PETRONOR E&P

Interim Financial Report
For the half year and quarter ended
30 June 2022

Highlights

Q2 2022 and subsequent events

- The fourth and final Litanzi well (producer) and the previously drilled injector (well #3) came on production during August 2022 with initial rates above expectations. At the time of printing, the rig is on its way to Tchibeli NE for drilling of two development production wells.
- Post period successful completion of the acquisition of Panoro Energy ASA's interest in Oil Mining Lease no. 113 ("OML 113") offshore Nigeria.
- The (final allocated) net production from PNGF Sud during the second quarter was 3,737 bopd (3,634 bopd for 1H 2022).
- Production is expected to further ramp up to 5,000 bopd in 2022 as the agreed 17-well infill drilling programme matures.
- New lifting arrangement agreed with an established operator at the Djeno terminal in Congo, with a lifting scheduled in early October for entitlement production inventory.

Assets

Republic of Congo (Brazzaville)

PetroNor's 1P reserves at the end of 2021 amounted to 14.3 MMbbl, 2P 20.6 MMbbl with 3P reserves at 26.60 MMbbl as reflected in the 6 April 2022 AGR Petroleum Services AS reserve report. The reserves upgrade corresponded to a reserve replacement ratio of approximately 126 per cent of PetroNor's net 2021 production in a year which also saw a very low total OPEX at USD 9.0/bbl. As announced on 11 July 2022 two of the PNGF Sud Litanzi infill wells (one injector and one producer) have been completed. The last two out of a total of four wells on Litanzi were completed during August. The second producer also performs significantly better than expected with even higher rates than the first. The finally allocated net production from PNGF Sud during the second quarter was 3,737 bopd.

Nigeria

In January 2022, PetroNor received the consent from the Nigeria Upstream Petroleum Regulatory Commission for the transactions signed in 2019. Through the completion of the acquisition of Panoro's interest in the OML 113 field PetroNor has obtained a 12.1913% economic interest in the project. The planned new JV with YFP that is yet to complete will hold a 15.5% participating interest and an economic interest in the order of 38.755 % in OML 113 during the majority of the project period.

Guinea-Bissau

PetroNor is continuing with farm-down efforts for the Sinapa and Esperança licences and remain very positive about maturing and drilling the high impact Cretaceous shelf margin Atum prospect within the Sinapa licence. PetroNor hold a 78.57 per cent operating interest in the Sinapa and Esperança licences, the residual equity being held by FAR Ltd, however FAR has now formally applied to withdraw from the licences following an announcement on the 15 March 2022.

The Gambia

With the longstop date of the A4 licence extended until 18 October 2022 PetroNor is seeking partners to drill an exploration well on the A4 block in 2023. This highly prospective block lies 30 km South of the Senegal "Sangomar" field (Woodside) which will start production in 2023 at 100,000 bopd. The block contains multiple low risk commercial size prospects.

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. The ICSID Tribunal held a hearing on jurisdiction and the merits in Paris during March 2022.

EBITDA (USD millions)
20.4
H1 2021: 27.5

EBIT (USD millions)
16.7
H1 2021: 25.1

Net loss (USD millions)
9.8
H1 2021: 8.8 (net profit)

2P Reserves (MMbbl)
20.6

2C Contingent Resources (MMbbl)
12.3

OPERATIONAL UPDATE

Corporate

Completion of Panoro Acquisition

On 13 July PetroNor announced the completion of the purchase of the Panoro Energy ASA ("Panoro") wholly owned subsidiaries Pan-Petroleum Nigeria Holding BV and Pan-Petroleum Services Holdings BV that together hold 100% of the share in Pan-Petroleum Aje Ltd ("Pan Aje"). Pan Aje participates in the exploration for and production of hydrocarbons in Nigeria and holds a 6.502% participating interest, with a 16.255% cost bearing interest, representing an economic interest of 12.1913% in OML 113, containing the Aje oil and gas field.

The upfront consideration to Panoro for the transaction was USD 10 million to be paid via the allotment and issue of 96,577,537 new PetroNor shares (the "Consideration Shares"). The volume of the Consideration Shares which were issued and subsequently registered with the Norwegian Register of Business Enterprises (*Brønnøysundregistrene*) on 27 July 2022, was determined with reference to the contractually determined 30-day volume weighted average price ("VWAP") of PetroNor's shares currently listed on the Oslo Børs.

Økokrim Charges

On 11 April 2022 PetroNor announced the receipt of a notification from Økokrim that the Company's Chair of the Board, Mr. Eyas Alhomouz (US citizen), had been made subject to the ongoing investigations carried out by Økokrim and been given the status as suspect, and that the U.S. Department of Justice had opened a separate investigation into these allegations, based on information from Økokrim.

Økokrim have previously announced that the investigations were related to individuals and confirmed that no charges had been brought against the Group or other Group companies.

Annual General Meeting

The Annual General Meeting of PetroNor E&P ASA took place on 27 May 2022. All proposed resolutions were passed.

Operations

PRODUCTION

Republic of Congo – PNGF SUD

PNGF Sud Q2 2022 production is 22,206 bopd (net 3,737 bopd), seeing the benefits of the first infill producer (well #2) which came onstream in April 2022. Well #2 added an average of >2,400 bopd since it started producing.

The drilling programme on Litanzi experienced non-productive time, operations to change out critical equipment on the drilling rig and adding a couple of well side-tracks have delayed the wells and production. Costs were less impacted since rig rates are not paid during rig-related downtime.

