Results for the year ended 31 December 2020

PENNPETRO ENERGY PLC

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Pennpetro Energy plc

("Pennpetro", the "Company" or the "Group")

Results for the year ended 31 December 2020

Pennpetro Energy, an independent oil and gas company focusing on production in the Gonzales Oil Field in Texas, USA, announces that on 30 June 2021 the Company published its financial results for the year ended 31 December 2020.

Chairman's Statement

I am pleased to present the annual results for Pennpetro Energy PLC ("Pennpetro") for the year ended 31 December 2020.

I write to you during what has been the most difficult of times for businesses and families globally. A pandemic not seen in our lifetimes, that has challenged every aspect of the way we live and interact, not only on a commercial basis, but how we live our lives day to day.

As a business we dealt with the challenges brought about by the COVID-19 pandemic swiftly and humanely to not only ensure the wellbeing of our employees but also the retention of value for our shareholders.

In February of 2020 after selling oil commercially from our initial well in the Gonzales field, as the world went into lockdown, we suspended all operations and activities in line with the requests of the US Government and Texas State Legislators.

With operations unable to continue we sought to shape Pennpetro to emerge stronger and better positioned to accelerate its growth profile from these challenging times.

To that end I am pleased to welcome Andy Clifford as President of Nobel Petroleum USA Inc., - with overall responsibility for the development of our North American assets. Andy is a highly seasoned oil professional with over 42 years of experience in domestic and international exploration, development, and production with a proven track record of exploration and acquisition successes in practically every import petroleum basin in the world and is credited with the discovery of over two billion BOE of reserves worldwide having worked for ExxonMobil, Kuwait Foreign Petroleum, BHP Billiton, Aurora Gas and Saratoga.

I would like to thank our outgoing board members Mr Edelman, and Mr Nash who have worked tirelessly since our listing. They have certainly helped set a solid foundation of management, accounting, and governance for Pennpetro.

They have been drawn into more time demanding roles over this difficult pandemic period, but I am grateful that they remain strongly supportive active consultants and shareholders in the company.

The past year has been challenging financially for individuals and corporate enterprises alike, the Board therefore not only undertook a strategy of asset protection but also a strategy that allowed us to potentially leverage our existing position for growth. To that end we agreed a three-year £20,000,000 share subscription facility with the GEM Group, New York (a US$3.4 Billion alternative investment group), through their affiliates, which was completed in June. The Board also continues to seek accretive options for corporate development.

In addition, the Company, recognising the global impact of environmental concerns, has instigated due diligence with regard to expanding its experiences and core competencies within the fossil environment and petroleum drilling to specific green energy initiatives securitised with US intellectual property filings to be expanded internationally.

We remain confident in our petroleum assets, our US operations, and the Board, to continue to build upon what has been a very challenging year for the Group.

Olof Rapp

Non-Executive Director, Chairman

30 June 2021

Executive Director's Statement

Pennpetro's intention is to become an active independent North American development production company.

The key elements of Pennpetro's strategy for achieving this goal are:

The creation of value through production development success and operational strengths, commencing with the Group's City of Gonzales Lease ("COGLA") assets.

Focusing on commercialisation and monetisation of oil and gas discoveries, and potentially utilising cash flows from initial projects to fund the acquisition or development of future projects.

Active asset portfolio management.

Positioning the Company as a competent partner of choice to maximise opportunities and value throughout the E&P lifecycle.

Asset acquisitions of producing hydrocarbons and suitable green energy technologies.

Our focus during 2020 was to continue to develop our proven reserve base at our licences in Gonzalez - this was unfortunately curtailed by Covid-19 and the ensuing pandemic conditions imposed across all of the United States.

According to the Group's Competent Person's Report ("CPR"), prepared in December 2017, Pennpetro had a Working Interest in 2,000 Mbbl of oil and 1,000 MMcf of gas across its Gonzalez leases. Most recently, Nobel has increased its working interest in the portfolio of petroleum interests from 75% to 100%, thereby its Working Interest is now over 4,000 MBBL of oil and 2,000 MMcf of gas resulting in a substantive uplift in our valuation metric.

