PETRONOR E&P

Interim Financial Report

For the third quarter ended

30 September 2020

HIGHLIGHTS

Q3 2020 and subsequent events

- The Gambia A4 licence successfully regained through a settlement of the arbitration related to the A1 and A4 licences, with a new 30-year licence issued under new terms, and past sunk costs related to the A4 licence carried to the new licence.
- Purchase of SPE Guinea Bissau AB entitles PetroNor to assume Operatorship of the Sinapa and Esperança licences in Guinea Bissau subject to Government approval.
- PNGF Sud maintained steady oil production and had no stoppage time during Q3 2020, producing an average of 2,407 bopd net to PetroNor, despite the challenges the Oil Industry is facing because of COVID-19.
- Infill drilling program in PNGF Sud is further delayed due to COVID-19 and is expected to start in Q2 2021, subject to travel & other restrictions on logistics being lifted.

Assets

Republic of Congo (Brazzaville)

- 10.5% indirect participation interest in the license group of PNGF Sud (Tchibouela II, Tchendo II and Tchibeli-Litanzi II) through Hemla E&P Congo SA.
- 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 and a 14.7% indirect participation.

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.

Guinea Bissau

- 78.57% interest of the Sinapa (Block 2) and Esperança (Blocks 4A and 5A) is held by the Group through the purchase of SPE Guinea Bissau AB from Svenska Petroleum Exploration AB in November 2020. The transaction is subject to Government approval. The remaining equity is held by FAR Ltd.

Nigeria

- In 2019 Acquired 13.1% economic interest in Aje Field through two transactions with Panoro and YFP. Started engaging with partners to streamline operations and made positive progress towards DPR approval for both transactions.
- Engaged with several financial & industrial partners with a target to mature the project towards an FID.

Senegal

- The Rufisque Offshore Profond and Senegal Offshore Sud Profond license areas held by the Group are subject to currently halted arbitration with the Government of Senegal.
- During the current suspension in arbitration both parties are continuing in dialogue to find a solution in the interest of Senegal and its people, as well as PetroNor and its shareholders.

EBITDA (Q3)
USD 10.6 m
(2019*: USD 6.9 m)

Net Profit (Q3)
USD 4.9 m
(2019*: USD (0.2) m)

EBITDA (9 Months)
USD 24.3 m
(2019*: USD 37.2 m)

Net Profit (9 Months)
USD 7.9 m
(2019*: USD 11.1 m)

*Adjusted for share based expense in relation to the merger transaction in August 2019

10.10 MMbbl
2P Reserves
(31 Dec 2019: 10.76MMbbl)

7.31 MMbbl
2C Contingent Resources
(31 Dec 2019: 7.31 MMbbl)

CEO'S STATEMENT

Dear Shareholders,

The results generated in Q3 were in line with our expectation and reflect a resilient performance from our cornerstone asset in Congo. That asset continues to produce at a steady rate of 22,957 bopd (YTD), despite the operational challenges created as a result of the pandemic. After the extreme commodity price volatility through Q2 caused by the pandemic and its impact on global oil demand, we are pleased to see Brent stabilising at around $40/bbl, with most forecasts pointing towards an increase between $45-55 through next year, which will enhance our profitability from this quality asset.

The pandemic has also led to a delay to the infill drilling programme at PNGF Sud with logistical challenges to the movement of equipment, however this infill drilling program marks a material event on our horizon. The success case of that programme, now anticipated to occur mid-2020, will add to our production and cash flow, with very attractive rates of return on the associated capex. PNGF Sud continues to be the stable foundation of our Company, and the JV has demonstrated in recent years the upside that can be exploited through operational improvements, with higher production and lower opex delivering higher margin barrels. With a largely fixed cost base, the project is well geared to a rise in crude pricing, so the positive outlook for pricing bodes well for the JV.

During the period, and post the Q3 period, we announced some key corporate events that have transformed the outlook, and tangible value, for the Company. Principally, in September, we were delighted to announce an agreement with The Gambia that saw an end to the long-running arbitration that we had inherited through acquisition. The settlement saw PetroNor reinstated as the Operator of the highly prospective A4 block, on favourable terms based on the newly developed Petroleum, Exploration and Production Licence Agreement PEPLA model. With PetroNor regaining 90% equity interest in the licence, the Company has a lot of optionality, and also benefits from a timeframe that provides a year in which the Company can decide it if wishes to proceed with the lease agreement. During this time, we would hope to have seen drilling completed on the adjacent A1 license which further helps de-risk the play and, in the success case, enhances the commercial attractiveness of A4. In parallel with this we are progressing the planning for the re-development of the Aje project while we await the formal governmental approval for our license entry.

