



PETRONOR E&P

Interim Financial Report
For the first quarter ended
31 March 2021

HIGHLIGHTS

Q1 2021 and subsequent events

Completed a capital raise of NOK 340 million in March 2021, Tranche 2a and 2b Offer shares to be issued in June.

Received shareholder approval to increase indirect ownership in PNGF Sud up to 16.83% through increasing its shareholding in Hemla E&P Congo S.A. and Hemla Africa Holding AS.

Completion of transaction to acquire SPE Guinea Bissau AB from Svenska Petroleum Exploration AB and further enhance a highly attractive exploration portfolio through the entry into the Esperança and Sinapa licenses in Guinea-Bissau.

New Competent Persons Report for PNGF Sud released in March 2021. The update represents an increase of approximately 28% and 49% for 2P and 2C respectively on a gross basis.

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.

On 25 January 2021, the indirect participation interest increased to 11.9% after 9,900 shares in Hemla E&P Congo awarded by the court in Congo were registered for the benefit of the Company.

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, the transaction was approved by the General Meeting held on 4 May 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 (USD)

13.7 m

(Q1 2020: 9.4 m)

EBIT (USD)

12.5 m

(Q1 2020: 8.4 m)

Net profit / (loss) (USD)

4.9 m

(Q1 2020: (0.07 m))

PNGF Sud¹ & Bis²

19.90 MMbbl

2P Reserves

14.11 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

This has been another eventful period as we continue to position the Company for long-term growth. The financial and operational performance reflects the strength of our underlying core asset PNGF Sud and its ability to generate strong free-cash flow in this stable commodity price environment. It is for this exact reason that we have taken initiatives to increase our interest in this asset and we were delighted to have successfully raised NOK 340 million to fund these transactions, as well as receive the requisite approvals from shareholders to progress the transaction to completion.

The completion of this strategic transaction, which is due to occur in the coming month with the publication of a combined prospectus for listing of the Offer Shares in Tranche 2a and Tranche 2b, will result in a material step change in PetroNor's production profile and associated cash flow. The funds raised in the recent Placement also ensure the Company is fully funded for its share of costs associated with the impending drilling campaign at PNGF Sud which will further enhance the positive impact of this asset for the Company and its shareholders.

The independent CPR issued on PNGF Sud in March, which certified an increase of approximately 28% and 49% for 2P and 2C respectively on a gross basis, demonstrated the quality of the asset and the Operator's ability to extend the life of the field through drilling activity such as the campaign that will take place later this year. This economically robust cornerstone asset provides PetroNor with optionality to consider other opportunities in line with its stated growth strategy.

In this regard, the Company was pleased to complete the transaction to acquire SPE Guinea Bissau AB from Svenska Petroleum Exploration AB and further enhance a highly attractive exploration portfolio through the entry into the Esperança and Sinapa licenses in Guinea-Bissau. These are very attractive licences with material upside potential and we look forward to progressing our strategy as we seek to monetise our interest in all our exciting exploration licences over time.

The backdrop for E&P activity has changed materially compared with a year ago, with stabilised commodity prices ensuring solid returns as well as an enhanced appetite for investment and activity. This is particularly

relevant for our exploration portfolio as we seek partners to share in the risk and reward offered by our high impact licences.

The structural changes taking place within our industry are also accelerating as energy transition gains momentum and IOCs recalibrate portfolios away from hydrocarbons. This movement is presenting a strong pipeline of inorganic opportunities for PetroNor to consider and we are presently screening numerous assets that fit with our criteria. We believe that the Company is uniquely positioned to capitalise on the opportunities presented by these industry changes given our ambitious growth objectives, our strong shareholder support and growing operator status – with considerably less competition for operated positions.

Following a transitional period of corporate activity, we look forward to the coming year and the various value catalysts that we see on the near-term horizon. We thank our shareholders for their continued support and patience, and look forward to delivering on our long-term growth objectives for the benefit of all our stakeholders.

Yours sincerely,

CEO

Knut Søvold



OPERATIONAL UPDATE

CORPORATE

Board restructure

On 1 February 2021, Gro Kielland was appointed as an Independent Director to replace Executive Director Gerhard Ludvigsen, to further strengthen the governance procedures.