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. We have been able to add additional reserves from the Buda Formation from the drilling of an initial horizontal well, which as prior reported we have now completed with the operator having advised the Texas Railroad Commission, the local authority, that the well is designated as a discovery and commercial unit. Commercial quantities of test hydrocarbons have been sold from this well. The submersible jet pumping unit to the well required significant remedial work as the unit supplied by the vendor was found to have certain issues with regard to the deliverability's of electrical input through the provided electrical circuit boards resulting in operational impairment. This work unfortunately caused significant delays to the Buda oil recovery operations, as the well was required to be suspended on a number of occasions.

As water from prior extensive flooding in the Buda oil formation would need to be pumped out in order to regain pressure and recommence hydrocarbon deliverability from the reservoir, it was decided that as the Buda operations had now achieved the important positive result of confirming that this reservoir was now drill confirmed to be oil active over the acreage and a confirmed secondary recovery reserve, the company's focus would revert to cleaning out and re-entering the Austin Chalk formation which we had drilled out to 3,300 feet horizontally and which had tested positive for both oil and gas recovery. The Austin Chalk formation was drilled out at approximately 7,200 feet sub-surface, whereas the Buda was intersected at 8,500 feet sub-surface.

This process would require that we case-off the lower Buda formation until needed to deplete in the future and initiate a work-over rig operation to re-enter and clean out the horizontally drilled formation leg to initiate hydrocarbon recovery from this proven oil interval. However, during the pandemic we continually reviewed our strategic opportunities and decided in line with the results delivered by some of our close petroleum drilling neighbours to benefit from their operational experiences and excellent results to move our focus to the drilling of our second horizontal well (COG#2-H) by way of a Pad (Production Platform). This would also allow us to drill out additional horizontal legs by way of extension into the differing Austin Chalk pathways at a much condensed expense. The same methodology would be utilised for our third horizontal well (COG#3-H).

As this operational technique was not available to us at the time for our initial well, COG#1-H, it is now timely to implement this enhanced drilling arrangement and then return to COG#1-H to recomplete the well. into the prior drill proved production horizon, assessing the economics of the straight cleanout as currently envisaged, or amplify by utilising the Pad experiences for extending the lateral out to 5,000 foot as allowable under the initial RRC drilling authority and capture an additional 3 to 4 fractures which will impact the EUR.

The wells we are drilling and plan to drill are economic at oil prices sub US$30/bbl; record production rates have been reported as the horizontal laterals are extended and the amount of pay in each well has increased; drilling and completion costs have been significantly reduced; and initial decline rates during the first 12-18 months of production are lower than those in other US plays. Over the last two years, we have taken advantage of depressed market conditions to increase our exposure to these areas.

West Texas Intermediate ("WTI") averaged US$39.68/bbl during 2020, $17.31 per barrel lower than in 2019. The value of WTI as at 22 June 2021 was US$70.94/bbl. (source: Bloomberg Markets).

Operations

In terms of our operations, prior to the onset of the pandemic restrictions, our focus had been on completing our initial horizontal well and organizing the permitting of our second targeted horizontal well (COG#2-H) situated to the north of COG#1-H. Our operator has filed formal completion certificates with the Texas Railroad Commission confirming that the COG#1-H well was being completed as a producer. As explained, our emphasis has now moved to the development and drilling of COG#2-H, and our prior stated activity pertaining to the COG#1-H Austin Chalk oil operations, will be held pending post the drilling of COG#2-H well into production. Once the process of water removal from the lower reservoirs of COG#1-H is completed - an operation which we have decided to complete with the lower formation being cased-off and to re-enter and take hydrocarbon production from the upper Austin Chalk, from which we initially took oil.

Financially, the Company used 2020 to further lay the foundations for future revenue generation.

Reduced economic activity related to the COVID-19 pandemic caused changes in energy demand and supply patterns in 2020 and will continue to affect these patterns in the future. U.S. gross domestic product (GDP) declined by 4.4% in the first half of 2020 from the same period a year ago. GDP began rising in the third quarter of 2020, with the assumption that it will grow by 3.1% annually in 2021 from 2020. The U.S. macroeconomic assumptions are based on forecasts by IHS Markit completed in early November 2020.

