PETRONOR E&P

Interim Financial Report

For the half year and quarter ended

30 June 2021

HIGHLIGHTS

Q2 2021 and subsequent events

Following the Private Placement of NOK 340 million in March 2021, Tranche 2a and 2b Offer shares were issued post period end in July, adding USD 11 million to the Group cash and increasing the indirect ownership in PNGF Sud up to 16.83%.

Subsequent Offering commenced 24 August 2021, targeting shareholders that were unable to take part in the Private Placement.

Purchase of SPE Guinea Bissau AB from Svenska Petroleum Exploration AB completed in early May.

Arbitration proceedings for Senegalese licences resumed.

Assets

Republic of Congo (Brazzaville)

On 12 March 2021, PetroNor announced a transaction to increase the indirect participation interest to 16.83% by acquisition of the non-controlling interest shares in Hemla Africa Holding AS, transaction which received shareholder approval at the EGM held on 4 May 2021 and subsequently completed on 9 July 2021.

The Group holds a right to negotiate, in good faith, along with the contractor group of PNGF Sud, the terms of the adjacent license of PNGF Bis.

Nigeria

In 2019, the Company acquired a 13.1% economic interest in the Aje Field through two transactions with Panoro and YFP. PetroNor started engaging with partners to streamline operations and initiated the DPR approval process for both transactions.

Engaged with several financial & industrial partners with a target to mature the project towards an FID.

Guinea-Bissau

78.57% interest of the Sinapa and Esperança licences are held by the Group through the purchase of SPE Guinea Bissau AB from Svenska Petroleum Exploration AB on 4 May 2021. The licences are operated by PetroNor, and the remaining equity is held by FAR Ltd.

The Gambia

In September 2020, under the terms of the settlement agreement, a new A4 licence was awarded providing a 90% interest and operatorship of the A4 licence to the Group. The remaining 10% interest of the new licence is held by the Government of The Gambia.

Senegal

The Rufisque Offshore Profond and Senegal Offshore Sud Profond license areas held by the Group are subject to arbitration with the Government of Senegal.

EBITDA H1 (USD)
27.5 m
(H1 2020: 13.6m)

EBITDA Q2 (USD)
13.9 m
(Q2 2020 4.2m)

Consolidated net profit/loss H1 (USD)
8.9m
(2020: 2.9m)

PNGF Sud[1] & Bis[2]
19.6 MMbbl
2P Reserves

14.1 MMbbl
2C Contingent Resources

1 Assuming increase in ownership to 16.83%
2 Assuming increase in ownership to 23.56%

CEO'S STATEMENT

Dear Shareholders

During the second quarter PetroNor continued to progress a number of strategic initiatives that built on the strong platform created by the recent transformative acquisitions in Congo. The Group has delivered material growth in the two years since it merged with African Petroleum, almost doubling production and diversifying the portfolio, all against the strong headwinds of the pandemic and the associated demand crunch.

The strengthening of the oil price through the year has enhanced the already robust economics of the Group's working interest production from its cornerstone asset PNGF Sud, resulting in strong free cash flow and a strengthening of our balance sheet. Production from the asset during the period was below expectation as a result of required field maintenance to failing pump equipment. After a short delay getting the new equipment to site caused by the ongoing pandemic, the remedial work was successfully executed post period and pleasingly the production is now back around 21,000 bopd.

As mentioned, the economics from this quality asset are compelling in the current commodity price environment and will be enhanced further as a result of the impending drilling activity which is due to commence in Q3. The low operating cost at the asset was proved by the 2020 results of PetroNor and the additional production expected from the ongoing well campaign will result in significant cash-flow in the coming years. Furthermore, the JV has been through an investment cycle at the asset designed to optimise and extend production from existing wells, and the Group will therefore continue to benefit from that investment going forward.

The four well infill drilling programme at Litanzi, consisting of two producers and two injectors, is now assumed to commence in December. The new infill wells will be completed and brought on stream consecutively from January 2022. The programme will target proven undeveloped reserves in un-swept fault segments and is expected to increase the field recovery factor from 13% to 27%.

Elsewhere throughout the portfolio the management has been active in its attempts to realise value for its shareholders. The newest addition to the portfolio, in Guinea-Bissau, has been the focus of a lot of technical work, as we seek to progress this exciting opportunity. We have received early expressions of interest from leading industry players to partner with us on these blocks, reinforcing our confidence in the quality of these assets and the value proposition that they represent to our Group. We will seek to progress these discussions through the second half of the year and will update the market when we have something more concrete to announce.

During the period, the Company announced that after a period of suspension to Arbitration with Senegal, the parties had been unable to reach a satisfactory agreement and have therefore returned to Arbitration proceedings. The Group remains confident in its legal position and will leave the door open for further constructive engagement with Senegal ahead of this process nearing the formal Hearing in March next year.

Further to our settlement with The Gambia last year, which saw PetroNor regain its interest in the A4 Block under new terms, we continue to assess our options with regards to proceeding with the lease agreement ahead of the current deadline.

The Group continues to await approval from the Nigerian authorities to ratify our entry into Aje. This has been a prolonged process caused by a combination of factors mostly related to the pandemic as well as the complexity of the proposed redevelopment concept. The delay to completion has not been time lost though as we have made significant progress on enhancing the development concept for the asset and will be ready to go on this once approved. Aje remains a key part of our strategy in terms of the commercial impact we see on our business, but also the environmental and socioeconomic impact to Nigeria and its people.

