,000	10.50
Granted during the financial year	**—**	**—**	—	—
Outstanding and exercisable at end of year	**500,000**	**10.50**	500,000	10.50

19. 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 €322,077 (2020: €450,685).

20. CAPITAL COMMITMENTS

There is no capital expenditure authorised or contracted for which is not provided for in these accounts.

21. CONTINGENT LIABILITIES

There are no contingent liabilities (2020: €Nil).

22. POST BALANCE SHEET EVENTS

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

23. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 27 June 2022.

Petrel Resources Plc
Notices of Annual General Meeting
For the Year Ended 31 December 2021

Notice is hereby given that an Annual General Meeting of Petrel Resources plc will be held on 5 August 2022 at the Rui Plaza The Gresham, 23 O'Connell Street Upper, North City Dublin, D1 C3W7 at 12.00 pm 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, 2021.

2. To re-elect Director: David Horgan retires in accordance with Article 95 and seeks re-election.

3. To appoint Nexia Smith & Williamson (Ireland) Limited as auditors and to authorise the Directors to fix their remuneration.

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

For Consideration

To consider in accordance with section 1111 Companies Act 2014 whether any, and if so what, steps should be taken to deal with the situation that the net assets of the Company are less than half its called up share capital.

By order of the Board:

James Finn
Secretary

Registered Office: 162 Clontarf Road, Dublin 3.

27 June 2022

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. Lodgment 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.

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 arrangements with Broadridge, including the 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.

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london@blackandcallow.com
www.blackandcallow.com
020 3794 1720

Petrel Resources Plc
Company Information

DIRECTORS	David Horgan (Chairman) John Teeling Riadh Mahmoud Hameed
COMPANY SECRETARY	James Finn
REGISTERED OFFICE	162 Clontarf Road Dublin 3 Ireland Telephone: +353-1-8332833 E-Mail: info@petrelresources.com Website: www.petrelresources.com
INDEPENDENT AUDITORS	Nexia Smith & Williamson (Ireland) Limited Paramount Court Corrig Road Sandyford Business Park Dublin 18 Ireland
BANKERS	Barclays Bank Ireland plc Two Park Place Hatch Street Upper Dublin 2 Ireland Allied Irish Bank Dublin 9 Ireland
SOLICITORS	Philip Lee Solicitors 7-8 Wilton Terrace Dublin 2 Ireland
NOMINATED BROKER AND ADVISOR	Beaumont Cornish Limited Building 3 566 Chiswick High Road. London W4 5YA 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
REGISTERED NUMBER	92622
AUTHORISED CAPITAL	800,000,000 €0.0125 Ordinary Shares
CURRENT ISSUED CAPITAL	157,038,467 Ordinary Shares
MARKET	AIM, part of the London Stock Exchange

PETREL
RESOURCES

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

www.petrelresources.com