



Pennpetro Energy PLC - PPP Results for the year ended 31 December 2017
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Pennpetro Energy PLC ("Pennpetro" or the "Group") Results for the year ended 31 December 2017

London, 30 April 2018 - Pennpetro, an independent oil and gas company focusing on production in the Gonzales Oil Field in Texas, USA, today announces its Results for the year ended 31 December 2017.

2017 Strategic, Financial and Operational Highlights

Strategic

The Group completed a number of acquisitions and commercial agreements in 2017, all of which were designed to expand Pennpetro's asset base in Gonzales, Texas and accelerate the Group's operations towards first oil production. These included:

- The Company's listing on the Main Board of the London Stock Exchange in December 2017
- The acquisition of Nobel Petroleum UK Limited and its US-based subsidiary companies, Nobel Petroleum US, Inc. and Nobel Petroleum LLC
- Completion of joint operating agreements with Av-Tech Oil & Gas, LLC a petroleum industry veteran within the South East Texas area, its principals not only possessing substantial financial and banking experience, but also having drilled as owners and operators in excess of 250 oil wells within the productive reservoirs which are the focus of the Group. Additionally, Landex Petroleum LLC and Sunrise Energy LLC, experienced petroleum companies, are further original consortium members
- Extended the Area of Mutual Interest by maintaining active land leasing operations

Financial

Since Pennpetro was founded in May 2016 and during the 2017 reporting period, the Group's focus was on drilling, and preparing to drill, initial wells at its Gonzales licences. Consequently, the Group recorded no revenue for the period:

- Property Plant and Equipment \$1,226,647 at 31 December 2017 (2016: \$1,160,508)
- Capitalised Development Expenditure \$1,908,751 at 31 December 2017 (2016: \$0)
- Trade and Other Receivables \$1,537,448 at 31 December 2017 (2016: \$28,112)
- Cash and Short-Term Investments of \$2,095,372 at 31 December 2017 (2016: \$20,904)
- Borrowings of \$6,092,657 at 31 December 2017 (2016: \$1,185,000)

Operational

2017 was a year of preparation for future production and growth across the Group's onshore Texas asset base, during which, Pennpetro:

- Began drilling its first horizontal well, COG#1-H, which the Company aims to complete ready to commence production in summer 2018
- Added additional reserves to its reserves base from the un-targeted Buda Formation, which on test has delivered sales at US\$61.39 per barrel
- Received independent CPRs, indicating that, as of 1 December 2017, Pennpetro has a working interest in 2,000 Mbbbl of oil and 1,000 MMcf of gas across its Gonzales leases

Post period developments

Since the reporting period, the Group has achieved the following milestones in the first quarter of 2018:

- Having commenced completion operations in mid-December 2017, the Company is now pump testing to remove water from the reservoirs, recovering oil as the oil-cut increases
- In February, Pennpetro appointed Dr. Michael Smith, an experienced exploration geologist and geoscientist, as a technical consultant to the Company
- The Group has also obtained permission from the Texas Railroad Commission for its next horizontal well, COG#3-H, located at the northern parameters of the Gonzales Oil Field
- Undertaken the planned deployment of Dawson Geophysical to shoot an encompassing modern 3D seismic programme over the Group's petroleum leases during summer 2018
- Extended petroleum lease acquisition programme with a view to accelerate additional permitting applications with the Texas Railroad Commission

Outlook

Pennpetro's priority for the remainder of 2018 is project delivery across its development portfolio, during which it expects to achieve the following objectives:

- Commence production from its first horizontal well, COG#1-H, in summer 2018
- Further development of the Gonzales Oil Field, initially by drilling a second horizontal well for which permitting from the Texas Railroad Commission has been obtained, COG#3-H
- Obtaining permitting from the Texas Railroad Commission for next four well locations

Thomas Evans, Executive Director of Pennpetro, said:

"Our focus during 2017 was on developing our proven reserve base at our licences in Gonzales.

The low oil price environment since mid-2014 presented the opportunity to acquire

leases in our core areas of focus, most notably the prolific Austin Chalk and Eagleford Shale in South Texas. To this, we have been able to add additional reserves from the un-targeted Buda Formation post the drilling of the initial horizontal well, which we are in the process of completing.

These highly active plays are well suited to thrive in today's stronger oil price environment. The wells we are drilling and plan to drill are economic at oil prices sub US\$30/bbl. Record production rates have been reported from other oil and gas producers in the region as the horizontal laterals are extended and the amount of pay in each well has increased, while drilling and completion costs have been significantly reduced.

Our initial horizontal well was spudded in June. The drilling unit was released in August 2017, however, the onset of hurricane Harvey later that month led to severe flooding in South Texas, prohibiting further operations and delaying initiation of our completion operations until mid-December. We have now begun those operations and expect to commence production by summer 2018.

Our balance sheet and financial position is positive, and we are well funded to deliver our strategies.

I look forward to providing updates on our progress in the year ahead."

ENDS

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NOTES TO EDITORS

Pennpetro Energy is an independent oil and gas company focusing on production in the Gonzales Oil Field in Texas, USA. Shares in the company were admitted to the Official List of the London Stock Exchange by way of a Standard Listing on 21 December 2017.

Further information on the Company can be found at www.pennpetroenergy.co.uk

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