PetroNor sees gas as a critical element to its ESG agenda as it seeks to eliminate gas flaring and use the gas, which is the cleanest of all hydrocarbons when burned, to replace the burning of coal and heavy diesel fuel within the domestic market and across Africa as a whole. By supplying LPG from the Aje field to the Nigerian domestic market, we can support the government with its environmental efforts and help meet growing demand in country. PetroNor's team has vast experience in LPG across the continent and is actively screening numerous opportunities that have a similar mix of liquids and gas as we have in the Aje field.

Progressing our ESG agenda remains a core priority for PetroNor. We fully recognise the importance of our accountability as an oil and gas company in the critical focus of climate change. The recent IPCC report from UN highlights the existential risk that our planet faces as a result of extractive industries. For Africa as a continent, UN had defined gas as a key transition fuel to balance the growing demand across the continent for energy, and the

CEO'S STATEMENT

socioeconomic impact of access to affordable energy play in terms fighting poverty and deforestation.

The energy transition is accelerating across Africa as IOCs continue to refocus their strategies away from oil projects and more towards renewable projects. PetroNor has a role to play in supporting this transition by positioning itself as a credible and responsible counterparty for the vendors and host governments. We believe that our proven operator status, strong industry network, and long-standing experience of doing business across the continent gives PetroNor a competitive edge that will support our inorganic growth ambitions.

In that regard, we remain focused on achieving scale and reaching our stated production target of 30,000 boepd. We are actively screening a multitude of opportunities that meet with our criteria in terms of existing production or unrealised value from proven resources that can be unlocked through a technical approach. We hope to progress some of these discussions into firm deals in the second half of this year and beyond.

In conclusion, we are pleased with the progress we are making in both our organic and inorganic strategies and enter the second half of the year with strong confidence that the Company will reap the benefits of its recently executed corporate activity. We are particularly excited about the upcoming drilling activity at PNGF Sud given the potential impact it will have on our production and cash flow now that we benefit from a larger working interest in that project. We look forward to providing regular updates to the market as we achieve key milestones throughout what will be an active and hopefully value enhancing period for the Company and its shareholders.

Yours sincerely

Knut Søvold
CEO

OPERATIONAL UPDATE

CORPORATE

General Meetings

4 May 2021

The Symero Transaction was approved by ordinary resolution which was necessary due to the related party nature of the transaction. An independent expert report was provided in advance of the General Meeting as required pursuant the Australian Corporations Act.

Ms Gro Kielland was elected as a director, after being appointed casually in February 2021 to fill a vacancy.

29 May 2021

Mr Eyas Alhomouz, Mr Roger Steinepreis and Mr Alex Neuling were all re-elected after retiring by rotation.

Capital raise and Subsequent Offering

In March 2021, the Company raised NOK 340 million of new equity through a Private Placement of 309,090,909 new shares in the Company. The Private Placement received strong interest from new investors, including institutional investors and private family offices in Norway and internationally. Petromal Sole Proprietorship LLC and related group companies ("Petromal"), the Company's main shareholder owning 38.28% of all issued and outstanding shares in the Company, subscribed for Offer Shares at the Offer Price for an amount of NOK 130.2 million, which corresponding to their 38.28% pro-rata share of the Private Placement.

The Private Placement generated NOK 187.4 million (USD 22.1 million) in cash and NOK 152.6 million (USD 18.0 million) as in-kind consideration for contingent acquisition of all Symero Limited's ("Symero") shares in Hemla Africa Holding AS ("HAH") (the "Symero Transaction"). Symero is owned by NOR Energy AS, a company owned by Knut Søvold, CEO of the Company, and Gerhard Ludvigsen.

The net cash proceeds from the Private Placement will be used to finance drilling of infill wells and other increased oil recovery initiatives on PNGF Sud and general corporate purposes. The Private Placement was divided into two tranches:

- Tranche 1 ("Tranche 1") consisting of Offer Shares for NOK 92.8 million have been allocated to existing and new investors. Tranche 1 shares were issued in March 2021 with net cash of USD 10.5 million injected into the Company after deduction of manager's fees.
- The remaining Offer Shares were issued in July 2021 to Symero (for an amount equal to NOK 152.6 million (USD 18 million) ("Tranche 2a") and Petromal (for an amount equal to NOK 94.6 million) to retain its ~38.28% ownership ("Tranche 2b").

In August 2021, the Company announced a subsequent offering of new shares without tradable subscription rights of up to 60,000,000 new shares in the Company at a subscription price of NOK 1.10 (equivalent to Private Placement price) towards existing shareholders of the Company as of close of trading on Oslo Euronext Expand on 11 March 2021, shareholders of record on 15 March 2021. A combined prospectus for listing of the Offer Shares in Tranche 2a and Tranche 2b and for the offering of shares in the contemplated Subsequent Offering was published on 23 August 2021 after approval by the Norwegian FSA.

OPERATIONS

PRODUCTION

Republic of Congo – PNGF SUD

PNGF Sud fields are located approximately 25 km off the coast of Pointe-Noire in water depths of 80-100 metres. PNGF Sud comprises 3 operating licenses, Tchiboouela II, Tchendo II and Tcibeli-Litanzi II, covering five oil fields: Tchibouela Main, Tchibouela East, Tchendo, Tchibeli and Litanzi.

