PETRONOR E&P

Interim statement of financial position

As at 9 December 2024

Company statement of financial position
- PetroNor E&P ASA

Amounts in USD thousand	*Note*	**As at 9 December 2024**	As at 31 December 2023
ASSETS			
Current assets			
Other receivables	*3*	**929**	361
Other assets	*4*	**5,112**	3,000
Cash and cash equivalents	*5*	**40 138**	9
Total current assets		**46 179**	3 370
Non-current assets			
Other receivables	*3*	**11 000**	11 000
Investments in associates		**1**	1
Investments	*6*	**141 579**	141 579
Total non-current assets		**152 580**	152 580
Total assets		**198 759**	155 950
LIABILITIES			
Current liabilities			
Trade payables		**76**	369
Other payables	*7*	**7 908**	12 365
Total current liabilities		**7 984**	12 734
Non-current liabilities			
Loans and borrowings	*8*	**55 000**	-
Total non-current liabilities		**55 000**	-
Total liabilities		**62 984**	12 734
NET ASSETS		**135 775**	143 216
EQUITY			
Issued capital and reserves attributable to owners of the parent			
Share capital	*9*	**159**	159
Share premium	*9*	**151 420**	151 420
Reserves		**(79)**	(79)
Retained earnings		**(15 725)**	(8 284)
TOTAL EQUITY		**135 775**	143 216

The accompanying notes form part of the interim statement of financial position.

The interim statement of financial position was approved and authorised for issue by the Board on 20 December 2024.

Notes to the special period financial statements

Note 01 Company information

PetroNor E&P ASA is a public limited company, incorporated in Norway.

Registered office:

Frøyas gate 13 NO-0273 Oslo Norway

DIRECTORS

The names of Directors in office during the financial period and until the date of approval of these financial statements are as follows. Directors were in office for this entire period unless otherwise stated.

Current members:

	Role	Appointed	Resigned
J Iskander	Chair	8 October 2021	-
J Norman-Hansen	Director	26 January 2023	-
A Fawzi	Director	26 January 2023	-
G Kielland	Director	1 October 2021	1 November 2024
I Tybring Gjedde	Director	1 October 2021	1 November 2024
E Alhomouz	Chair	1 October 2021	29 May 2024

Note 02 Basis of preparation

PetroNor E&P ASA's financial statements have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU and are mandatory for financial years beginning on or after 1 January 2024. Additional disclosures required by the Norwegian Accounting Act are also provided.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in applying the company's accounting policies.

There are no areas involving a high degree of judgment or complexity.

The financial statements have been prepared on the basis of uniform accounting principles for similar transactions and events under otherwise similar circumstances.

The financial report is presented in US Dollars being the primary currency for group operations. The Company's core investments are operating in the oil and gas industry where the underlying currency of transactional business is the US Dollar and all material underlying transactions are USD based.

In previous periods the functional currency was stated to be NOK but a reassessment concludes that this was incorrect information. The effective functional currency from inception has been the USD.

Foreign currency transactions are translated at daily exchange rates. Assets and Liabilities are translated at the rates prevailing at the balance sheet date.

This audited interim balance sheet has been prepared to assist shareholder consideration of a proposed shareholder distribution of approximately USD 25 million as detailed in PetroNor E&P ASA's stock exchange announcement on 31 October 2024. The Extraordinary General Meeting to consider this audited interim balance sheet and associated shareholder distribution is expected in January 2025.

Note 03 Other receivables

Amounts in USD thousand	**9 December 2024**	31 December 2023
Recoverability less than one year		
Other receivables	**67**	294
Related party receivables	**862**	67
Total	**929**	361
Recoverability more than one year		
Other receivables[1]	**11 000**	11 000
Total	**11 000**	11 000

[1] On 29 December 2023, PetroNor transferred 100% of shares in its Aje subsidiaries in anticipation of completion of the YFP-DW joint venture partnership. The consideration shares have not yet been issued. As a result, a non-current receivable of USD 10 million has been recognised. Upon completion, the fair value of the investment in associate will be recognised. A further USD 1 million has been recognised which was historically capitalised in the investment. This balance represents a signature bonus paid by PetroNor E&P ASA that will subsequently be recovered from the joint venture.

