



RNS

Miscellaneous

Proposed Farm-In

PENNPETRO ENERGY PLC

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Pennpetro Energy PLC ("Pennpetro" or the "Group")

Proposed Farm-In

London, 16 March 2022 - Pennpetro, an independent oil and gas company focusing on production in the Gonzales Oil Field in Texas, USA, today announces that, through its wholly owned subsidiary enterprise Nobel Petroleum USA Inc ("NPUSA"), the Group has signed a heads of terms ("HoT") agreement with Upland Resources Limited ("Upland") for a proposed petroleum farm-in ("Farm-In") to its Saouaf permit area Tunisia ("Saouaf Asset") held in joint venture with the Tunisian state oil company, Enterprise Tunisienne d'Activités Pétrolières ("ETAP").

The HoT signed for Nobel Petroleum to farm-in for 80% working interest and assume operatorship, subject to ETAP approval. The current work programme needs to be carried out prior to the current expiry of the Saouaf Permit ("Permit") on 23 December 2022 ("Expiry Date") with extension negotiations having already been initiated referencing the Hydrocarbon Code of Tunisia, and consists of an obligation to acquire 300km of 2D seismic.

NPUSA will be appointed as the Operator for the Permit and a formal Operating Agreement will be executed. The working interests of NPUSA and Upland Saouaf (interest carried by NPUSA) up to the Expiry Date are as follows:

- | | |
|-----------------------------|-----|
| · Nobel Petroleum USA, Inc. | 80% |
| · Upland Saouf | 20% |

The Permit can under its priority rights be converted into an exploration permit at the Expiry Date.

- In the three years following that Expiry Date, the Permit requires the acquisition of 150 km of 2D seismic and the drilling of one exploration well to reach the M'cherga formation or equivalent to a minimum depth of 1500m.

Upon the conversion to the Exploration Permit, the working interests will be as follows:

- | | |
|-----------------------------|-----|
| · Nobel Petroleum USA, Inc. | 40% |
| · ETAP | 50% |
| · Upland Saouf | 10% |

Pennpetro also agreed to reimburse Upland for the 80% of its prior sunk costs in Tunisia, which is capped at no more than £290,000. This will be paid through fully paid ordinary shares in Pennpetro Energy ranking pari passu with other ordinary shares in Pennpetro at deemed value of £0.35 each for a total of up to 662,857 fully paid ordinary Pennpetro Energy shares.

The HoT agreement also includes granting Pennpetro first right of refusal in respect of Upland UK (Upland's wholly owned

subsidiary) assets upon the signing of the Farm-In for a period of 45 days. Assets that Upland UK hold (but are not an operator of) are

- A 32% interest in P2478 (Blocks 12/27c, 17/5, 18/1 and 18/2) ('Inner Moray Firth Asset'); and
- A 25% interest in PEDL 299 SK46c below ('Hardstoft Asset')

All these transactions are subject to the agreement and signing of various legally binding agreements and further necessary announcements will be made, in due course.

Tom Evans, CEO of Pennpetro Energy plc, commented:

"Today's announcement marks an important strategic milestone under Pennpetro's expansionary petroleum initiatives. We are excited to partner with Upland in their Tunisian venture. Upland has done a lot of excellent technical and commercial work to this point and have built an excellent relationship with the Tunisian authorities. Our timing couldn't be better given the critical burgeoning need for additional gas and blue hydrogen supplies to Europe, especially given the fact that the Saouaf permit area is situated under the existing TransMed gas pipeline feeding gas from Algeria to Italy with spare capacity.

The Saouaf permit area hosts 10 gas prospects and leads with up to 15.2 trillion cubic feet gross potential in multiple targets. The risked resource, independently audited by highly respected third-party engineers, is 420 billion cubic feet of gas plus 1.6 million barrels of oil equivalent net to Pennpetro. The Pyrite prospect offers an opportunity to open up an exciting new play in the area.

Andy Clifford, President of our wholly owned subsidiary, Nobel Petroleum USA Inc., is excited for Nobel to assume operatorship of the permit and to carry on the good work done by the Upland team. He is exceptionally well qualified to oversee the future work programme, having over 43 years of worldwide industry experience, including leading negotiating efforts in North Africa and oil discoveries in Algeria for major oil companies.

Pennpetro and Nobel remain very excited and committed to continuing our Gonzales development programme."

-ENDS-

This announcement contains inside information within the meaning of Article 7(1) of (i) Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014, as amended (the "EU Market Abuse Regulation") and (ii) the EU Market Abuse Regulation as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018.

Enquiries

Pennpetro Energy plc

Thomas Evans

tme@pennpetroenergy.co.uk

Instinctif

Galyna Kulachek

pennpetro@instinctif.com

Sarah Hourahane

+44 (0) 20 7457 2020

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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