Following the entry of the new license group in 2017, significant operational improvements have been made, increasing gross production from c. 15,000 bopd in January 2017 to an average production in 2020 of 22,713 bopd. Through further workovers, surface and process improvements and infill drilling, gross production from PNGF Sud is expected to continue to grow in the coming years.

After PNGF Sud commenced production in 1987, the fields are developed with seven wellhead platforms and currently produce from 61 active production wells, with oil exported via the onshore Djeno terminal. With its long production history, substantial well count and extensive infrastructure, PNGF Sud offers well diversified and low risk production and reserves with low break-even cost.

In March 2021, AGR Petroleum prepared a Competent Person's Report ("CPR") whereby the reserves were calculated as at 31 December 2020.

Using the CPR and adjusting for H1 2021 production, as at 30 June 2021:

Participation Interest	*11.9%*	*16.83% Post Transaction*
1P reserves	9.82 MMbbls	13.9 MMbbls
2P reserves	13.87 MMbbls	19.6 MMbbls

PetroNor's Contingent Resource base includes discoveries of varying degrees of maturity towards development decisions. By end of Q2 2021, PNGF Sud contains a total 2C volume of approximately 7.30 MMbbls assuming a 16.83% participation interest.

In Q2, production has been below expectation primarily for two reasons; 1) COVID has delayed the start of infill drilling start on Litanzi from Q2 to Q4 and 2) delays in materials procurement for all operators in the country. The latter situation has been resolved and the Operator is pursuing the maintenance lag. Thus, following a reduced production in Q2, production is now back around 21,000 bopd and increasing ahead of the start of infill drilling. During H1/Q2 2021, gross production was 20,289/19,061 bopd, resulting in a net to PetroNor production of 3,372/3,208 bopd.

The current indirect participation interest is 16.83% following transactions during 2021

OPERATIONAL UPDATE

Republic of Congo – PNGF BIS

PNGF Bis is located next to PNGF Sud and contains two discoveries from 1985-1991 (Loussima SW and Loussima). The Company and its PNGF Sud partners have a right to negotiate the licence agreement.

The three discovery wells tested from 1,150 to 4,700 bopd of light, good quality oil. Perenco has made a detailed reinterpretation, 3D modelling and facilities study for the Loussima SW discovery, yielding >100 MMbbl of in-place resources and a possible tie-back to Tchibouela.

AGR Petroleum Services warrants 2C resources of 28.9 MMbbl including verification of the tieback scenario given above.

DEVELOPMENT

Nigeria – OML-113 / The AJE field

On 30 June 2021, PetroNor and Panoro Energy ASA ("Panoro") agreed to extend the completion long stop date for the previously announced purchase of Panoro's fully owned subsidiaries that hold 100% of the shares in Pan Petroleum Aje Limited ("Pan Aje") ("the Transaction"). The original long stop date was 31 December 2020, being the date by which authorisation of the Nigerian Department of Petroleum Resources and the consent of the Nigerian Minister of Petroleum Resources were required to have been received. The amended long stop date to complete the Transaction is now 30 September 2021.

The regulatory approval process in Nigeria is underway at an advanced stage but has been delayed by the pandemic and the changes in the Department of Petroleum Resources (DPR).

As previously announced, following completion of the Transaction, Panoro's intention is to declare a special dividend and distribute to its shareholders USD 10 million equivalent in PetroNor shares in order for Panoro shareholders to retain a direct listed exposure to Aje/OML-113.

Also in 2019, PetroNor entered into separate agreements with the OML-113 operator Yinka Folawiyo Petroleum ("YFP") to create a holding company to exploit the substantial gas and liquids reserves at Aje. The regulatory process for this agreement is aligned with the Transaction and is expected to be approved concurrently.

PetroNor and Panoro have also taken the opportunity to review the deferred contingent element of the Transaction, reflecting the changed macro-economic background since the original announcement in 2019. Under the original agreement, once PetroNor had recovered all its costs related to their future investments to bring Aje gas into production, the Company was to pay to Panoro additional consideration of USD 0.15 per 1,000 cubic feet of the natural gas sales, such additional consideration being capped at USD 25 million. The amended terms are for the consideration to be USD 0.10 per 1,000 cubic feet with the additional consideration being capped at USD 16.67 million.

PetroNor continues work to update the field development plan ("FDP") to expedite gas development and engaged with potential offtakers and partners. PetroNor will engage the JV partners following the DPR approval.

EXPLORATION

Guinea-Bissau – 2 and 4A & 5A

In early May 2021, the Company completed the purchase of SPE Guinea Bissau AB from Svenska Petroleum Exploration AB, and PetroNor E&P AB has assumed the operatorship of the Sinapa (Block 2) and Esperança (Blocks 4A and 5A) licences in Guinea-Bissau. The current phase on both licences has recently been extended for 3 years and are valid until 2 October 2023.

The licences contain two Cretaceous aged shelf edge prospects, Atum and Anchova, which are directly analogous to the on-trend Woodside operated Sangomar field development in Senegal. The prospects were mapped on 3D seismic acquired by Polarcus in 2016.

Svenska Petroleum Exploration AB was in the advanced stages of planning for the drilling of the Atum-1X well to test the Atum prospect prior to delays in gaining partner approvals due to the disputed presidential elections in late 2019 early 2020. Long lead items required for drilling operations have been secured and a number of pre-drill studies completed. Well planning can be recommenced at short notice.