Post period, we updated the market on the ongoing process with Senegal, which remains suspended while both parties seek to find an amicable solution that draws that process to a satisfactory conclusion. The suspension period has been extended for a further three months as a result of logistical challenges caused by the pandemic, but also reflects positive engagement between the two parties. While there are no certainties that an amicable agreement can be finalised, we are encouraged by the ongoing dialogue and remain committed to retaining value from these assets.

Also post-period, we were delighted to announce the strategic acquisition of SPE Guinea Bissau AB, providing PetroNor with 78.6% and the Operatorship of the Sinapa and Esperança licences in Guinea-Bissau subject to Government approval. This deal diversifies the portfolio with high quality drill-ready assets and expanded PetroNor's position in this highly prospective trend that continues to be a hotspot for exploration activity.

The strategy across Gambia, Senegal and now Guinea-Bissau is conjoined, as we seek to assemble a high-quality portfolio of operated positions that would appeal to prospective partners seeking exposure to high impact exploration activity. While the global appetite for exploration is diminishing as a result of market dynamics, we know the appetite remains strong for this particular region, and we are therefore confident that PetroNor can realise material value from this portfolio approach. Furthermore, with such large equity in all of these licenses, we have considerable optionality to achieve exposure to drilling with only limited cost exposure, as we seek partners to carry our costs. As we sit here today, we see multiple exciting catalysts on the near-term horizon, both within our existing portfolio and as a consequence of regional activity.

The market conditions remain challenging and we are being vigilant to ensure we are well positioned to ride out the storm and emerge stronger at the other end. As such cost discipline remains a core focus at both asset and group level. As our portfolio and activity pipeline grows, we must also review our funding options. The current market backdrop has undoubtedly made access to capital more difficult for E&Ps, however we believe that appetite remains for good projects that can demonstrate attractive returns.

We remain focused on achieving our growth strategy and continue to be opportunistic in our approach to business development, moving on value creative opportunities as shown by our recent entry into Guinea-Bissau. For the remainder of the year, our focus will be on completion of negotiations in Senegal, engagement with prospective strategic partners for our exploration portfolio, and completion of the Aje transaction, delayed as a result of COVID-19. We will remain strict with our approach to cost discipline, and flexible with our review of financing.

In summary, the Q3 Results reflect PetroNor's resilient performance despite the challenging market conditions. Of more relevance for our shareholders, the recent strategic progress across all areas of the portfolio points towards a step change in activity resulting in numerous value catalysts in the coming year.

Yours sincerely,
Knut Søvold, CEO

OPERATIONAL UPDATE

REVIEW OF OPERATIONS

CORPORATE

COVID-19

During the quarter, the Company has continued with cost restraint in the Company overheads throughout this prolonged period of uncertainty. However, management have balanced these measures to ensure that the initiatives have limited impact on the capabilities of the Company to continue its growth strategy even under these difficult circumstances and the new venture strategy of the Company.

Corporate restructuring

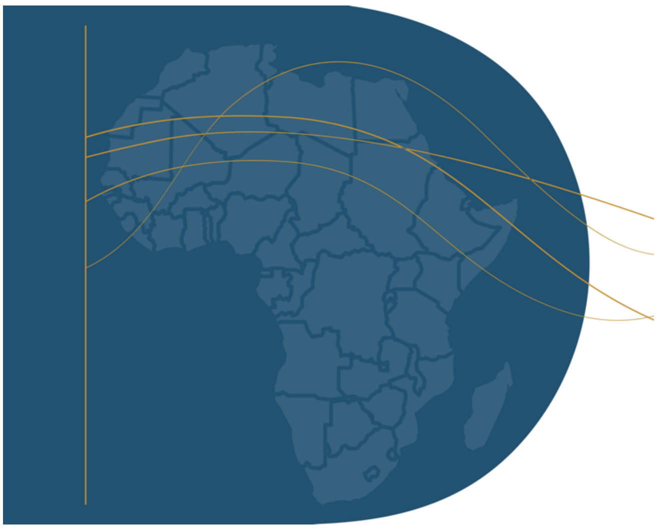
The plans previously announced in February 2020, to redomicile the Company to Europe during H2'2020 in order to streamline the corporate structure and reduce corporate overheads have not yet been executed. The entire process is estimated to take 3 months, but this project has been delayed due to COVID-19 and is now expected to take place in H1 2021.

Oslo Axess change of name to Euronext Expand

The Company's shares are listed on the Oslo Axess exchange which is changing its name to Euronext Expand as part of a migration to a new trading platform on 30 November 2020.

EITI – Supporting Company

During the quarter, the Company became a supporter of the Extractive Industries Transparency Initiative ("EITI"), and thereby wish to promote transparency throughout the extractive industries, help public debate and provide opportunities for sustainable development.



OPERATIONAL UPDATES

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, Tchibouela II, Tchendo II and Tchibeli-Litanzi II, covering five oil fields: Tchibouela Main, Tchibouela East, Tchendo, Tchibeli and Litanzi.