Note 04 Other assets

Amounts in USD thousand	**9 December 2024**	31 December 2023
Other assets [1]	**5 112**	3 000
Total	**5,112**	3 000

[1] On 1 October 2023, PetroNor E&P ASA ("PetroNor") entered into a share purchase agreement ("SPA") to purchase the entire issued share capital of West Africa Exploration Limited ("WAEL") to indirectly acquire the share capital of New Age Exploration Nigeria Limited, an entity that has a non-operated interest in the OML113 licence in Nigeria. As part of the agreement, PetroNor paid a non-refundable signing payment of USD 3 million. As stipulated in the SPA, the 3 million signing payment will form part of the consideration upon completion of the transaction. A further USD 2 million completion payment was paid in March 2024 which also forms part of the consideration. The transaction is pending completion, awaiting government approvals. Therefore, the first two tranches of consideration paid have been treated as other assets which will subsequently form part of the investment upon completion.

Note 05 Cash and cash equivalents

Amounts in USD thousand	**9 December 2024**	31 December 2023
Cash and cash equivalents	**40 138**	9
Total	**40 138**	9

Note 06 Investments

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are measured at cost and assessed for impairment on an annual basis. The company conducts an impairment test to ensure that the assets are carried at no more than their recoverable amount. The company's evaluation of the recoverability of its investment involves assessing both the net assets of subsidiary structure and the economic value of the future cash flows arising from "Cash Generating Units (CGU's)" within the legal subsidiary structure. Group production and intangible assets are assessed for indicators of impairment on a periodic basis. Indicators of impairment would be for example a licence that is approaching the end of its term or a licence where management have indicated that there are no plans to continue with exploration and evaluation, or evaluation work which indicated that an asset would be uneconomic. The carrying value of production and intangible assets are assessed against their risked economic value for indicators of impairment. Two of the key factors in the economic evaluation of hydrocarbon assets are the future oil prices and the recoverable reserves of the assets. No assets were impaired in the period ended 9 December 2024.

The closing balance of investments at 9 December 2024 of USD 141.6 million (2023: 141.6 million), consists of investments in subsidiaries and an investment in associate for the joint venture in Aje Production AS.

The following table represents the significant subsidiary held by PetroNor E&P ASA:

Name	Ownership share	Country of Incorporation
PetroNor E&P Pty Ltd	100%	Australia

Note 07 Other Payables

Amounts in USD thousand	**9 December 2024**	31 December 2023
Recoverability less than one year		
Related party payables	**7 300**	12 111
Other accrued costs	**608**	254
Total	**7 908**	12 365

Please see note 9 Related Parties for details of intra Group balances

Note 08 Loans and Borrowings

Amounts in USD thousand	**9 December 2024**	31 December 2023
Non-current related party loan	**55 000**	-
Total	**55 000**	-

On 26 November 2024, PetroNor entered into an intercompany loan agreement with subsidiary PetroNor E&P Pty Ltd to advance a maximum aggregate amount of USD 55 million. The facility converted a pre-existing intercompany payable of USD 15 million and a cash amount of USD 40 million as stipulated in the intercompany loan agreement. The facility is unsecured and carries an interest rate of 5.0% per annum payable quarterly. The loan is repayable upon maturity which is the date falling 3 years from the first drawdown date being 9 December 2024.

Note 09 Equity

SHARE CAPITAL

All shares have equal rights and are freely transferable share capital.

Reconciliation of movement in shares on issue

Number of fully paid ordinary shares

	9 December 2024	31 December 2023
Balance at the beginning of the year	**142 356 855**	1 423 568 543
Issue of shares	**-**	7
Reverse share split	**-**	(1 281 211 695)
Balance at end of the period	**142 356 855**	142 356 855

Reconciliation of movement in issued capital

Amounts in USD thousand

	9 December 2024	31 December 2023
Opening balance	**159**	159
Issue of ordinary shares	**-**	-
Balance at end of the period	**159**	159

SHARE PREMIUM

Share premium reserve represents excess of subscription value of the shares over the nominal amount.

