

18 February 2021

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

PetroNor E&P Limited Announces Increase in Indirect Ownership of PNGF Sud to 16.83%, Financing Plans and Equity Investor Meetings

PetroNor E&P Limited (OSE ticker: "PNOR") is pleased to announce that the Company's net indirect interest in PNGF Sud, PetroNor's core asset, will increase from 10.5% to 16.83% following i) a USD 18 million contingent acquisition of all of Symero Limited's¹ ("Symero") shares in Hemla Africa Holding AS ("HAH") (the "Symero Transaction"), and ii) a court ruling in Congo related to parts of MGI International S.A.'s ("MGI") indirect share in PNGF Sud (the "MGI Ruling"). Symero's shares in HAH represent 29.293% of all issued and outstanding shares in HAH, and following completion of the Symero Transaction, the Company will own 100% of all issued and outstanding shares in HAH.

Furthermore, PetroNor announces that it is considering raising USD 50 to 60 million of new equity (the "Contemplated Equity Financing"), whereof USD 32 to 42 million in cash and USD 18 million as in-kind consideration for the Symero Transaction. The Company has mandated Arctic Securities AS, Pareto Securities AS and SpareBank1 Markets AS as Joint Managers and Bookrunners to arrange a series of equity investor meetings and calls commencing on 19 February 2021. 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, has committed to subscribe for its pro-rata share of the Contemplated Equity Financing, representing a subscription of approximately USD 19 to 23 million.

Highlights

- PetroNor's net indirect interest in its core asset PNGF Sud to increase from 10.5% to 16.83% following the contemplated Symero Transaction and the MGI Ruling.
- ~60% increase in PetroNor's PNGF Sud production and reserves with no impact on overhead costs;
 - Net production from PNGF Sud to increase from 2,385 barrels of oil per day ("bopd") to 3,850 bopd, based on 2020 average production;
 - Net 2P reserves as of Year-end 2020 increasing from 9.9 million to 15.9 million barrels of oil ("mmbbl");
 - Reserves and resources are currently being audited, with update expected in March 2021. Based on production performance and expanded infill drilling program, the Company expects an increase in both reserves and resources.
- Plans to raise USD 50 to 60 million of new equity, whereof approximately USD 37 to 41 million committed through pre-subscription from Petromal and in-kind consideration to Symero. Post the Contemplated Equity Financing, 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.

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

"These are value accretive transactions that materially increase PetroNor's production, reserves and cash flow. The opportunity to obtain a greater interest in PNGF Sud is wholly in-line with our stated

¹ Symero is owned by NOR Energy AS ("NOR"), a company owned by Knut Søvold, CEO of the Company, and Gerhard Ludvigsen.

growth strategy in terms of getting exposure to more economically robust cash flow and low-risk upside.

PNGF Sud is already the stable foundation of our Company and its therefore an asset we know intimately well. The asset is operated by Perenco, a leading operator of mid- and late life assets in emerging markets with a proven track record of continuous increase in reserves and production and cost reductions to deliver higher margin barrels.

The transactions represent an exciting development for PetroNor complementing the other activities within the portfolio that are gathering momentum; notably the delayed completion of the Aje transaction, and our approval for the Guinea Bissau transaction. Post completion of these various items, we will have successfully assembled a diverse portfolio of assets in various stages of development, giving PetroNor and its shareholders exposure to multiple catalysts through a fully funded and active work programme that will begin ramping up later this year.

Our major shareholders have demonstrated firm confidence in the Company, its strategy and outlook through its commitment to the equity financing, and we look forward to broadening our shareholder base and wider market appeal through that process."

Symero Transaction

Subject to certain condition precedents, PetroNor will acquire Symero's shares in HAH representing 29.293% of the share capital of HAH, equivalent to a 4.93% indirect interest in PNGF Sud, for a consideration of USD 18 million to be paid in-kind through issuance of new shares in PetroNor at a price equivalent to the price in the Contemplated Equity Financing. Following the Symero Transaction, PetroNor will own 100% of HAH.

The Symero Transaction is subject to successful completion of the Contemplated Equity Financing. Furthermore, as the Symero Transaction is a related party transaction, the transaction is subject to approval by ordinary resolution at an extraordinary general meeting of the Company (the "EGM"). An ordinary resolution under the Australian Corporations Act requires approval by simple majority of those persons attending the meeting (in person, proxy or representative) and being eligible to vote at the meeting. The EGM is expected to be held on or about 5 April 2021, following the publication of an independent expert report ("**Expert Report**") as required pursuant to the Australian Corporations Act. The Expert Report will be attached to the calling notice for the EGM. The shareholders' approval required will include an approval in accordance with Chapter 2E of the Australian Corporations Act of 2001 as a related party transaction and potentially a separate approval under section 611 item 7 of the Australian Corporations Act of 2001 to permit an increase in the voting power in the Company that would exceed the thresholds. As an Australian domiciled company, PetroNor has been granted an exemption from the Norwegian take-over rules from the Oslo Stock Exchange.