PetroNor, through Hemla E&P Congo, participated in the 2016 tender process with the Congo Ministry of Hydrocarbon for participation in the PNGF Sud license. As of 1 of January 2017, Hemla E&P Congo was awarded a 20% working interest in the PNGF Sud licenses (net 10.5% to PetroNor).

Initially discovered in 1979, PNGF Sud commenced production in 1987 and produces from 61 wells in five oil fields, Tchibouela, 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. The average production in 2019 was 21,920 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.

The PNGF Sud fields are developed with seven wellhead platforms and currently produce from more than 60 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 October 2019, AGR Petroleum prepared a Competent Person's Report and the reserves below are calculated by subtraction of the production between the cut-off date of the CPR report and period end.

PetroNor´s Reserves per 30.09.2020

- 1P reserves of 6.36 MMbbls
- 2P reserves of 10.10 MMbbls
- 3P reserves of 13.38 MMbbls

PetroNor's Contingent Resource base includes discoveries of varying degrees of maturity towards development decisions. By end of 2019, PetroNor's assets contain a total 2C volume of approximately 7.31 MMbbls. This is unchanged for the quarter.

During Q3, 2020, the gross production was 22,924 MMbbls of oil, resulting in a net to PetroNor production of 2,407 bopd.

On 27 October 2020, in relation to a dispute concerning PNGF Sud, the Court of Appeal rejected an appeal against certain

OPERATIONAL UPDATE

shareholders in PetroNor and the subsidiary Hemla Africa Holding AS and the appellant was ordered to cover the costs in connection with the appeal.

Republic of Congo – PNGF BIS

PNGF Bis is located to the North-West of PNGF Sud and comprises 2 discoveries: Loussima SW and Loussima.

Through an umbrella agreement, the license partners of PNGF Sud have the right to negotiate, in good faith, the license terms to enter into a PSC for PNGF Bis. Subject to successful completion of negotiations, PetroNor will hold a 14.7% indirect interest.

Three exploration wells have been drilled on the license area. A discovery in pre-salt Vandji Fm was made in well LUSM-1 on Loussima in 1985. Loussima SW was discovered by well LUSOM-1 in 1987 with oil in Vandji Fm.

A second well, SUEM-2, was drilled on Loussima SW in 1991 to appraise the Vandji discovery. Hydrocarbon shows were detected in one of the wells in the Albian post-salt Sendji Fm, (analogue to Tchibeli / Litanzi reservoirs in PNGF Sud). The Sendji interval was not production tested. The depth to the Vandji reservoir is 3,250 mTVDSS, to Sendji around 1,940 mVDSS and the water depth in the area is 110 m. Tests on the Loussima SW LUSOM-1 well produced 4,700 bopd and the SUEM-2 well yielded 1,150 bopd.

The CPR report prepared by AGR estimates that PNGF Bis holds gross 2C resources of 28.9 MMbbl.

The Gambia – A4

During September, the Company reached a mutual agreement with the Government of The Gambia to settle its arbitration related to the A1 and A 4 licences. PetroNor will relinquish any claims related to the A1 licence that has subsequently been awarded to a major oil company and will regain the A4 licence with a new 30-year lease under new terms.

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

PetroNor will soon commence interpretation on reprocessed seismic data in support of seeking a partner to join the Company in drilling one exploration well in this highly attractive acreage that is on trend with the Sangomar Field, 30 km to the North in Senegal. PetroNor aim to participate in any future well at an equity level of 30-50% and are seeking partners to help test the exciting portfolio of potential drilling opportunities.

Guinea-Bissau – 2 & 4A/5A

On 20 November 2020, the Company announced the purchase of SPE Guinea Bissau AB from Svenska Petroleum Exploration AB. Subject to Government approval, the Company will assume operatorship (78.57%) of the Sinapa (Block 2) and Esperança (Blocks 4a/5A) licences in Guinea-Bissau.

The licences have been recently extended for 3 years and are valid until 2 October 2023 maintaining the same attractive fiscal terms.

PetroNor intends to build on the excellent work of the previous Operator Svenska Petroleum Exploration Guinea Bissau, and maintain the momentum towards drilling built by the Partnership. The Atum-1x well will test a highly attractive and material prospect on the Sinapa licence, analogous to the Sangomar field in Senegal. Recently reprocessed seismic data will be interpreted as part of the ongoing evaluation of both licences and as preparation to drilling.

Senegal – ROP & SOSP

The Company's subsidiary African Petroleum Senegal Limited registered a request for arbitration proceedings with the International Centre for Settlement of Investment Disputes (ICSID) on 11 July 2018 (case ARB/18/24) to protect its interests in the Senegal Offshore Sud Profond and Rufisque Offshore Profond blocks in Senegal.

On 30 October 2020, the Company announced that the arbitration proceedings for the Group's interests in Senegal were suspended for an additional 3 months further to the announcement made on the 5 May 2020. Following an agreement between the parties, the extension was a result of ongoing discussions as well as delays to the process as a result of the global pandemic.