Amounts in USD thousand

	9 December 2024	31 December 2023
Opening balance	**71 956**	71 956
Balance at end of the period	**71 956**	71 956

Note 10 Related parties

The remuneration for board members is paid by subsidiary company PetroNor E&P Services AS, in addition the Chair also receives remuneration through subsidiary company Hemla E&P Congo SA.

Details on the remuneration to individual board members is included in the notes to the consolidated financial statements of PetroNor E&P ASA.

PERIOD-END BALANCES WITH RELATED PARTIES

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

Amounts in USD thousand

	9 December 2024	31 December 2023
Other receivables current:		
Aje Production AS subsidiaries	**55**	64
PetroNor E&P ASA subsidiaries	**135**	-
Total current receivables from related parties	**190**	64
Other receivables non-current:		
Aje Production AS	**11 727**	11 000
Total non-current receivables from related parties	**11 727**	11 000

Amounts in USD thousand

	9 December 2024	31 December 2023
Other payables current:		
PetroNor E&P Services AS	**3 816**	1 000
PetroNor E&P Services Limited	**837**	-
PetroNor E&P Limited (Cyprus)	**2 000**	-
PetroNor E&P Pty Ltd	**646**	11 110
Total current payables to related parties	**7 300**	12 110
Other payables non-current:		
PetroNor E&P Pty Ltd	**55 000**	-
Total non-current payables to related parties	**55 000**	-

Refer to note 08 Loans and borrowings for more information.

Note 11 Commitments and contingencies

As part of the transaction to acquire the interest in OML 113 conditional consideration has been assessed as a potential contingency to the group. An additional consideration of USD 0.10 per 1 000 cubic feet of the AJE Natural Gas Sales Volume is to be paid to Panoro Energy ASA once the conditions stipulated within the SPA are met. This conditional consideration is capped at USD 16.67 million.

Contingencies

In December 2021 the National Authority for Investigation and Prosecution of Economic and Environmental Crime in Norway (Økokrim) initiated an investigation into allegations of corruption and brought criminal charges against individuals associated with the company. Økokrim has confirmed that neither PetroNor nor any of its subsidiaries has been charged. The US Department of Justice also began its own investigation into the allegations based on information received from Økokrim.

To mitigate potential corporate liability risks, the board has taken various remediation steps, as outlined in the director's report, including obtaining independent legal advice and implementing a compliance action plan. Despite the ongoing investigations, the company has continued to operate effectively but has incurred costs in addressing this issue and fully cooperating with the investigating authorities. The company is not aware of the status or duration of the investigations into the individuals involved, and the uncertainty surrounding the outcome could potentially impact the group's ability to conduct transactions with both new and existing partners.

Note 12 Events after the statement of financial position

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.

Note 13 Summary of accounting policies

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, demand deposits, other short-term highly liquid investments with original maturities of three months or less.

TRADE AND OTHER PAYABLES

Trade and other payables are carried at amortised cost and due to their short-term nature, they are not discounted.

SHARE CAPITAL

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest (NCI) in the acquiree. For each business combination, the group elects whether to measure NCI in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

The initial accounting for a business combination can be changed if new information about the fair value at the acquisition date is present. The allocation can be amended within 12 months of the acquisition date [provided that the initial accounting at the acquisition date was determined provisionally]. The non-controlling interest is set to the non- controlling interest's share of identifiable assets and liabilities (alternative fair value). The measurement principle is done for each business combination separately. When the group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. Those acquired petroleum reserves and resources that can be reliably measured are recognised separately in the assessment of fair values on acquisition. Other potential reserves, resources and rights, for which fair values cannot be reliably measured, are not recognised separately, but instead are subsumed in goodwill.