The Atum-1x well will test a highly attractive and material prospect on the Sinapa licence. Recently reprocessed seismic data will be interpreted as part of the ongoing evaluation of both licences and as preparation to drilling.

The Gambia – A4

In September 2020, PetroNor E&P Gambia Ltd was awarded a new 30-year lease for the A4 licence. The award was part of a settlement agreement with the Government of The Gambia connected to the arbitration of the A1 and A4 licences previously issued in 2006.

The terms of the new license are based on the newly developed Petroleum, Exploration and Production Licence Agreement (PEPLA). PetroNor E&P Gambia Ltd will be able to carry approved prior sunk costs associated with A4 into the new agreement.

The PEPLA is a royalty plus tax system valid for 30 years with an option of a 10-year extension. The initial six years exploration period is divided into three periods of two years during which exploration activities are to be completed.

The A4 licence is located offshore within the Mauritania-Senegal-Gambia-Bissau-Conakry Basin. Hydrocarbons are proven throughout the basin, including current producing fields in Mauritania, major accumulations at Dome Flore ("AGC") and most notably the Sangomar field, 30 km to the North in Senegal. First oil is expected at Sangomar in 2023 with a plateau production rate of 100,000 bopd forecasted by the operator, Woodside. Further exploration is anticipated by FAR and Petronas in Block A2 in late 2021.

PetroNor continues to seek partners to drill one exploration well in this highly attractive acreage and aims to participate in any future well at an equity level of 30-50%.

OPERATIONAL UPDATE

Senegal – ROP & SOSP

In July 2018, the Company's subsidiary African Petroleum Senegal Limited registered arbitration proceedings with the International Centre for Settlement of Investment Disputes (ICSID) (case ARB/18/24) to protect its interests in the Senegal Offshore Sud Profond and Rufisque Offshore Profond blocks.

On 5 April 2021, the Company announced that the arbitration proceedings for the Group's interests in Senegal were to resume despite numerous progressive meetings with the relevant authorities to reach a mutually beneficial solution during the halt in proceedings during 2020 and Q1 2021.

FINANCIAL PERFORMANCE AND ACTIVITIES

The Group reported an EBITDA of USD 27.5 million for the half year ended 30 June 2021, compared to USD 13.6 million in the same period in 2020. Net profit attributable to the equity holders of the parent was USD 3.0 million for the half year ended 30 June 2021, compared to a loss of USD (0.4) million in the same period in 2020.

During the second quarter, there were two liftings that meant oil & gas revenue was (net of royalties & taxes) USD 13.6 million arising from sale of 0.20 million barrels of crude oil at an average price of USD 67.61 per barrel. In the prior year, 0.20 million barrels of crude oil was sold during the same period at an average price of USD 32.82, resulting in a revenue of USD 6.5 million.

EBITDA margin of 55% is significantly higher when compared to the Q2 2020 margin of 40%. Mostly due to improving market conditions and continued focus on cost management.

The balance of cash advanced to the Operator in Congo for decommissioning costs at 30 June 2021 was USD 23.6 million (31 December 2020: 21.3 million), this represents almost 80% of the provision required to be made under the licence arrangements. Obligations under this arrangement will be met well in advance of partnership requirements.

On 25 January 2021, a further 9,900 shares in subsidiary Hemla E&P Congo S.A. were registered for the benefit of the Group after an award by the Court in Congo. This acquisition has been considered a material non-cash transactions as it was offset with the settlement of an outstanding receivable.

With the acquisition of the Guinea-Bissau exploration operations, the Group increased its inventories with USD 1.74 million of drilling long lead items purchased originally by Svenska Petroleum for the planned Atum 1-X well. Plus, a further USD 1.26 million was incurred for the transfer fees for the existing seismic data leased by the partnership.

During the quarter no dividend was paid or recommended.

The Board of Directors (the "Board") confirms that the interim financial statements have been prepared pursuant to the going concern assumption, and that this assumption was realistic at the balance sheet date. The going concern assumption is based upon the financial position of the Group and the development plans currently in place. In the Board's view, the interim financial statements give a true and fair view of the Group's assets and liabilities, financial position, and results. PetroNor E&P Ltd is the parent company of the PetroNor Group (the "Group"). Its interim financial statements have been prepared on the assumption that the Group will continue as a going concern and the realisation of assets and settlement of debt in normal operations.

As USD 10.5 million in cash was received in the first quarter for Tranche 1 shares for the Private Placement, the Group had USD 20.4 million in cash and bank balances as of 30 June 2021 (31 December 2020: USD 14.1 million)., and the Tranche 2b shares for the Private Placement from March will raise a further USD 11.3 million in cash. A listing prospectus for the Tranche 2a and 2b shares was approved by the Norwegian FSA on 23 August 2021, together with a subsequent offering of 60,000,000 shares. If the Repair Offer is to be fully subscribed, this may raise up to a further USD 7.4 million in cash.