Gro Kielland is a highly experienced and credible industry figure, having previously been the former CEO of BP Norway, and currently holding a number of non-executive roles.

Mr. Ludvigsen relinquished his position on the executive team, however, he remains with the Company in an advisory role with specific focus on the Company's effective ESG strategy.

Following these changes, the Board consists of seven Directors, of which five are considered to be independent.

Capital raise

On 12 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 will generate 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 of 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, including Petromal. 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 have been subscribed by and allocated 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) in order to retain its ~38.28% ownership ("Tranche 2b"). Tranche 2a and 2b shares have not yet been issued, but will inject a further USD 10.8 million in cash after payment of manager's fees.

A General Meeting held on the 4 May 2021 approved the Symero Transaction 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.

The Company announced plans to carry out 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 will be published once approved by the Norwegian FSA which is expected in June.

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, Tchibouela 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 65 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.

OPERATIONAL UPDATE

Using the CPR and adjusting for Q1 2021 production, as at 31 March 2021:

Participation Interest	11.9%	16.83% Post Transaction
1P reserves	10.03 MMbbls	14.2 MMbbls
2P reserves	14.07 MMbbls	19.9 MMbbls
3P reserves	17.90 Mmbbls	25.3 MMbbls

PetroNor's Contingent Resource base includes discoveries of varying degrees of maturity towards development decisions. By end of Q1 2021, PNGF Sud contains a total 2C volume of approximately 7.30 MMbbls assuming a 16.83% participation interest.

During Q1 2021, the gross production was 21,716 bopd, resulting in a net to PetroNor production of 2483 bopd.

On 25 January 2021, the indirect participation interest increased to 11.9% after 9,900 shares in Hemla E&P Congo, awarded by the court in Congo, were registered for the benefit of the Company.

A transaction to increase the indirect participation interest to 16.83% by acquisition of the non-controlling interest shares in Hemla Africa Holding AS was approved by the General Meeting held on 4 May 2021 and is expected to complete in June 2021.

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 partnership has a right to negotiate the licence on given terms.

The three discovery wells tested from 1,150 to 4,700 bbl/d of light, good quality oil. Perenco has recently 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 31 December 2020, 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 June 2021.

The regulatory approval process in Nigeria is well underway at an advanced stage but has been delayed by the pandemic.

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 continued 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 after DPR approval.

EXPLORATION

Guinea-Bissau – 2 and 4A & 5A

On 20 November 2020, the Company announced the purchase of SPE Guinea Bissau AB from Svenska Petroleum Exploration AB. The transaction received the required in-country approvals published in the Official Gazette of Guinea-Bissau (Boletim Oficial) on 20 April 2021. Subsequently, the Company has assumed the operatorship of the Sinapa (Block 2) and Esperança (Blocks 4A and 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, 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

OPERATIONAL UPDATE

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.

The Gambia – A4

During September 2020, 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 relinquished any claims related to the A1 licence and regained the A4 licence with a new 30-year lease under new terms.

PetroNor continues to seek partners 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 aims to participate in any future well at an equity level of 30-50%.

Senegal – ROP & SOSOP

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 13.7 million for the period ended 31 March 2021, compared to USD 9.4 million in the same period in 2019. Net profit attributable to the equity holders of the parent was USD 1.6 million for Q1 2021, compared to USD 0.15 million in the same period in 2020.

Oil & gas revenue for the period was (net of royalties & taxes) USD 12.88 million arising from sale of 0.22 million barrels of crude oil at an average price of USD 58.68 per barrel. In the prior year, 0.27 million barrels of crude oil was sold during the same period at an average price of USD 40.66, resulting in a revenue of USD 10.97 million.

EBITDA margin of 60% is significantly higher when compared to the Q1 2020 margin of 48%. Mostly due to cost management measures implemented by the management post COVID.

During Q1 2021, and for the 2020 Annual Report, the Group reassessed its classification of the cash advanced to the Operator in Congo for decommissioning costs as a Non-Current Asset. As although the JV partnership in 2019 agreed to refund previous surplus cash set aside for the decommissioning costs, back into the operating cash pool, the current cash projections from the Operator do not anticipate the same situation in the next 12

months. As the balance at 31 March 2021 was USD 22.2 million (31 December 2020: 21.3 million), this will significantly change the reported working capital compared to interim reports during 2020.