Nigeria – OML-113 / The AJE field

PetroNor entered into an agreement in 2019 with Panoro Energy and Yinka Folawiyo Petroleum ("YFP") to acquire Panoro's interest in OML-113 and the Aje field in Nigeria in October 2019. PetroNor and YFP have formed a joint company, Aje Petroleum, to focus on the revitalisation and further development of OML-113. The ownership of Aje Petroleum is to be shared between YFP and PetroNor on the basis of a 55% and 45% shareholding respectively.

Following completion, Aje Petroleum will hold a 75.5% participating interest and an average economic interest in the order of 38.7% in OML-113, with an initial 29% economic interest at the onset of the transaction.

OPERATIONAL UPDATE

The completion of the two agreements is subject to authorisation of the Nigerian Department of Petroleum Resources ("DPR") and consent of the Minister of Petroleum Resources for both transactions.

Aje field production average dropped to about 1,916 bopd during the quarter due to drop in production of A-4. Investigation is underway to confirm well integrity of A-4 prior to making decision on the way forward with possible well segregation. A crude lifting is planned in October, and proceeds will be allocated to support operation cost and JV liabilities. PetroNor continued work to update the FDP to expedite gas development and engaged with potential offtakers and partners. PetroNor will engage the JV partners in TCM and OCM directly after DPR approval.

Flare Gas

PetroNor E&P has jointly with Aragon (www.aragon.no) developed a concept to capture flare gas. PetroNor and Aragon will convert pollution into clean energy. Today the world is flaring gas similar to an amount which could power all the cars in Europe or supply Africa continent with electricity. Our consortium has been approved in Nigeria and is now in process to qualify for specific projects, PetroNor intends to expand its flare gas division as soon as we have one project developed as reference.

FINANCIAL PERFORMANCE AND ACTIVITIES

After adjusting for the USD 19.4 million share-based payment in relation to the merger in 2019, the Group reported an EBITDA of USD 24.3 million for the nine months to 30 September 2020 (Q1 to Q3 2019: USD 37.2 million), and Net profit of USD 7.9 million for the nine months to 30 September 2020 (Q1 to Q3 2019: USD 11.7 million).

Oil production for PNGF Sud remained steady during the quarter, however the Group's reported revenue can fluctuate and be influenced by the lifting schedule. The Company expects around 10 liftings per year. For the nine-month period to 30 September 2020, there were only 5 liftings, but nine months oil production was still lifted.

Oil & gas revenue for the third quarter was USD 14.0 million (net of royalties & taxes) arising from sale of 0.32 million barrels of crude oil at an average price of USD 43.59 per barrel. In the same quarter last year, the group generated a revenue of USD 18.6 million from the sale of 0.30 million barrels of crude oil at an average price of USD 62.88 per barrel.

Administrative expenses

USD'000 *(Unaudited)*	***Nine months ended 30 September***	
	2020	2019
Employee benefit expenses	**3,569**	3,390
Termination benefits	**795**	-
Travelling expenses	**241**	783
Legal and professional	**2,082**	3,346
Office rent	**205**	147
Other expenses	**1,232**	1,398
Subtotal	**8,124**	9,064
Related party loan write-off	**-**	5,305
Total	**8,124**	14,369

Following the merger with African Petroleum in August last year, the 2020 results include the enlarged group's combined operations and overheads. With the exception of staff costs due to the increased workforce, the table above indicates that the Group has achieved cost reductions across the board, with a 10% overall reduction in administration costs.

The Group had USD 18.01 million in cash and bank balances as of 30 September 2020 (31 December 2019: USD 27.9 million). USD 0.9 million of restricted cash was utilised during to the quarter towards the settlement agreement for the Gambian arbitration matter.

During the quarter no dividend was paid or recommended. However, subsidiary company Hemla Africa Holding AS paid a US$3.9m dividend in relation to 2018 profits to minority interest and related party Symero Ltd. An amount equal to the dividend was immediately loaned to the Company by Symero Ltd with interest rates matching those already provided by external financing and no security was provided for the loan. The Directors considered this transaction to be at arms-length and is a non-cash event for disclosure purposes in the cash flow statement.

The Board of Directors (the "Board") confirms that the interim financial statements have been prepared pursuant to the going concern assumption. The continuing impact that COVID-19 will have on the Groups' operations and the global markets, plus the uncertainty on the Groups' ability to renegotiate outstanding payables to significant shareholders, indicate material uncertainties on the status of going concern. The going concern assumption is based upon the financial position of the Group and the development plans currently in place.