During early 2020 the oil price was severally antagonised by the emergence of the Covid-19 world-wide pandemic, leading to the most unsettled oil environment for many years. However, recently due to both the US shale industry being severally impacted by the oil price and re-emergence of a combined consensus at OPEC, there has been not only a re-emergence of price stability, but a very significant uplift in the oil price to currently US$72/bbl - with many commentators predicting that this pricing trend will not only stabilise over the coming year, but further increase yet again to potentially challenge what we call $100 oil. To this bullish scenario, it needs to be further understood that the Company's oil deliveries benefit from an approximately $5 pricing premium for local refiners as they need our slightly heavier oil to blend out with lighter oil for domestic delivery.

In this stabilised oil price environment, Pennpetro has emerged from the oil vicissitudes as a low-cost, asset-backed US onshore oil and gas business. Subject to oil prices, market conditions and sentiment, I remain confident that we can deliver our strategy by not only acquiring leases in active and producing US onshore plays and proving up the reserves by drilling new wells, but also by our new strategic acquisition focus on producing assets and directive into green energy initiatives.

This platform is one that has, at its core, the active management of all types of risk associated with the oil and gas industry. Broadly speaking development risk is managed by focusing on proven formations; execution risk is managed by participating in drilling activities with solid experienced industry personnel, which we have in Houston who have an extensive history in South Texas petroleum activities, as well as our operations offsetting those of major industry players, such as EOG Resources, Inc., a multi-billion dollar Goliath; individual well risk is managed by building a diversified portfolio of leases and wells; meanwhile oil price risk is managed by focusing on areas that require relatively low oil prices to breakeven and ensuring our cost base, capital commitments and financing costs remain low, manageable and flexible.

Our asset acquisition strategies target only producing assets and applying proven horizontal technologies to conventional reserves from a firm productive foundation. This initiative is being driven through our Houston technical office with a number of asset opportunities having been investigated, and now with the new era post Covid-19 upon us, we expect further new opportunities.

Pennpetro's Board currently comprises two Directors, who collectively have extensive international experience and a proven track record in investment, corporate finance and business acquisition, operation and development and are well placed to implement the Company's business objectives and strategy highly active plays. The appointment of Andy Clifford in April, a highly seasoned and experienced oil professional as the President of the Company's operational subsidiary Nobel Petroleum USA, Inc., emphasises the Company's dedication to its forward development profile. Andy's appointment coincided with the resignation of Keith Edelman, who remains as a valued consultant to the Company. Philip Nash also departed the board in June due to a full-time involvement and increased obligations to a corporate sports enterprise.

We believe the Company's Board and US management team is strong in terms of having the right mix of industry expertise covering all key areas of the business, including lease acquisition, geology, engineering, and finance.

As has been reported, the Company in April converted a £2,059,202 loan obligation with the issuance of 4,118,404 new shares at £0.50/share. During May 2021 the Company also concluded a three-year £20 Million shares subscription facility with the GEM Group, New York (a US$3.4 billion alternative investment group), through their affiliates. The Company also agreed to issue 12,000,000 warrants exercisable at 40 pence each as part of this transaction.

Outlook

In line with our strategy, all our operations are in highly active plays where the economics of drilling and producing remain attractive at sub-US$30 oil prices. This highlights the success we have had in taking advantage of the prior industry downturn to accelerate the positioning of our South Texas leasehold position in favour of the Austin Chalk and Eagleford Shale. With a strategic foothold in these prolific, low-cost plays established and a proven management team in place, we will look to further expand our position in this US onshore sweet spot, as and when management considers it most advantageous to do so.

For 2020, our main objectives were to build upon the initiative that commenced with the completion of our initial well, COG#1-H, and to further acquire additional land leases and to progress the permitting and horizontal development of our second objective well. As explained, during the pandemic we reassessed our strategic drivers with the notion of how we were going to deliver our second and third horizontal wells with a greater technical focus. I look forward to providing updates on our progress in the year ahead.