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 PetroNor 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 just before the quarter end for Tranche 1 shares for the Private Placement The Group had USD 19.6 million in cash and bank balances as of 31 March 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. The Directors budgeted for the Tranche 2b funds to be received in May 2021. As at the signing date of this report, this is now expected in June 2021, and will impact the timing of some planned operations. If the Repair Offer is to be fully subscribed, this may raise up to a further USD 7.8 million in cash.

OPERATIONAL UPDATE

TOP 20 SHAREHOLDERS

As of 25 May 2021:

#	SHAREHOLDER	NUMBER OF SHARES	PER CENT
1	Petromal L.L.C. ¹	395,137,120	37.42%
2	NOR Energy AS ²	143,555,857	13.59%
3	Ambolt Invest AS	87,532,670	8.29%
4	Gulshagen III AS ³	45,000,000	4.26%
5	Gulshagan IV AS ³	45,000,000	4.26%
6	ENG Group Soparfi S.A.	40,681,739	3.85%
7	Energie AS	28,229,882	2.67%
8	Nordnet Livsforsikring AS	21,506,177	2.04%
9	Enga Invest AS	14,892,746	1.41%
10	Nordnet Bank AB	12,236,177	1.16%
11	Pust For Livet AS	9,628,624	0.91%
12	Omar Al-Qattan	7,645,454	0.72%
13	Leena Al-Qattan	7,645,454	0.72%
14	UBS Switzerland AG	6,468,418	0.61%
15	Sandberg JH AS	4,653,951	0.44%
16	Avanza Bank AB	4,393,812	0.42%
17	Danske Bank A/S	4,342,805	0.41%
18	Baldev Singh	3,901,424	0.37%
19	Knutshaug Invest AS	3,386,161	0.32%
20	Nordea Bank Abp	2,857,937	0.27%
	Subtotal	888,696,408	84.15%
	Others	167,332,516	15.85%
	Total	1,056,028,924	100%

¹ Non-Executive Chairman, Mr. Alhomouz is the CEO of Petromal L.L.C., 23,175,874 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 Gulshagan III AS and Gulshagan IV AS are companies controlled by Mr. Søvold through an indirect beneficial interests.

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.

SIGNIFICANT EVENTS AFTER REPORTING DATE

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.

On 4 May 2021, the share purchase acquisition of SPE Guinea Bissau AB was completed, and PetroNor formally took over operatorship of the Sinapa and Esperança licences.

Also on 4 May 2021, the General Meeting approved the related party Symero transaction to increase its net indirect interest in core asset PNGF Sud to 16.83%.

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.

Infill Drilling Program

The infill drilling program on the Litanzi and Tchendo fields has been further delayed mainly due to the pandemic and is expected to restart in the H2-2021.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

USD'000 (Unaudited)	Quarter ended 31 March 2021	Quarter ended 31 March 2020
Revenue	22,939	19,719
Cost of sales	(8,106)	(7,883)
Gross profit	14,833	11,836
Other operating income	16	-
Administrative expenses	(2,394)	(3,503)
Profit from operations	12,455	8,333
Finance expense	(679)	(578)
Foreign exchange gain / (loss)	(816)	59
Profit before tax	10,960	7,814
Tax expense	(6,609)	(5,729)
Profit for the period	4,351	2,085
Other Comprehensive income:		
Exchange gains / (losses) arising on translation of foreign operations	536	(2,162)
Total comprehensive income / (loss)	4,887	(77)
<i>Profit for the period attributable to:</i>		
Owners of the parent	1,631	151
Non-controlling interest	2,720	1,934
	4,351	2,085
<i>Total comprehensive income / (loss) attributable to:</i>		
Owners of the parent	1,492	(1,378)
Non-controlling interest	3,395	1,301
	4,887	(77)
<i>Earnings per share attributable to members:</i>	USD cents	USD
Basic profit per share	0.17 Cents	0.02 Cents
Diluted profit per share	0.17 Cents	0.02 Cents