OPERATIONAL UPDATE

TOP 20 SHARHOLDERS

As at 27 October 2020

#	SHAREHOLDER	NUMBER OF SHARES	PER CENT
1	Petromal LLC[1]	371,961,246	38.28%
2	NOR Energy AS[2]	364,237,596	37.49%
3	Gulshagan II AS[3]	40,000,000	4.12%
4	NOR Hagan 2 AS[4]	25,000,000	2.57%
5	Telinet Energi AS	20,534,165	2.11%
6	Pust For Livet AS[5]	15,000,000	1.54%
7	Nordnet Bank AB	12,362,076	1.27%
8	Nordnet Livsforsikring AS	6,348,323	0.65%
9	Avanza Bank AB	4,610,965	0.47%
10	Gekko AS	4,403,537	0.45%
11	Danske Bank A/S	3,406,856	0.35%
12	Knutshaug Invest AS	3,096,595	0.32%
13	Sandberg JH AS	3,000,000	0.31%
14	Nordea Bank Abp	2,261,864	0.23%
15	UBS Switzerland AG	2,126,521	0.22%
16	John Andreas Rognstad	2,100,000	0.22%
17	Ole Andreas Baksaas	2,039,809	0.21%
18	Swedbank AB	1,963,202	0.20%
19	Frank Kristian Ludvigsen	1,813,200	0.19%
20	Minh Hoang Pham	1,590,000	0.16%
	Subtotal	**887,855,955**	**91.37%**
	Others	83,809,333	8.63%
	Total	**971,665,288**	**100.00%**

[1] Non-Executive Chairman, Mr. Alhomouz is the CEO of Petromal LLC.

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

[3] Gulshagan II AS is a company controlled by Mr. Søvold through an indirect beneficial interest.

[4] NOR Hagan 2 AS is a company controlled by Mr. Ludvigsen through an indirect beneficial interest.

[5] Pust for Livet AS is a company that may be influenced by Mr. Ludvigsen through immediate family control.

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 have not materially changed from those disclosed in the annual report. However, the volatility and decline in global oil prices since the start of the year, highlights the difficulty to accurately predict future oil and gas price movements. Plus, the longer-term impact of COVID-19 on daily operations, and any associated effect on the availability of sources of finance is uncertain at this stage.

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.

OUTLOOK

The Company still expects to be able to receive the governmental approval of the Aje transaction during Q4 2020 / Q1 2021 subject to travel & other restrictions because of COVID 19.

The Company is pleased to have signed the agreement for the assets in Guinea-Bissau and continues to focus on business development. The main focus of these business development activities is to increase the production portfolio of the Company.

Infill drilling program on the Litanzi and Tchendo fields has been pushed back because of the travel restrictions and depressed oil prices because of COVID 19. But the same is expected to restart in the Q2 2021.

The Company is considering various financing alternatives to fund organic growth initiatives and other near-term business development opportunities including but not limited to a potential equity raise or leveraging the Company's producing asset base. National Holding, as a key strategic shareholder, has expressed its intention to support any such transaction. A potential equity raise would also seek to increase the Company's free float, which remains a key objective for the Company in order to enhance the capital market interest for the Company and attract a stronger and more diversified shareholder base.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

USD' 000 (Unaudited)	Three months ended 30 September 2020	2019	Nine months ended 30 September 2020	2019
Revenue	**20,444**	28,242	**50,707**	76,355
Cost of sales	**(8,389)**	(11,261)	**(21,062)**	(26,253)
Gross profit	**12,055**	16,981	**29,645**	50,102
Other operating income	-	2	**5**	10
Administrative expenses	**(2,176)**	(10,240)	**(8,124)**	(14,369)
Profit from operations	**9,879**	6,743	**21,526**	35,743
Finance expense	**(841)**	(479)	**(1,999)**	(1,376)
Finance income	-	-	-	-
Foreign exchange (loss) / gain	**(9)**	(425)	**515**	(155)
Share based payment	-	(19,374)	-	(19,374)
Profit / (loss) before tax	**9,029**	(13,535)	**20,042**	14,838
Tax expense	**(4,083)**	(6,049)	**(12,165)**	(23,148)
Profit / (loss) for the period	**4,946**	(19,584)	**7,877**	(8,308)
Other Comprehensive income:				
Exchange losses arising on translation of foreign operations	**(82)**	-	**(584)**	-
Total comprehensive income / (loss)	**4,864**	(19,584)	**7,293**	(8,308)
Profit / (loss) for the period attributable to:				
Owners of the parent	**1,503**	(18,729)	**1,064**	(13,756)
Non-controlling interest	**3,443**	(855)	**6,813**	5,448
	4,946	(19,584)	**7,877**	(8,308)
Total comprehensive income / (loss) attributable to:				
Owners of the parent	**1,316**	(18,729)	**561**	(13,756)
Non-controlling interest	**3,548**	(855)	**6,732**	5,448
	4,864	(19,584)	**7,293**	(8,308)
Earnings per share attributable to members:	**USD cents**	USD cents	**USD cents**	USD cents
Basic profit / (loss) per share	**0.15 Cents**	(1.65) Cents	**0.11 Cents**	(2.16) Cents
Diluted profit / (loss) per share	**0.15 Cents**	(1.65) Cents	**0.11 Cents**	(2.16) Cents