TOP 20 SHAREHOLDERS

As of 20 August 2021:

#	SHAREHOLDER	NUMBER OF SHARES	PER CENT
1	Petromal L.L.C [1]	481,481,666	37.42%
2	NOR Energy AS [2]	143,555,857	11.21%
3	Symero Limited[3]	138,763,636	10.83
4	Ambolt Invest AS	86,849,618	6.78
5	Gulshagen III AS [4]	45,000,000	3.51%
6	Gulshagen IV AS [4]	45,000,000	3.51%
7	ENG Group Soparfi S.A.	36,281,428	2.83%
8	Energie AS	24,983,248	1.95%
9	Nordnet Livsforsikring AS	22,604,474	1.76%
10	Enga Invest AS	14,892,746	1.16%
11	Nordnet Bank AB	12,152,621	0.95%
12	Pust For Livet AS	9,560,582	0.75%
13	Omar Al-Qattan	7,645,454	0.60%
14	Leena Al-Qattan	7,645,454	0.60%
15	UBS Switzerland AG	7,239,936	0.57%
16	Sandberg JH AS	4,853,951	0.38%
17	Danske Bank A/S	4,393,812	0.34%
18	Avanza Bank AB	4,327,243	0.34%
19	Nordea Bank Abp	3,431,244	0.27%
20	Knutshaug Invest AS	3,386,161	0.26%
	Subtotal	**1,104,048,890**	**86.20%**
	Others	176,707,307	13.80%
	Total	**1,280,756,197**	**100%**

[1] Non-Executive Chairman, Mr. Alhomouz is the CEO of Petromal L.L.C., 109,520,419, of these shares are recorded in the name of nominee company Clearstream Banking S.A. on behalf of Petromal L.L.C.

[2] NOR Energy AS is a company controlled jointly by Mr. Søvold and former Director Mr. Ludvigsen through indirect beneficial interests.

[3] Symero Ltd is a 100% owned subsidiary of NOR Energy AS

[4] Gulshagen III AS and Gulshagen IV AS are companies controlled by Mr. Søvold through an indirect beneficial interest.

OPERATIONAL UPDATE

PRINCIPAL RISKS

The Group is subject to a number of risk factors inherent in the oil and gas industry which are further detailed in the annual report. These include technical risks, reserve and resource estimates, and risks of operating in a foreign country (in particularly economic, political, social and environmental risks).

The principal risks disclosed in the annual report have not materially changed, and although the Company has raised equity finance in previous years, there may be new risks in the contemplated equity financing disclosed post period end for our investors to consider.

Risks associated with the contemplated equity financing are disclosed in the corporate presentation included with details on the proposed transactions, which is available on the Company website.

HEALTH, SAFETY AND ENVIRONMENT (HSE)

The Group's objective for health, environment, safety and quality (HSEQ) is zero accidents and zero unwanted incidents in all activities. PetroNor experienced no accidents, injuries, incidents or any environmental claims during the quarter.

The Group's operations have been conducted by the operators on behalf of the licensees, at acceptable HSE standards and the Operator of PNGF Sud is reporting regularly on all key HSE indicators. No accidents that resulted in loss of human lives or serious damage to people or property have been reported during the quarter. There have been no significant known breaches of the Company's exploration license conditions or any environmental regulations to which it is subject.

COVID-19

In the respective countries of operations, the Company followed government regulations and promoted remote working to limit the contact between internal staff and risk of infection in a small workforce. The pandemic and associated social restrictions continue to impact the freedom of movement on staff, directly and indirectly impacting supply chains for the business.

SIGNIFICANT EVENTS AFTER REPORTING DATE

On 9 July 2021, the 224,727,273 ordinary shares related to Tranche 2a and 2b of the Private Placement were issued, whereof: 138,763,636 ordinary shares for Tranche 2a of the Private Placement issued in kind as consideration for the Symero transaction, and 85,963,637 ordinary shares for Tranche 2b of the Private Placement issued for cash.

on 23 August 2021, the Company published a Listing Prospectus approved by the Norwegian FSA.

On 24 August 2021, the subscription period for a Subsequent Offering commenced targeting existing shareholders that were unable to take part or not allocated shares in the Private Placement on 11 March 2021. The Subscription Price of NOK 1.10 is equivalent to the subscription price in the Private Placement. The subscription period will end on 7 September 2021. During the subscription period, the associated Listing Prospectus will be available electronically at:

www.arctic.com/secno/en/offerings
www.paretosec.com/updates/transactions
www.sb1markets.no/en/transactions
www.petronorep.com/investors/prospectus/

Except for the above, the Company has not identified any events with significant accounting impacts that have occurred between the end of the reporting period and the date of this report.

OUTLOOK

The Company is awaiting the governmental approval Aje transaction and anticipates this to complete in the next few months.

After completion of Tranche 2a and 2b of the Private Placement, PetroNor will be in a robust financial position and fully funded for all sanctioned activities with significant flexibility to adjust its capital expenditure in a low oil price environment.

Liftings

The most recent lifting was in July 2021 for 93,816 bbl. The next lifting is expected in October. As a consequence, inventory will increase as at 30 September 2021.