Finally, I would like to thank the Board, management team and all our advisers for their hard work over the last twelve months and also to our shareholders for their continued support.

Thomas Evans
Executive Director
30 June 2021

Operations Report

<u>Summary</u>

Nobel Petroleum USA, Inc., has operational teams on the ground working from its offices in the City of Gonzales. During the period, one new horizontal well in which the Group has an interest commenced completion activity. The Group was planning to initiate an encompassing 3D seismic survey in 2020 with Dawson Geophysical Company to complement its comprehensive well logs geological analysis, together with an enhanced programme of additional new petroleum leasing contiguous to the area, with proposed planning to provide a further number of permitted drilling locations by year end. However, the onset of COVID-19 curtailed these plans. Planning is now initiated for the drilling of the Company's second horizontal well, COG#2-H, for reasons as explained in detail herein, with the side-track/re-entry to the oil-bearing Lower Austin Chalk formation in the Company's initial production well, COG #1-H, reserved for that operation post completion of COG#2-H.

In addition, the Company's recently formed corporate entity, Pennpetro USA Corp, Inc., through its highly regarded Houston based technical teams, has begun to examine a number of asset opportunities encompassing producing hydrocarbons with offsetting strategic leasehold interests capable of both additional infill and expansionary drilling locations, which has been amplified by the new era deigned by the global Covid-19 virus pandemic.

SOUTH TEXAS

The Company, through its indirect wholly owned subsidiary, Nobel Petroleum USA, Inc., holds interests in acreage within active oil and gas plays within the County of Gonzales, State of Texas: The Austin Chalk, and Eagleford Shale horizontal development and vertical development of the Buda formation. Nobel Petroleum USA, Inc. has observed an increase in the value of its interests within its project acreage, due in part to uplifting its active equity interests and increased consolidation of its acreage positions.

Austin Chalk

The play covers an extensive area with over a million acres yet to be developed and runs all the way from the Pearsale Field south of Gonzales to the giant Giddings Oil Field, the largest oilfield found in Texas in the past 50 years to the north of Gonzales, and further north onto the North Rayou Jack Field. Recently, this play has extended into western Louisiana with a number of major players including EOR Resources and Marathon acquiring strong acreage positions. The Austin Chalk overlays the oil rich Eagleford Shale, with both formations capable of interacting with each other, and is a low permeability fractured reservoir that has been the target for horizontal drilling since the mid-1980s and consists of interbedded chalks, volcanic ash, and marls. It is located at drill depths from 7,000 to 8,000 feet. It can be a liquids-rich play, yielding high volumes of oil and condensate. Initial production rates can range over 1,000 bopd with ultimate reserves exceeding 500 MBO per well.

Eagleford Shale

The Eagle Ford continues to prove itself as a world-class crude oil formation having produced in excess of 2.9 billion barrels of crude oil and condensate. This play is classified as a petroleum system in that it is a self-sourced reservoir with seals. Migration of Eagleford hydrocarbons was primarily along bedding planes during the expulsion phase. Absent of traps, hydrocarbons migrated up-dip or north where vertical natural fractures were encountered. These natural fractures were associated with the regional fault trends. Here, the hydrocarbons migrated into the extensively fractured Austin Chalk. Initial production rates with laterals can exceed 1,000 bopd.

Buda Formation

The Buda is a biomicritic limestone lying below the Eagleford Shale and above the Del Rio Shale. There has been an increase in the focus on, and the development of, the Buda formation by a number of US operators in South Texas, with a number of horizontal wells having been completed. It is a development we are following closely.

As previously identified, while the Buda has always been acknowledged as a resource play in South Texas, it sits at the bottom of our drilling prognosis, as it can be drilled as a separate vertical completion and added to our overall horizontal programme. Furthermore, its unit spacing can be brought significantly down to 40 acres, thereby fulfilling a separate in-fill operation alongside our horizontal drilling focus.

Thomas Evans
Executive Director
30 June 2021

Financial Report

The financial results for the group for the year ended 31 December 2020 are presented below:

The financial results for the year ended 31 December 2020 show a loss after tax of $1,046,512 (2019: loss $1,668,410).