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

USD'000	Notes	As at 30 September 2020 *(Unaudited)*	As at 31 December 2019 *(Audited)*
Assets			
Current assets			
Inventories	10	3,032	3,233
Trade and other receivables	11	27,358	24,772
Cash and cash equivalents	12	17,995	27,891
		48,385	55,896
Non-current assets			
Property, plant and equipment	14	24,192	22,587
Intangible assets	15	6,144	4,691
		30,336	27,278
Total assets		78,721	83,174
Liabilities			
Current liabilities			
Trade and other payables	16	25,246	34,602
Loans and borrowings	17	2,500	12,941
		27,746	47,543
Non-current liabilities			
Loans and borrowings	17	16,412	-
Provisions	18	15,074	14,373
		31,486	14,373
Total liabilities		59,232	61,916
NET ASSETS		19,489	21,258
Issued capital and reserves attributable to owners of the parent			
Share capital		17,735	17,735
Foreign currency translation reserve		(503)	-
Retained earnings		(10,162)	(11,226)
		7,070	6,509
Non-controlling interests		12,419	14,749
TOTAL EQUITY		19,489	21,258

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 2020	**17,735**	**(11,226)**	**-**	**14,749**	**21,258**
Profit for the period	-	**1,064**	**-**	**6,813**	**7,877**
Other comprehensive loss	-	-	**(503)**	**(81)**	**(584)**
Total comprehensive income / (loss) for the period	**-**	**1,064**	**(503)**	**6,732**	**7,293**
Dividend paid	-	-	-	**(9,062)**	**(9,062)**
BALANCE AT 30 SEPTEMBER 2020	**17,735**	**(10,162)**	**(503)**	**(12,419)**	**(19,489)**
For the period ended 30 September 2019					
BALANCE AT 1 JANUARY 2019	120	13,688	-	12,811	26,619
(Loss) / Profit for the period	-	(13,756)	-	5,448	(8,308)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	120	(13,756)	-	5,448	(8,308)
Issue of capital	17,615	-	-	-	17,615
Dividend paid	-	(11,550)	-	(5,665)	(17,215)
BALANCE AT 30 SEPTEMBER 2019	17,735	(11,618)	-	12,594	18,711

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

USD' 000 *(Unaudited)*	Notes	**For the period ended 30 September 2020**	For the period ended 30 September 2019
Cash flows from operating activities			
Total comprehensive (loss) / income for the period		**7,293**	(8,309)
Adjustments for:			
Income tax expense		**12,165**	23,148
Depreciation and amortisation		**3,107**	2,232
Unwinding of discount on decommissioning liability		**701**	658
Impairment of goodwill		-	9
Share-based payment expense		-	16,433
		23,266	34,171
Decrease in trade and other receivables		**2,018**	5,070
Increase in advance against decommissioning cost		**(4,604)**	(1,374)
Decrease / (increase) in inventories		**201**	(2,004)
(Decrease) / increase in trade and other payables		**(9,356)**	18,625
Cash generated from operations		**(11,741)**	20,307
Income taxes paid		**(12,165)**	(23,148)
Net cash flows from operating activities		**(640)**	31,340
Investing activities			
Purchases of property, plant and equipment		**(4,165)**	(4,056)
Purchases of intangibles		**(2,000)**	-
Net cash flows from investing activities		**(6,165)**	(4,056)
Financing activities			
Issue of ordinary shares		-	1,182
Proceeds from loans and borrowings	13	**15,000**	2,917
Repayment of loans and borrowings		**(12,941)**	(5,294)
Dividends paid to non-controlling interest	13	**(5,150)**	(5,665)
Dividends paid		-	(11,550)
Net cash (used in)/ from financing activities		**(3,091)**	18,410
Net increase / (decrease) in cash and cash equivalents		**(9,896)**	8,874
Cash and cash equivalents at beginning of period		**27,891**	7,926
Cash and cash equivalents at end of period		**17,995**	16,800

The accompanying notes form part of these financial statements

NOTES TO THE INTERIM FINANCIAL REPORT

1. Corporate information

The condensed financial report of the Company and its subsidiaries (together the "Group") for the period ended 30 September 2020 was authorised for issue in accordance with a resolution of the directors on 30 November 2020.

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 Axess (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.

2. Basis of preparation

This general purpose condensed interim financial report for the quarter ended 30 September 2020 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 2019 and considered together with any public announcements made by the Company during the period ended 30 September 2020 in accordance with the continuous disclosure obligations of Oslo Axess. 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.