Infill Drilling Program

The four well infill drilling program on Litanzi consisting of two producers and two injectors, is now assumed to commence in December and the new infill wells will be completed and brought on stream consecutively from January 2022.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

USD' 000 *(Unaudited)*	Three months ended 30 June **2021**	2020	Six months ended 30 June **2021**	2020
Revenue	**25,235**	10,544	**48,174**	30,263
Cost of sales	**(8,726)**	(4,790)	**(16,832)**	(12,673)
Gross profit	**16,509**	5,754	**31,342**	17,590
Other operating income	**341**	5	**357**	5
Exploration expenses	**(1,259)**	-	**(1,259)**	-
Administrative expenses	**(2,920)**	(2,444)	**(5,314)**	(5,947)
Profit from operations	**12,671**	3,315	**25,126**	11,648
Finance expense	**(947)**	(580)	**(1,626)**	(1,158)
Foreign exchange gain / (loss)	**835**	465	**19**	524
Profit before tax	**12,559**	3,200	**23,519**	11,014
Tax expense	**(8,045)**	(2,354)	**(14,654)**	(8,083)
Profit for the period	**4,514**	846	**8,865**	2,931
Other Comprehensive income:				
Exchange gains / (losses) arising on translation of foreign operations	**(565)**	1,660	**(29)**	(502)
Total comprehensive income	**3,949**	2,506	**8,836**	2,429
(Loss) / Profit for the period attributable to:				
Owners of the parent	**1,398**	(590)	**3,029**	(439)
Non-controlling interest	**3,116**	1,436	**5,836**	3,370
	4,514	846	**8,865**	2,931
Total comprehensive (loss) / income attributable to:				
Owners of the parent	**1,766**	623	**3,258**	(755)
Non-controlling interest	**2,183**	1,883	**5,578**	3,184
	3,949	2,506	**8,836**	2,429
Earnings per share attributable to members:	**USD cents**	USD cents	**USD cents**	USD cents
Basic (loss) /profit per share	**0.13 Cents**	(0.06) Cents	**0.30 Cents**	(0.05) Cents
Diluted (loss) / profit per share	**0.13 Cents**	(0.06) Cents	**0.30 Cents**	(0.05) Cents

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

USD'000	As at 30 June 2021 *(Unaudited)*	As at 31 December 2020 *(Audited)*
Assets		
Current assets		
Inventories	**5,724**	3,578
Trade and other receivables	**8,506**	9,397
Cash and cash equivalents	**20,444**	14,113
	34,674	27,088
Non-current assets		
Property, plant and equipment	**22,592**	23,483
Intangible assets	**6,890**	6,935
Right-of-use assets	**127**	212
Other receivables	**23,552**	21,260
	53,161	51,890
Total assets	**87,835**	78,978
Liabilities		
Current liabilities		
Trade and other payables	**15,553**	22,238
Lease liability	**142**	170
Loans and borrowings	**8,000**	4,000
	23,774	26,408
Non-current liabilities		
Loans and borrowings	**10,078**	14,912
Lease liability	**-**	55
Provisions	**15,805**	15,307
	25,883	30,274
Total liabilities	**49,578**	56,682
NET ASSETS	**38,257**	22,296
Issued capital and reserves attributable to owners of the parent		
Share capital	**28,138**	17,735
Foreign currency translation reserve	**(727)**	(956)
Retained earnings	**(5,824)**	(8,853)
	21,587	7,926
Non-controlling interests	**16,670**	14,370
TOTAL EQUITY	**38,257**	22,296

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

USD' 000 *(Unaudited)*	**Issued capital**	**Retained earnings**	**Foreign currency translation reserve**	**Non-controlling interest**	**Total**
BALANCE AT 1 JANUARY 2021	**17,735**	**(8,853)**	**(956)**	**14,370**	**22,296**
Profit for the period	-	**3,029**	-	**5,836**	**8,865**
Other comprehensive loss	-	-	**229**	**(258)**	**(29)**
Total comprehensive income / (loss) for the period	-	**3,029**	**229**	**5,578**	**8,836**
Issue of capital	**10,945**	-	-	-	**10,945**
Share Issue Costs	**(542)**				**(542)**
Acquisition of equity interest from NCI	-	-	-	**(3,278)**	**(3,278)**
BALANCE AT 30 JUNE 2021	**28,138**	**(5,824)**	**(727)**	**16,670**	**38,257**
For the period ended 30 June 2020					
BALANCE AT 1 JANUARY 2020	17,735	(11,226)	-	14,749	21,258
Profit for the period	-	(439)	-	3,370	2,931
Other comprehensive income	-	-	(316)	(186)	(502)
Total comprehensive loss for the period	-	(439)	(316)	3,184	2,429
Dividend paid	-	-	-	(5,150)	(5,150)
BALANCE AT 30 JUNE 2020	17,735	(11,665)	(316)	12,783	18,537

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

USD' 000 *(Unaudited)*	**For the period ended 30 June 2021**	For the period ended 30 June 2020
Cash flows from operating activities		
Total comprehensive (loss) / income for the period	**8,836**	2,429
Adjustments for:		
Income tax expense	**14,654**	8,083
Depreciation and amortisation	**2,333**	1,946
Amortization of right-of-use asset	**85**	-
Unwinding of discount on decommissioning liability	**497**	467
	26,405	12,925
Increase in trade and other receivables	**(2,387)**	(2,547)
Increase in advance against decommissioning cost	-	(3,039)
Increase in inventories	**(2,146)**	(619)
Decrease in trade and other payables	**(6,685)**	(10,246)
Cash generated from operations	**(11,218)**	(3,526)
Income taxes paid	**(14,654)**	(8,083)
Net cash flows from operating activities	**533**	(11,609)
Investing activities		
Purchases of property, plant and equipment	**(1,385)**	(2,079)
Advance against decommissioning cost	**(2,292)**	-
Net cash flows from investing activities	**(3,677)**	(2,079)
Financing activities		
Proceeds from loans and borrowings	-	15,000
Repayment of loans and borrowings	**(834)**	(12,941)
Repayment of principal portion of lease liability	**(89)**	-
Repayment of interest portion of lease liability	**(5)**	-
Issue of share capital	**10,945**	-
Share Issue Costs	**(542)**	-
Dividends paid	-	(5,150)
Net cash (used in)/ from financing activities	**9,475**	(3,091)
Net increase / (decrease) in cash and cash equivalents	**6,331**	(16,779)
Cash and cash equivalents at beginning of period	**14,113**	27,891
Cash and cash equivalents at end of period	**20,444**	11,112

The accompanying notes form part of these financial statements

NOTES TO THE INTERIM FINANCIAL REPORT

Corporate information

The condensed financial report of the Company and its subsidiaries (together the "Group") for the period ended 30 June 2021 was authorised for issue in accordance with a resolution of the directors on 31 August 2021.