The majority of the cost contributing to the Group's loss for the year included legal and professional fees, directors' emoluments and interest charges, which were in line with the Board's expectations.

The Group's borrowings at 31 December 2020 were $3,727,995 (2019: $6,078,992). The 2019 balance outstanding included a loan of $2,417,946 which was converted into shares at a price of £0.50 per share in January 2020. In addition, post year-end the repayment date for the loan facility with Petroquest Energy Limited was extended a further year to 31 December 2022.

The Group had cash balances at 31 December 2020 of $1,329 (2019: $8,384) and short-term investments of $49,152 (2019: $60,001). The year on year decrease in cash and short-term investments was primarily a result of cash used in operating activities and development expenditure.

As at 31 December 2020, the Group had $1.1m (2019 $1.1m) still available to draw under its loan facility of $5m with Petroquest Energy Limited.

On 30 April 2020, the Company issued 4,118,404 ordinary shares at a price of £0.5 per share, raising gross proceeds of £2,059,202. The shares were issued as part of the settlement of a loan entered into by Nobel Petroleum LLC.

In addition, the Group had a receivables balance at 31 December 2020 of $308,943 (2019: $356,928).

Additions of $23,151 were capitalised in property, plant and equipment during 2020 on the Petroleum mineral leases. As at 31 December 2020, total property, plant and equipment held by the Group was $1,384,314 (2019: $1,362,734).

Following additions of $67,153, cumulative drilling-related expenditure which has been capitalised in intangible assets was $4,233,890 at 31 December 2019 (2019: $4,166,737).

Thomas Evans

Executive Director

30 June 2021

ENQUIRIES

For further information, please contact:

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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

IMPORTANT NOTICE - FORWARD-LOOKING STATEMENTS

This announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts and involve predictions. Forward-looking statements may and often do differ materially from actual results. In addition, even if results or developments are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods. Any forward-looking statements reflect the Group's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's business, results of operations, financial position, liquidity, prospects, growth or strategies and the industry in which it operates. Forward-looking statements speak only as of the date they are made and cannot be relied upon as a guide to future performance.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2020	Year ended 31 December 2019
		$	$
Continuing Operations			
Revenue		66,798	-
Administrative expenses	6	(1,378,164)	(1,143,330)
Operating Loss		**(1,311,366)**	**(1,143,330)**
Finance income	9	2,058	944
Finance costs	9	262,796	(526,024)
Loss before Tax		**(1,046,512)**	**(1,668,410)**
Income tax	10	-	-
Loss for the year attributable to owners of the parent		**(1,046,512)**	**(1,668,410)**
Other Comprehensive Income:			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		79,008	69,310
Other Comprehensive Income for the Year		79,008	69,310
Total Comprehensive Income for the Year attributable to the owners of the parent		**(967,504)**	**(1,599,100)**
Loss per share attributable to the owners of the parent during the year			

Basic (cents per share)	11	(1.39)	(2.31)
Diluted (cents per share)		(1.39)	(2.31)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2020	31 December 2019
		$	$
ASSETS			
Non-Current Assets			
Property, plant and equipment	12	1,384,314	1,362,734
Intangible assets	13	4,233,890	4,241,831
Total Non-Current Assets		**5,618,204**	**5,604,565**
Current Assets			
Trade and other receivables	15	308,943	356,928
Short term investments	16	49,152	60,001
Cash and cash equivalents	17	1,329	8,384
Total Current Assets		**359,424**	**425,313**
TOTAL ASSETS		**5,977,628**	**6,029,878**
EQUITY AND LIABILITIES			
Equity Attributable to Owners of Parent			
Share capital	18	979,427	926,711
Share premium	18	4,121,700	1,538,636
Convertible reserve		6,021,575	6,021,575
Reorganisation reserve		(6,578,229)	(6,578,229)
Foreign exchange reserve		140,457	61,449
Share based payment reserve	19	838,909	438,641
Retained losses		(3,770,290)	(2,723,778)
Total Equity		**1,753,549**	**(314,995)**
Current Liabilities			
Borrowings	20	3,727,995	6,078,992
Trade and other payables	21	496,084	265,881
Total Current Liabilities		**4,224,079**	**6,344,873**
TOTAL EQUITY AND LIABILITIES		**5,977,628**	**6,029,878**