Going Concern

The COVID-19 outbreak is a globally significant event impacting the health of individuals, international trade and commerce and, as a result had a negative impact on global financial markets. Consequently, this has adversely affected the Group's business and its ability to operate efficiently. In the Spring and again in the Autumn of 2020, Governments of all the countries in which the Group operates closed borders to international travellers and introduced social distancing measures. With reports in the world media of possible vaccines, the Group is optimistic that there is a path back to unhindered operations, but it is uncertain how long that will take.

After the collapse of global oil prices at the start of the year, the price of Brent crude has stabilised to a current level around USD 42 per barrel. The Group has adapted its plans assuming that the oil price will grow but remains depressed for the short term.

As at the signing date of this report, there are outstanding amounts due for immediate repayment to related party significant shareholders Petromal LLC and NOR Energy AS, USD 2.0 million and USD 3.6 million respectively. These liabilities are related to the cash consideration for the reverse takeover transaction in 2019. The Directors expect that the Company will continue to enjoy the support of its major shareholders and the abovementioned related entities including in relation to any necessary deferral of the outstanding current liabilities, but as at the date of the report no formal arrangements for deferral have been agreed. Accordingly, there exists an uncertainty with regard to the Group's ability to renegotiate the repayment terms of these liabilities.

These conditions indicate a material uncertainty that may cast a significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. This financial report has been prepared on the going concern basis which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

As detailed in the annual report, the Group has already implemented multiple cost saving measures, including streamlining of the organisation, initiating a simplification of the group structure and salary reductions and will continue to manage its activities with the objective of ensuring that it has sufficient cash reserves to meet its revised budgeted expenditures for the next twelve months from the date of this report.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

3. Accounting policies

The accounting policies adopted are consistent with those disclosed in the annual report for the year ended 31 December 2019.

4. 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 2019.

NOTES TO THE INTERIM FINANCIAL REPORT

5. Revenue from contracts with customers

USD'000 *(Unaudited)*	*Three months ended 30 September*		*Nine months ended 30 September*	
	2020	2019	**2020**	2019
Revenue from sales of petroleum products	**13,967**	18,608	**31,410**	41,618
Assignment of tax oil	**4,083**	6,049	**12,165**	23,148
Assignment of royalties	**2,394**	3,585	**7,132**	11,589
	20,444	28,242	**50,707**	76,355
Quantity of oil lifted (Barrels)	**320,406**	296,875	**787,409**	628,948
Average selling price (USD per barrel)	**43.59**	62.68	**39.89**	66.17
Quantity of net oil produced after royalty, cost oil and tax oil (Barrels)	**248,428**	243,383	**769,039**	641,721

6. Cost of sales

USD'000 *(Unaudited)*	*Three months ended 30 September*		*Nine months ended 30 September*	
	2020	2019	**2020**	2019
Operating expenses	**3,895**	4,682	**10,404**	13,844
Royalty	**2,394**	3,585	**7,132**	11,589
Depreciation and amortisation of oil and gas properties	**1,155**	785	**3,088**	2,232
Movement in oil inventory	**945**	2,209	**438**	(1,412)
	8,389	11,261	**21,062**	26,253

7. Administrative expenses

USD'000 *(Unaudited)*	*Three months ended 30 September*		*Nine months ended 30 September*	
	2020	2019	**2020**	2019
Employee benefit expenses	**1,054**	1,396	**3,569**	3,390
Termination benefits	**-**	-	**795**	-
Travelling expenses	**17**	249	**241**	783
Legal and professional	**516**	2,375	**2,082**	3,346
Office rent	**79**	33	**205**	147
Other expenses	**510**	882	**1,232**	1,398
Related party loan write-off	**-**	5,305	**-**	5,305
	2,176	10,240	**8,124**	14,369

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Finance cost

USD'000 *(Unaudited)*	*Three months ended 30 September* 2020	2019	*Nine months ended 30 September* 2020	2019
Unwinding of discount on decommissioning liability	**234**	219	**701**	658
Interest on loan	**457**	260	**1,148**	718
Other finance costs	**150**	-	**150**	-
	841	479	**1,999**	1,376

9. Earnings per share

USD'000 *(Unaudited)*	Three months ended 30 September 2020	2019	Nine months ended 30 September 2020	2019
Profit / (loss) from continuing operations attributable to the equity holders used in calculation	**1,503**	**(18,729)**	**1,066**	**(13,756)**
	Number of shares			
Weighted average number of shares used in the calculation of:				
Basic profit per share	**971,665,288**	**868,020,990**	**971,665,288**	**833,472,892**
Diluted profit per share	**973,944,758**	**868,020,990**	**974,383,425**	**833,472,892**

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 2,279,470 options as at 30 September 2020 (30 September 2019: nil options).

10. Inventories

USD'000	30 September 2020 *(Unaudited)*	31 December 2019 *(Audited)*
Crude oil inventory	**435**	871
Materials and supplies	**2,597**	2,362
	3,032	3,233

Crude oil inventory is valued at cost of USD 16.75 per bbl (2019: USD 23.13 per bbl).

