



Dear Mr Lunn,

Subsequent to your RNS of 20<sup>th</sup> December 2024 we are writing to you as a concerned shareholder group. We individuals represent over 14.5 million shares of PennPetro Energy, equating to over 13.5% of the share company based on the latest communicated share position and are part of a wider active shareholder group, which is currently tracking at 25.3 million shares, or over 23% of the company.

As you may expect, the news issued in the RNS is rather alarming, both specifically contradicting earlier RNS information issued by the previous Board and raising new apparent threats to the company.

We would like to specifically raise our concerns over what appears to be a substantial conflict of interest for you, and therefore the implications for any decisions by yourself or the Board. Our understanding is that you are a 75% owner/representative of Petroquest Energy Limited, which would appear to be the historic corporate loans you refer to in the RNS. We would like to refer to both section 175 of the Companies Act, 2006 and clauses 106 and 108 of the Articles of Association of PennPetro Energy regarding conflicts of interest.

As a result of your owner/representation of Petroquest Energy, we understand you to face a clear conflict of interest in these matters and as such are unable to act on behalf of the company in discussions related to these. Similarly, recognising that there are only two Board members in total, the Board is unable to take decisions on such matters as it fails to meet quorum requirements, and the Chair (yourself) is unable to provide a casting vote on any matters related to these debts, or comparable matters that may affect the creditor position of Petroquest Energy Limited, positively or negatively.

While a situation not of your making, the current position is clear. Noting the improper Director actions referred to in the RNS, relying on any historical agreements by these Directors under clause 106 to take part in any such discussions and decisions would be wholly inappropriate and contrary to your stated wishes to correct the course of PennPetro Energy. In short, it appears the company is in a stalemate with regards to being able to undertake any substantial actions with its major creditors beyond maintaining the current status quo.

It is our understanding that the debt facility with Petroquest Energy Limited can be readily extended to 31 December 2025, as referenced on p22 of the March 2023 full year accounts, and thus any immediate debt cliffs can be postponed. We believe it is your responsibility as Chair and acting CEO of PennPetro Energy to extend this loan into 2025 (if not already done so) to prevent undue financial pressure on the company. This gives PennPetro Energy and its shareholders the requisite time to resolve these issues.

The Articles appear clear on the correct course of action in this regard – clause 59 specifically addresses this with regards to initiating a General Meeting. We note that there should imminently be an Annual General Meeting in any case, and it would appear that this would provide the perfect opportunity to appropriately ratify the company, the Board (and its actionable remit) and provide a clear future path for PennPetro Energy.

Noting the above, and agreeing with your desire for strong, transparent and compliant corporate governance, our expected minimum actions are as follows:

1. That PennPetro Energy will urgently call the AGM, with an anticipated date of end of January/early February so that shareholder support for the Board can be provided in an appropriate manner to allow resolution of the above issues
2. That PennPetro Energy provides full details of the debt positions/parameters and any conflicts of interest for the two Board members for the AGM
3. That, prior to the AGM, PennPetro Energy will take no significant decision, action or inaction which would impact the debt or creditor position for any debts where any Board member has a material interest or associated benefit, including but not limited to Petroquest Energy Limited
4. That, prior to the AGM, you, Mr Lunn, specifically will take no such action or inaction under any of your remits to dramatically alter the status quo of the historical situation (while we recognise your duties to other organisations are outside of the remit of PennPetro Energy, actions taken under those duties would subsequently call into question any actions/inactions by PennPetro Energy)
5. That, prior to the AGM, PennPetro Energy will take no significant decision or action which could be seen as trying to circumvent or overcome the current position as caused by this conflict of interest (such as hiring of new directors).

I strongly believe we are all aspiring to achieve desired outcomes as quickly as reasonably possible, and that to take PennPetro Energy forward, we must do this in a proper and appropriate manner.

Please can you respond to the positions as laid out in this letter by 29<sup>th</sup> December, including any matters to which we may be unaware that would lead to material issues or substantial financial/operational risk for PennPetro Energy should it comply with the above positions – clarification on the current end date of the Petroquest Energy loan as to whether it is December 2024 or December 2025 is key to us.

Kind regards,