COMPANY STATEMENT OF FINANCIAL POSITION

	Note	31 December 2020	31 December 2019
		$	$
ASSETS			
Non-Current Assets			
Investments in subsidiaries	14	7,104,824	6,899,108
Property, plant and equipment	12	-	994
Total Non-Current Assets		**7,104,824**	**6,900,102**
Current Assets			
Trade and other receivables	15	3,062,112	229,736
Short term investments	16	49,152	60,001
Cash and cash equivalents	17	-	-
Total Current Assets		**3,111,264**	**289,737**
TOTAL ASSETS		**10,216,088**	**7,189,839**
EQUITY AND LIABILITIES			
Equity Attributable to Shareholders			
Share capital	18	979,427	926,711
Share premium	18	4,121,700	1,538,636
Convertible reserve		6,021,575	6,021,575
Foreign exchange reserve		648,279	319,749
Share based payment reserve	19	838,909	438,641
Retained losses		(2,942,712)	(2,303,188)
Total Equity		**9,667,178**	**6,942,124**
Current Liabilities			
Trade and other payables	21	548,910	247,715
Total Current Liabilities		**548,910**	**247,715**
TOTAL EQUITY AND LIABILITIES		**10,216,088**	**7,189,839**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to the owners of the parent		
	Foreign	Share

Group	Share Capital	Share Premium	Convertible Reserve	Reorganisation Reserve	Exchange Reserve	Based Payments Reserve	Retained Losses	Total Equity
	$	$	$	$	$	$	$	$
Balance at 1 January 2019	**908,404**	**625,504**	**6,021,575**	**(6,578,229)**	**(7,861)**	**60,153**	**(1,055,368)**	**(25,822)**
Loss for the year	-	-	-	-	-	-	(1,668,410)	(1,668,410)
Foreign currency translation differences	-	-	-	-	69,310	-	-	69,310
Total comprehensive loss for the year	-	-	-	-	69,310	-	(1,668,410)	(1,599,100)
Shares issued	18,307	988,599	-	-	-	-	-	1,006,906
Cost of shares issued	-	(75,467)	-	-	-	-	-	(75,467)
Share based payments	-	-	-	-	-	378,488	-	378,488
Balance at 31 December 2019	**926,711**	**1,538,636**	**6,021,575**	**(6,578,229)**	**61,449**	**438,641**	**(2,723,778)**	**(314,995)**
Loss for the year	-	-	-	-	-	-	(1,046,512)	(1,046,512)
Foreign currency translation differences	-	-	-	-	79,008	-	-	79,008
Total comprehensive loss for the year	-	-	-	-	79,008	-	(1,046,512)	(967,504)
Shares issued	52,716	2,583,064	-	-	-	-	-	2,635,780
Share based payments	-	-	-	-	-	400,268	-	400,268
Balance at 31 December 2020	**979,427**	**4,121,700**	**6,021,575**	**(6,578,229)**	**140,457**	**838,909**	**(3,770,290)**	**1,753,549**