11. Accounts receivable, deposits and prepayments

USD'000	30 September 2020 *(Unaudited)*	31 December 2019 *(Audited)*
Trade receivables	**4,162**	4,013
Due from related parties	**3,639**	5,639
Advance against decommissioning cost	**19,250**	14,646
Other receivables	**307**	474
	27,358	24,772

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Cash and bank balances

USD'000	30 September 2020 (Unaudited)	31 December 2019 (Audited)
Cash in bank	17,995	26,988
Restricted cash	-	903
	17,995	27,891

13. Significant non-cash event

The payment of a $3.9m dividend by a subsidiary company to its minority interest, that was subsequently loaned back to the Company on the same day has been considered a non-cash event within investing and financing activities .

14. Production assets and equipment

USD'000	30 September 2020 (Unaudited)	31 December 2019 (Audited)
Cost	33,012	28,830
Depreciation	(8,820)	(6,243)
Net carrying amount	24,192	22,587

15. Intangible assets

USD'000	30 September 2020 (Unaudited)	31 December 2019 (Audited)
Net carrying value		
Licences and approval	6,140	4,686
Software	4	5
	6,144	4,691

16. Accounts payable and accrued liabilities

USD'000	30 September 2020 (Unaudited)	31 December 2019 (Audited)
Trade payables	7,290	14,809
Due to related parties	11,978	13,784
Taxes and state payables	329	473
Other payables and accrued liabilities	5,649	5,536
	25,246	34,602

17. Loans payable

USD'000	30 September 2020 (Unaudited)	31 December 2019 (Audited)
Loans payable		
- Secured	15,000	12,941
Loans to related parties		
- Unsecured	3,912	-
	18,912	12,941

USD'000	30 September 2020 (Unaudited)	31 December 2019 (Audited)
Ageing of loans payable		
Current	2,500	12,941
Non-current	16,412	-
	18,912	12,941

On 28 September 2020, subsidiary company Hemla Africa Holding AS paid a US$3.9m dividend to minority interest and related party Symero Ltd. An amount equal to the dividend was immediately loaned to the Company by Symero Ltd with interest rates matching those already provided by external financing and no security was provided for the loan.

18. 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 6.5% and an inflation rate of 1.6%. The decommissioning liability (ARO) study was done internally by the operator Perenco and was presented to ARO Committee. The partners approved the study on November 13, 2018.

19. Related party transactions

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

USD'000	30 September 2020 *(Unaudited)*	31 December 2019 *(Audited)*
Loan receivable from MGI International S.A.[1]	3,639	5,639
Total from related parties	**3,639**	5,639
Loans payable include:		
Symero Ltd[2]	3,912	-
Other payables include:		
Nor Energy AS	3,663	5,783
Petromal – Sole Proprietorship LLC	2,021	4,534
MGI International S.A.[1, 2]	6,178	3,467
Total to related parties	**15,774**	13,784

[1]MGI International S.A. is a minority shareholder in the Group's subsidiary in Congo.

[2]Symero Ltd is the minority shareholder in the Group's subsidiary Hemla Africa Holding AS, and is jointly controlled by Knut Søvold and Gerhard Ludvigsen.

[3]Amount payable to MGI is their share of dividend from Group's subsidiary in Congo.

20. Events subsequent to reporting date

On 27 October 2020, in relation to a dispute concerning the Company's asset in Congo, the Court of Appeal rejected an appeal against certain shareholders in PetroNor and the subsidiary Hemla Africa Holding AS and the appellant was ordered to cover the costs in connection with the appeal.

On 30 October 2020, the Company announced that the arbitration proceedings for the Group's interests in Senegal were suspended for an additional 3 months further to the announcement made on the 5 May 2020. Following an agreement between the parties, the extension was a result of ongoing discussions as well as delays to the process as a result of the global pandemic.

On 20 November 2020, the Company announced the purchase of SPE Guinea Bissau AB from Svenska Petroleum Exploration AB. Subject to Government approval, the Company will assume operatorship (78.57%) of the Sinapa (Block 2) and Esperança (Blocks 4a/5A) licences in Guinea-Bissau.

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 September 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

Jens Pace, Director of the Board

Joseph Iskander, Director of the Board

Roger Steinepreis, Director of the Board

Gerhard Ludvigsen, Executive Director of the Board

Ingvil Smines Tybring-Gjedde

Ingvil Smines Tybring-Gjedde, Director of the Board

Alex Neul

Alexander Neuling, Director of the Board

CORPORATE DIRECTORY

DIRECTORS

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

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Michael Barrett
Christopher Butler
Claus Frimann-Dahl
Knut Søvold Chief Executive Officer
Emad Sultan

COMPANY SECRETARY
Angeline Hicks

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Code: PNOR