

19 September 2020

PetroNor E&P Limited
("PetroNor" or the "Company")

Agreement with The Gambia

Out of court settlement results in reinstatement of A4 license on favourable terms, resulting in valuation uplift and optionality for near-term value realisation

PetroNor (OSE ticker: "PNOR"), the independent oil and gas exploration and production company with a focus on production, development and exploration assets across sub-Saharan Africa, announces that the Company has reached a mutual agreement with the Government of The Gambia to settle its Arbitration related to the A1 and A4 licenses.

Under the terms of the settlement agreement, PetroNor will regain the A4 license and sign a 30-year lease under new terms. Further, PetroNor will relinquish any claims related to A1 license that has subsequently been awarded to a major oil company.

The terms of the new license are based on the newly developed Petroleum, Exploration and Production Licence Agreement PEPLA model. PetroNor will be able to carry the Prior Sunk cost associated with A4 into the new agreement for tax breaks and enhanced commercial model.

Commenting on the update, Eyas Alhomouz, Chairman of PetroNor E&P Limited, said:

"This is undoubtedly a good outcome for all parties as it removes a lot of uncertainty and potential further cost exposure to what was a highly complex situation. The outcome is certainly one that we believe is in the best interest of the Company and its shareholders, and one that we have been driving hard to achieve for over a year.

This settlement results in PetroNor regaining 100% interest in a highly prospective Block in one of the most exciting hydrocarbon basins in the world. The terms of the new license are significantly more attractive and will enhance not only the value of the license but also its attractiveness to potential partners. Importantly, we have a year to decide if we wish to proceed with the lease agreement, and we would expect to have seen drilling on the adjacent A1 license during this timeframe which will mean we are far better placed to make commercial and technical decisions regarding the next steps associated with our license.

The re-award of this license instantly enhances the value of our business by some margin and provides PetroNor with optionality with regards to value realisation. We thank the Government of The Gambia for their pragmatic engagement in reaching this agreement and look forward to working closely with them as we seek to progress this license for the benefit of The Gambia, its people, and of course PetroNor and its shareholders."

For further information, please contact:

Knut Søvold, Chief Executive Officer
Chris Butler, Group Financial Controller
info@petronor.com

Media Contacts:

Buchanan
Ben Romney/Chris Judd
Tel: +44 207 466 5000