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

USD'000	As at 31 March 2021 (Unaudited)	As at 31 December 2020 (Audited)
Assets		
Current assets		
Inventories	4,142	3,578
Trade and other receivables	7,878	9,397
Cash and cash equivalents	19,645	14,113
	31,665	27,088
Non-current assets		
Property, plant and equipment	23,527	23,483
Intangible assets	6,775	6,935
Right-of-use assets	169	212
Other receivables	22,205	21,260
	52,676	51,890
Total assets	84,341	78,978
Liabilities		
Current liabilities		
Trade and other payables	15,262	22,238
Lease liability	184	170
Loans and borrowings	6,000	4,000
	21,446	26,408
Non-current liabilities		
Loans and borrowings	12,912	14,912
Lease liability	-	55
Provisions	15,556	15,307
	28,468	30,274
Total liabilities	49,914	56,682
NET ASSETS	34,427	22,296
Issued capital and reserves attributable to owners of the parent		
Share capital	28,257	17,735
Foreign currency translation reserve	(1,095)	(956)
Retained earnings	(7,222)	(8,853)
	19,940	7,926
Non-controlling interests	14,487	14,370
TOTAL EQUITY	34,427	22,296

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

USD'000	Issued capital	Retained earnings	Foreign currency translation reserve	Non-controlling interest	Total
For the quarter ended 31 March 2021 (Unaudited)					
BALANCE AT 1 JANUARY 2021	17,735	(8,853)	(956)	14,370	22,296
Profit for the period	-	1,631	-	2,720	4,351
Other comprehensive (loss) / income	-	-	(139)	675	(536)
Total comprehensive income / (loss) for the period	-	1,631	(139)	3,395	4,887
Issue of capital	10,522	-	-	-	10,522
Acquisition of equity interest from NCI	-	-	-	(3,278)	(3,278)
BALANCE AT 31 MARCH 2021	28,257	(7,222)	(1,095)	14,487	34,427
For the quarter ended 31 March 2020 (Unaudited)					
BALANCE AT 1 JANUARY 2020	17,735	(11,226)	-	14,749	21,258
Profit for the period	-	151	-	1,934	2,085
Other comprehensive income	-	-	(1,529)	(633)	(2,162)
Total comprehensive loss for the period	-	151	(1,529)	1,301	(77)
BALANCE AT 31 MARCH 2020	17,735	(11,075)	(1,529)	16,050	21,181

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

USD'000 (Unaudited)	For the quarter ended 31 March 2021	For the quarter ended 31 March 2020
Cash flows from operating activities		
Total comprehensive (loss) / income for the period	4,887	(77)
Adjustments for:		
Income tax expense	6,609	5,729
Depreciation and amortisation	1,182	1,064
Amortization of right-of-use asset	40	
Unwinding of discount on decommissioning liability	249	234
	12,967	6,950
Decrease / (increase) in trade and other receivables	1,880	(1,853)
Increase in advance against decommissioning cost	-	(1,966)
(Increase) / decrease in inventories	(564)	677
Increase / (decrease) in trade and other payables	(6,976)	(3,162)
Cash generated from operations	(5,660)	(6,304)
Income taxes paid	(6,609)	(5,729)
Net cash flows from operating activities	698	(5,083)
Investing activities		
Purchases of property, plant and equipment	(1,057)	(1,293)
Acquisition of additional interest in subsidiary	(3,639)	-
Advance against decommissioning cost	(945)	-
Net cash flows from investing activities	(5,641)	(1,293)
Financing activities		
Proceeds from loans and borrowings	-	-
Repayment of loans and borrowings	-	(1,176)
Repayment of principal portion of lease liability	(44)	-
Repayment of interest portion of lease liability	(3)	-
Issue of share capital	10,522	-
Net cash flows from financing activities	10,475	(1,176)
Net increase / (decrease) in cash and cash equivalents	5,532	(7,552)
Cash and cash equivalents at beginning of period	14,113	27,891
Cash and cash equivalents at end of period	19,645	20,339

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 31 March 2021 was authorised for issue in accordance with a resolution of the directors on 28 May 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 exploration and production of crude oil.

Basis of preparation

This general purpose condensed interim financial report for the quarter ended 31 March 2021 has been prepared in accordance with IAS 34 Interim Financial Reporting and the supplement requirements of the Norwegian Securities Trading Act (Verdipapirhandeloven).