PetroNor E&P Limited is a 'for profit entity' and is a company limited by shares incorporated in Australia. Its shares are publicly traded on the Oslo Euronext Expand (code: PNOR), a regulated marketplace of the Oslo Stock Exchange, Norway. The principal activities of the Group are the exploration and production of crude oil.

Basis of preparation

This general purpose condensed interim financial report for the quarter ended 30 June 2021 has been prepared in accordance with IAS 34 Interim Financial Reporting and the supplement requirements of the Norwegian Securities Trading Act (Verdipapirhandelloven).

The interim financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

It is recommended that the interim financial report be read in conjunction with the annual report for the year ended 31 December 2020 and considered together with any public announcements made by the Company during the period ended 30 June 2021 in accordance with the continuous disclosure obligations of Oslo Euronext Expand. A copy of the annual report is available on the Company's website www.petronorep.com.

The interim financial report is presented in United States Dollars being the functional currency of the Company.

Accounting policies

The accounting policies adopted are consistent with those disclosed in the annual report for the year ended 31 December 2020.

Significant accounting judgements, estimates and assumptions

The preparation of the interim financial report entails the use of judgements, estimates and assumptions that affect the application of accounting policies and the amounts recognised as assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances. The actual results may deviate from these estimates. The material assessments underlying the application of the Company's accounting policies and the main sources of uncertainty are the same for the interim accounts as for the annual accounts for 2020.

NOTES TO THE INTERIM FINANCIAL REPORT

Revenue from contracts with customers

USD'000 *(Unaudited)*	*Three months ended 30 June*		*Six months ended 30 June*	
	2021	2020	**2021**	2020
Revenue from contracts from customers				
Revenue from sales of petroleum products	**13,581**	6,473	**26,460**	17,443
Other revenue				
Assignment of tax oil	**8,045**	2,354	**14,654**	8,083
Assignment of royalties	**3,609**	1,717	**7,061**	4,737
Total revenue	**25,235**	10,544	**48,174**	30,263
Number of liftings	**2**	1	**4**	3
Quantity of oil lifted (Barrels)	**200,884**	197,221	**420,360**	467,003
Average selling price (USD per barrel)	**67.61**	32.82	**62.95**	37.35
Quantity of net oil produced after royalty, cost oil and tax oil (Barrels)	**191,079**	284,680	**402,701**	520,611

Cost of sales

USD'000 *(Unaudited)*	*Three months ended 30 June*		*Six months ended 30 June*	
	2021	2020	**2021**	2020
Operating expenses	**3,691**	3,606	**7,342**	6,509
Royalty	**3,609**	1,717	**7,061**	4,737
Depreciation and amortisation of oil and gas properties	**1,143**	870	**2,315**	1,934
Movement in oil inventory	**283**	(1,403)	**114**	(508)
	8,726	4,790	**16,832**	12,673

Exploration expenses

USD'000 *(Unaudited)*	*Three months ended 30 June*		*Six months ended 30 June*	
	2021	2020	**2021**	2020
Seismic data acquisition	**1,259**	-	**1,259**	-
	1,259	-	**1,259**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Administrative expenses

USD'000 *(Unaudited)*	*Three months ended 30 June*		*Six months ended 30 June*	
	2021	2020	**2021**	2020
Employee benefit expenses	**1,324**	1,278	**2,464**	2,514
Termination benefits	**-**	-	**-**	795
Travelling expenses	**42**	20	**57**	224
Legal and professional	**982**	699	**1,527**	1,566
Other expenses	**572**	447	**1,266**	848
	2,920	2,444	**5,314**	5,947

Finance cost

USD'000 *(Unaudited)*	*Three months ended 30 June*		*Six months ended 30 June*	
	2021	2020	**2021**	2020
Unwinding of discount on decommissioning liability	**249**	234	**497**	467
Interest accrued on right-of-use liability	**2**	-	**5**	-
Interest on loan	**696**	346	**1,124**	691
	947	580	**1,626**	1,158

Earnings per share

USD'000 *(Unaudited)*	**Three months ended 30 June**		**Six months ended 30 June**	
	2021	2020	**2021**	2020
Profit / (loss) from continuing operations attributable to the equity holders used in calculation	**1,398**	(590)	**3,029**	(439)
	Number of shares			
Weighted average number of shares used in the calculation of:				
Basic profit per share	**1,056,028,924**	971,665,288	1,023,204,253	971,665,288
Diluted profit per share	**1,057,418,394**	971,665,288	1,021,814,783	971,665,288

Options on issue are considered to be potential ordinary shares and have been included in the determination of diluted loss per share only to the extent to which they are dilutive. There are 1,389,470 options as at 30 June 2021 (30 June 2020: 2,279,470 options).