Company	Share Capital	Share Premium	Convertible Reserve	Share Based Payments Reserve	Foreign Exchange Reserve	Retained Losses	Total Equity
	$	$	$	$	$	$	$
Balance at 1 January 2019	**908,404**	**625,504**	**6,021,575**	**60,153**	**45,228**	**(1,344,363)**	**6,316,501**
Loss for the year	-	-	-	-	-	(958,825)	(958,825)
Other Comprehensive Income	-	-	-	-	274,521	-	274,521
Total comprehensive loss for the year	-	-	-	-	274,521	(958,825)	(684,304)
Shares issued	18,307	988,599	-	-	-	-	1,006,906
Share issue costs	-	(75,467)	-	-	-	-	(75,467)
Share based payments	-	-	-	378,488	-	-	378,488
Balance at 31 December 2019	**926,711**	**1,538,636**	**6,021,575**	**438,641**	**319,749**	**(2,303,188)**	**6,942,124**
Loss for the year	-	-	-	-	-	(639,524)	(639,524)
Other Comprehensive Income	-	-	-	-	328,530	-	328,530
Total comprehensive loss for the year	-	-	-	-	328,530	(639,524)	(310,994)
Shares issued	52,716	2,583,064	-	-	-	-	2,635,780
Share based payments	-	-	-	400,268	-	-	400,268
Balance at 31 December 2020	**979,427**	**4,121,700**	**6,021,575**	**838,909**	**648,279**	**(2,942,712)**	**9,667,178**

CONSOLIDATED STATEMENT OF CASHFLOWS

	Year ended 31 December 2020	Year ended 31 December 2019

	$	$
Cash Flows from Operating Activities		
Loss before tax	(1,046,512)	(1,668,410)
Depreciation	1,536	2,792
Amortisation	75,094	90,113
Foreign exchange gain	1,068,243	287
Write off	(130,746)	-
Finance income	(2,058)	(944)
Finance costs	(262,796)	526,024
Share base payment charge	362,730	361,860
	(65,491)	(688,278)
Changes to working capital		
Decrease in trade and other receivables	47,985	27,021
Increase in trade and other payables	230,113	78,605
Cash used in operations	**343,589**	**(582,652)**
Interest paid	(271,189)	(176,322)
Net Cash used in Operating Activities	**72,400**	**(758,974)**
Cash Flows from Investing Activities		
Increase in Development expenditure	(67,153)	(184,963)
Purchases of property, plant and equipment	(23,151)	(85,566)
Disposal of short-term investments	10,849	106,366
Interest received	-	82
Net Cash (used in)/ generated from Investing Activities	**(79,455)**	**(164,081)**
Cash Flows from Financing Activities		
Proceeds from issue of ordinary shares	-	1,006,906
Issue costs	-	(75,467)
Proceeds from/ (repayments of) borrowings	-	-
Net Cash generated from/ (used in) Financing Activities	**-**	**931,439**
Net Increase/(Decrease) in Cash and Cash Equivalents	**(7,055)**	**8,384**
Cash and cash equivalents at the beginning of the year	8,384	-
Net increase/ (decrease) in cash and cash equivalents	(7,055)	8,384
Cash and Cash Equivalents at the End of the Year	**1,329**	**8,384**

COMPANY STATEMENT OF CASHFLOWS

	Year ended 31 December 2020	Year ended 31 December 2019
	$	$
Cash Flows from Operating Activities		
Loss before tax	(639,524)	(958,825)
Depreciation	959	2,215
Share based payments	362,730	361,860
Foreign exchange gain/loss	-	13,568
Unrealised foreign exchange	160,386	1,147

Finance income	-	(82)
Finance costs	-	-
	(115,449)	(580,117)
Changes to working capital		
Increase in trade and other receivables	(196,597)	(217,000)
Increase/ (Decrease) in trade and other payables	301,197	(240,771)
Cash (used in) operations	**(10,849)**	**(1,037,888)**
Net Cash generated used in Operating Activities	**(10,849)**	**(1,037,888)**
Cash Flows from Investing Activities		
Disposal of short-term investments	10,849	106,367
Interest received	-	82
Net Cash used in Investing Activities	**10,849**	**106,449**
Cash Flows from Financing Activities		
Proceeds from issue of ordinary shares	-	1,006,906
Issue costs	-	(75,467)
Net Cash generated from Financing Activities	**-**	**931,439**
Net movement in Cash and Cash Equivalents	**-**	**-**
Cash and cash equivalents at the beginning of the year	-	-
Exchange gain on cash and cash equivalents	-	-
Net Decrease in cash and cash equivalents	-	-
Cash and Cash Equivalents at the End of the Year	**-**	**-**

The annual report and financial statements for the year ended 31 December 2020 are available to download on the Company's website at www.pennpetroenergy.co.uk.

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