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 31 March 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.

Revenue from contracts with customers

USD'000 (Unaudited)	Q1 2021	Q1 2020
Revenue from contracts from customers		
Revenue from sales of petroleum products	12,878	10,970
Other revenue		
Assignment of tax oil	6,609	5,729
Assignment of royalties	3,452	3,020
Total revenue	22,939	19,719
Quantity of oil lifted (Barrels)	219,476	269,782
Average selling price (USD per barrel)	58,68	40.66
Quantity of net oil produced after royalty, cost oil and tax oil (Barrels)	211,622	235,931

Cost of sales

USD'000 (Unaudited)	Q1 2021	Q1 2020
Operating expenses	3,651	2,903
Royalty	3,452	3,020
Depreciation and amortisation of oil and gas properties	1,172	1,064
Movement in oil inventory	(169)	896
	8,106	7,883

Administrative expenses

USD'000 (Unaudited)	Q1 2021	Q1 2020
Employee benefit expenses	1,140	2,032
Travelling expenses	15	204
Legal and professional	545	867
Rentals	23	84
Depreciation and amortization	9	-
Depreciation on right-of-use assets	40	-
Other expenses	622	316
	2,394	3,503

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Finance cost

USD'000 (Unaudited)	Q1 2021	Q1 2020
Unwinding of discount on decommissioning liability	249	234
Interest on loan	427	339
Other finance costs	3	5
	679	578

Earnings per share

USD'000 (Unaudited)	Q1 2021	Q1 2020
Profit from continuing operations attributable to the equity holders used in calculation	1,631	151

	Number of shares	
Weighted average number of shares used in the calculation of:		
Basic profit per share	986,663,268	971,665,288
Diluted profit per share	988,052,738	974,931,758

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 31 March 2020 (31 March 2019: 3,266,470).

Inventories

USD'000	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Crude oil inventory	858	689
Materials and supplies	3,284	2,889
	4,142	3,578

Crude oil inventory is valued at cost of USD 21.22 per bbl (2020: USD 15.79 per bbl).

Trade and other receivables

USD'000	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Recoverability less than one year		
Trade receivables	7,235	5,408
Due from related parties	-	3,639
Decommissioning cost advance	-	-
Other receivables	643	350
	7,878	9,397
Recoverability more than one year		
Decommissioning cost advance	22,205	21,260
	22,205	21,260

Cash and bank balances

USD'000	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Cash in bank	19,627	14,113
Restricted cash	18	-
	19,645	14,113

Production assets and equipment

USD'000	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Cost	34,499	33,445
Depreciation	(10,972)	(9,962)
Net carrying amount	23,527	23,483

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Intangible assets

USD'000	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Net carrying value		
Licences and approval	6,772	6,930
Software	3	5
	6,775	6,935

Trade and other payables

USD'000	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Trade payables	5,228	5,226
Due to related parties	5,921	11,694
Taxes and state payables	245	348
Other payables and accrued liabilities	3,868	4,970
	15,262	22,238

Loans and borrowings

USD'000	31 March 2021 (Unaudited)	31 December 2020 Audited
Ageing of loans payable		
Current	6,000	4,000
Non-current	12,912	14,912
	18,912	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 will be issued in Q2 2021.

Related party transactions

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

USD'000	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Loan receivable from MGI International S.A.	-	3,639
Total from related parties	-	3,639
Other payables include:		
Nor Energy AS	3,669	3,378
Petromal LLC	2,022	2,030
Symero Ltd.	230	108
MGI International S.A.	-	6,178
Total payables to related parties	5,921	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 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.

On 4 May 2021, the share purchase acquisition of SPE Guinea Bissau AB was completed, and PetroNor formally took over operatorship of the Sinapa and Esperança licences.

Also on 4 May 2021, the General Meeting approved the related party Symero transaction to increase its net indirect interest in core asset PNGF Sud to 16.83%.

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 31 March 2021, 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



Gro Kielland, Director of the Board



Jens Pace, Director of the Board



Alexander Neuling, Director of the Board



Joseph Iskander, Director of the Board



Roger Steinepreis, Director of the Board



Ingvil Smines Tybring-Gjedde, Director of the Board

CORPORATE DIRECTORY



DIRECTORS

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

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