The Company has obtained voting undertakings for approval of the Symero Transaction from Petromal, members of the Company's Board of Directors and executive management, representing 19.9% of the existing shares (193,361,392 shares). While additional voting undertakings cannot be provided for regulatory reasons, Petromal has further confirmed its strong support of the Symero Transaction and the Contemplated Equity Financing. As the Symero Transaction is considered a transaction with related parties, 34.8% of the shareholders are not eligible to vote.

Subject to shareholder approval and satisfaction of all conditions precedent, the Symero Transaction is expected to close by end of April 2021.

MGI Ruling

Due to MGI's breach of covenants under the loan agreement between HAH and MGI, the commercial court, *Tribunal de Commerce de Pointe Noire*, in Congo has awarded HAH 9,900 shares in HEPCO, increasing HAH's share of HEPCO with 9.9%, equivalent to PetroNor increasing its indirect interest in PNGF Sud with 1.40% at a cost of approximately USD 4 million. As per Congolese law, the award can be challenged in a higher court, and if so the timing of such further appeal and any final outcome are uncertain.

Impact on PetroNor

The transactions increase the indirect working interest in PNGF Sud from 10.5% to 16.8% and in PNGF Bis from 14.7% to 23.6%. Following the completion of both transactions, the Company's production and reserves will increase 50-60%. The combined consideration of approximately USD 22 million corresponds to USD 3.7/bbl for the 2P reserves, which compares to an estimated NPV12 of USD 8.2/bbl at USD 60/bbl.

| PetroNor* | Pre-transaction | Post MGI / Symero |
|-----------------------|-----------------|-------------------|
| Production rate, bopd | 2,644 | 4,081 |
| 2P** reserves, mmbbl | 10.1 | 16.1 |
| 2C resources, mmbbl | 26.0 | 30.4 |

*Production, reserves and resources include PNGF Sud and Aje, whereas the 2C resources also include PNGF Bis. The Aje acquisition is pending governmental approval. The license partners on PNGF Sud hold the right to negotiate in good faith the license terms of PNGF Bis.

**2P reserves according to AGR CPR October 2019, corrected for 2019 and 2020 production (PNGF Sud 9.9 mmbbl) and Company estimate for Aje 2P reserves (0.2 mmbbl).

USD 50 to 60 million Contemplated Equity Financing

PetroNor has mandated Arctic Securities AS, Pareto Securities AS and SpareBank1 Markets AS as Joint Managers and Bookrunners to arrange a series of equity investor meetings and calls commencing on 19 February 2021.

Subject to, *inter alia*, market conditions and investor feedback, an equity private placement of approximately USD 50 to 60 million may follow. The net 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, as well as to issue the consideration shares for the Symero Transaction. Further, the Company would through the Contemplated Equity Financing seek to broaden and diversify its shareholder base and increase free float.

The Company's largest shareholder, Petromal, has committed to subscribe for its pro-rata share (38.28%) of the Contemplated Equity Financing, representing a subscription of approximately USD 19 to 23 million. Additionally, Nor Energy AS, PetroNor's other cornerstone shareholder, through its 100% ownership in Symero, is subscribing for USD 18 million in-kind through the Symero Transaction, which along with Petromal's commitment totals approximately USD 37 to 41 million of the Contemplated Equity Financing. The in-kind consideration shares to Symero are subject to a six-month's lock-up from the shares are issued.

In the event the Contemplated Equity Financing is not completed, the Company expects to finance its capital shortfall through i) a new debt financing, which the Company expects will be available considering its significant reserves value and operating cash flow, and / or ii) a rights issue. Should the Contemplated Equity Financing not be completed, the condition precedents for the Symero

Transaction will not be satisfied and the acquisition, which is considered highly accretive, may not materialize.

The investor presentation with additional information regarding the Symero Transaction, the MGI Ruling and the Contemplated Equity Financing is available at www.petronorep.com under the Investors section and is attached to this release.

This information is subject to the disclosure requirements pursuant to section 5-12 of the Norwegian Securities Trading Act.

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