Post period end on 9 July 2021, the 224,727,273 ordinary shares related to Tranche 2a and 2b of the Private Placement were issued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Inventories

USD'000	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
Crude oil inventory	576	689
Materials and supplies	5,148	2,889
	5,724	3,578

Crude oil inventory is valued at cost (not related to sales value) of USD 21.22 per bbl (2020: USD 15.79 per bbl).
Materials inventory of USD 1.735 million were acquired with The Sinapa and Esperança Guinea-Bissau licences.

Trade and other receivables

USD'000	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
Recoverability less than one year:		
Trade receivables	7,713	5,408
Due from related parties	-	3,639
Advance against decommissioning cost	-	-
Other receivables	793	350
	8,506	9,397
Recoverability more than one year:		
Advance against decommissioning cost	23,552	21,260
	23,552	21,260

Cash and bank balances

USD'000	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
Cash in bank	20,424	14,113
Restricted cash	20	-
	20,444	14,113

Material non-cash transaction
The acquisition of an additional 9,900 shares of subsidiary company Hemla E&P Congo S.A. was considered in settlement of the USD 3.6 million historic outstanding receivable from MGI International S.A.

Production assets and equipment

USD'000	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
Cost	34,568	33,445
Depreciation	(11,976)	(9,962)
Net carrying amount	22,592	23,483

Intangible assets

USD'000	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
Net carrying value		
Licences and approval	6,887	6,930
Software	3	5
	6,890	6,935

Trade and other payables

USD'000	30 June 2021	31 December 2020
	(Unaudited)	(Audited)
Trade payables	6,427	5,226
Due to related parties	5,482	11,694
Taxes and state payables	254	348
Other payables and accrued liabilities	3,390	4,970
	15,553	22,238

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Loans payable

USD'000	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Ageing of loans payable		
Current	8,000	4,000
Non-current	10,078	14,912
	18,078	18,912

Decommissioning liability

In accordance with the agreements and legislation, the wellheads, production assets, pipelines and other installations may have to be dismantled and removed from oil and natural gas fields when the production ceases. The exact timing of the obligations is uncertain and depend on the rate the reserves of the field are depleted. However, based on the existing production profile of the PNGF Sud field and the size of the reserves, it is expected that expenditure on retirement is likely to be after more than ten years. The current bases for the provision are a discount rate of 6.0% and an inflation rate of 1.6%. The Group reassessed the applicable discount rate during 2020 based on the rates of Congolese Government bonds issued in the Congo during the year.

Share capital

In March 2021 the Company completed a Private Placement divided into two tranches. For Tranche 1, 84,363,636 ordinary shares were issued for no par value and a subscription price of NOK 1.10 to existing and new investors.

For Tranche 2a and 2b 224,727,273 new ordinary shares have been issued in Q3 2021.

Related party transactions

Balances due from and due to related parties disclosed in the consolidated statement of financial position:

USD'000	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Loan receivable from MGI International S.A.	-	3,639
Total from related parties	-	3,639

USD'000	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Other payables include:		
Nor Energy AS	3,377	3,378
Petromal – Sole Proprietorship LLC	2,022	2,030
Symero Ltd	83	108
MGI International S.A.	-	6,178
Total to related parties	5,482	11,694
Loan payable to Symero Ltd	3,912	3,912
Loan payable to related parties	3,912	3,912

Events subsequent to reporting date

On 9 July 2021, the 224,727,273 ordinary shares related to Tranche 2a and 2b of the Private Placement were issued, whereof: 138,763,636 ordinary shares for Tranche 2a of the Private Placement issued in kind as consideration for the Symero transaction, and 85,963,637 ordinary shares for Tranche 2b of the Private Placement issued for cash.

on 23 August 2021, the Company published a Listing Prospectus approved by the Norwegian FSA.

On 24 August 2021, the subscription period for a Subsequent Offering commenced targeting existing shareholders that were unable to take part or not allocated shares in the Private Placement on 11 March 2021. The Subscription Price of NOK 1.10 is equivalent to the subscription price in the Private Placement. The subscription period will end on 7 September 2021. During the subscription period, the associated Listing Prospectus will be available electronically at:

www.arctic.com/secno/en/offerings
www.paretosec.com/updates/transactions
www.sb1markets.no/en/transactions
www.petronorep.com/investors/prospectus/

Except for the above, the Company has not identified any events with significant accounting impacts that have occurred between the end of the reporting period and the date of this report.

STATEMENT OF RESPONSIBILITY

We confirm that, to the best of our knowledge, the condensed set of unaudited financial statements for the quarter ended 30 June 2020, which has been prepared in accordance with IAS34 Interim Financial Statements, provides a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph.

Approved by the Board of PetroNor E&P Limited:

Eyas Alhomouz, Chairman of the Board

Jens Pace, Director of the Board

Joseph Iskander, Director of the Board

Roger Steinepreis, Director of the Board

Gro-KIelland, Executive Director of the Board

Ingvil Smines Tybring-Gjedde, Director of the Board

Alexander Neuling, Director of the Board

CORPORATE DIRECTORY

DIRECTORS

Eyas Alhomouz Chairman
Joseph Iskander
Gro Kielland
Alexander Neuling
Jens Pace
Roger Steinepreis
Ingvil Smines Tybring-Gjedde

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