Goodwill is recognised as the aggregate of the consideration transferred and the amount of any non-controlling interest and deducted by the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is not depreciated but is tested at least annually for impairment. In connection with this, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the business combination.

If the fair value of the equity exceeds the acquisition cost in a business combination, the difference is recognised as income immediately on the acquisition date.

FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of any one entity and a financial liability or equity instrument of another entity.

Financial assets

The group's financial assets predominantly comprise cash and cash equivalents and trade receivables.

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss, as appropriate.

All financial assets held by the group are measured at amortised cost.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Impairment of financial assets

The group recognises an allowance for expected credit losses (ECLs) for financial assets based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the group expects to receive.

For trade receivables and contract assets, the group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The group has established a provision matrix that is based on its historical credit-loss experience, adjusted for forward- looking factors specific to the debtors and the economic environment.

Financial liabilities

The group's financial liabilities mainly comprise interest- bearing liabilities and trade payables.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financial liabilities at amortised cost, payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Statement of responsibility

Pursuant to the Norwegian Securities Trading Act section 5-5 with pertaining regulations we hereby confirm that, to the best of our knowledge, the interim statement of financial position as at 9 December 2024 has been prepared in accordance with applicable accounting standards and gives a true and fair view picture of the assets, liabilities and financial position of the Company.

Oslo, Norway, 20 December 2024
The board of directors – PetroNor E&P ASA

Joseph Iskander	Azza Fawzi	Jarle Norman-Hansen
Chair	Director	Director

CEO – PetroNor E&P ASA

Jens Pace
CEO

Bygdøy Allé 2
0257 Oslo
Norway
www.bdo.no

To the Shareholders' Meeting of PetroNor E&P ASA

Auditor's report on interim balance sheet

Opinion

We have audited the accompanying interim balance sheet of PetroNor E&P ASA (the Company) as at 9 December 2024, showing an equity of USD 135,775,000. The interim balance sheet comprises the balance sheet and a description of significant accounting policies and other explanatory information. The interim balance sheet has been prepared by the Board of Directors and the Managing Director by applying the accounting principles in Note 2 to the interim balance sheet.

In our opinion, the interim balance sheet presents fairly, in all material respects, the financial position of the Company at 9 December 2024 in accordance with the accounting principles described in Note 2 to the interim balance sheet.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the ***Auditor's responsibilities for the audit of the statement and balance sheet*** section of our report. We are independent of the Company as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Basis of accounting and restriction on distribution and use

Without modifying our opinion, we draw attention to Note 2 to the interim balance sheet, which describes the basis of accounting. The interim balance sheet has been prepared to enable PetroNor E&P ASA to carry out a shareholder distribution (NPLL Act. section 8-1).

As a result, the interim balance sheet is considered not to be suitable for other purposes. Our opinion is not modified in respect of this matter.

The Board of Directors and the Managing Director's responsibilities for the interim balance sheet

The Board of Directors and the Managing Director are responsible for the preparation of the interim balance sheet in accordance with the accounting principles described in Note 2, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of an interim balance that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor`s Responsibilities

Our objectives are to obtain reasonable assurance about whether the interim balance sheet as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the interim balance sheet.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the interim balance sheet, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO AS

Børre Skisland
State Authorised Public Accountant
(This document is signed electronically)

Corporate directory

DIRECTORS
Joseph Iskander, Chair
Jarle Norman-Hansen
Azza Fawzi

CEO
Jens Pace

REGISTERED OFFICE
Frøyas gate 13
0273 Oslo
Norway

WEBSITE
www.petronorep.com

AUDITORS
BDO AS
Munkedamsveien 45,
Vika Atrium
0121 Oslo
Norway

SHARE REGISTRAR
DNB Bank ASA
Verdipapirservice
Dronning Eufemias gate 30
0191 Oslo
Norway

STOCK EXCHANGE LISTING
Oslo Børs
Ticker: PNOR
ISIN: NO0012942525