Average allocated 1H 2022 production is 21,595 or 3,634 bopd net to PetroNor. Production is expected to further ramp up in 2022 as the agreed 17-well infill drilling programme matures. From Litanzi, the rig is scheduled to be relocated to Tchibeli NE for drilling of two development producers. These latter wells are expected to come onstream during Q4 2022.

In April 2022, AGR Petroleum completed a Competent Person's Report ("CPR") whereby the reserves were calculated as at 31 December 2021.

The updated and CPR verified net PetroNor reserve position after transferring the discovered resources in Tchibeli NE to reserves (as announced on 11 April 2022) and as of 31 December 2021:

Participation Interest	***16.83%***
1P reserves	14.3 MMbbl
2P reserves	20.6 MMbbl

DEVELOPMENT

Nigeria – OML 113 / The Aje field

On 23 May 2022, the Company announced that it and Yinka Folawiyo Petroleum ("YFP") had executed amendments to the original agreements dated 2019. The amendments provide for YFP's contribution to be limited to the shareholding in the YFP Deepwater Company Ltd, corresponding to 48% of Aje Production AS. Consequently, PetroNor's interest increased from 45% to 52%.

On 13 July 2022, the Company announced it had completed on the purchase of the Panoro Energy ASA fully owned subsidiaries Pan-Petroleum Nigeria Holding BV and Pan-Petroleum Services Holdings BV, which together hold 100% of the shares in Pan-Petroleum Aje Ltd.

Under the latest terms of the Panoro transaction, once PetroNor recovers all of its costs related to future investments to bring Aje gas into production, the Company is to pay to Panoro an additional consideration USD 0.10 per 1,000 cubic feet capped at capped at USD 16.67 million.

The completion of the Panoro transactions brings an economic interest in the OML 113 field of 12.1913% cementing the strategy to push forward to update the field development plan ("FDP") to expedite gas development and engaged with potential offtakers and partners. PetroNor is now engaging with the JV partners in these efforts to progress the venture.

EXPLORATION

Guinea-Bissau – 2 and 4A & 5A

The licences contain two Cretaceous aged shelf edge prospects, Atum and Anchova, which are directly analogous to the on-trend Woodside operated Sangomar field development in Senegal. The prospects were mapped on 3D seismic acquired by Polarcus in 2016.

PetroNor intends to build on the work of the previous operator, and re-initiate planning for drilling of the Atum-1X well, to test a highly attractive and material prospect on the Sinapa licence called Atum/Anchova in 2023. Long lead items required for drilling operations have been secured and a number of pre-drill studies completed. Well planning can be recommenced at short notice.

The Atum-1x well will test a highly attractive and material prospect on the Sinapa licence. Recently reprocessed seismic data will be interpreted as part of the ongoing evaluation of both licences and as preparation to drilling. PetroNor continues its efforts to farm-down the Esperança and Sinapa licences.

The Gambia – A4

With the longstop date of the A4 licence extended until 18 October 2022 PetroNor continues to seek partners to drill one exploration well in 2023. PetroNor aims to participate in any future well at an equity level of 30-50 per cent.

Senegal – ROP & SOSP

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. The ICSID Tribunal held a hearing on jurisdiction and the merits in Paris during March 2022. The outcome of the Tribunal is expected in the second half of 2022.

Financial performance and activities

The PNGF Sud drilling programme which has increased property plant and equipment assets by USD 13.7 million in the period, is adding to production capacity and driving the improvements we are seeing in production outputs. The operator has reported cost overruns due to the non-productive time lost, however based on current prices and the increased production outputs the pay-back period will be less than one year.

At the half year, the volume of stock was 439,992 bbls giving a stock variation movement within cost of sales of USD 10.0 million. Using a Brent price/bbl of USD 95 the market value of the inventory as at that date would be approximately USD 41.8 million, representing an increase of USD 31.8 million over the stated balance sheet valuation.

As at the 30 June 2022 the balance sheet value of trade payables was USD 32.1 million (31 December 2021: USD 29.9 million). The 31 December payables balance was settled in cash in Q1, the current high level of payables includes USD 22.5 million outstanding for joint interest billings for PNGF Sud. Oil inventory is to be transferred to Perenco in settlement of the outstanding joint interest billings.

The balance of cash advanced to the Operator in Congo for decommissioning costs at 30 June 2022 was USD 29.2 million (30 June 2021: USD 23.6 million), covering almost the entire provision required to be made under the licence arrangements. Obligations under this arrangement will be met well in advance of partnership requirements.

In the period H1 2022 the outstanding loan balance was reduced by USD 5.0 million, with the current facilities maturing before the year end.

The Group had USD 7.7 million in cash and bank balances as at 30 June 2022 (30 June 2021: USD 20.4 million).

Revenue previously recognised in Q1 2022 accounts has been reversed. These financial statements reflect the retrospective changes in revenue recognition in the Q1 results as reported. No revenue from the sale of petroleum products has been recognised for the year to date. For further details please see the extended disclosure in the notes to the condensed financial statements.

As a result, the Group reported an EBITDA of USD 20.4 million for the half year ended 30 June 2022, compared to USD 27.5 million profit in the same period in 2021. The large decrease in the net profit is driven primarily by the lack of a lifting during the first half of the year.

Net loss attributable to the equity holders of the parent was USD 9.3 million for the half year ended 30 June 2022, compared to a profit of USD 3.0 million in the same period in 2021. Revenue recognised for the half year is royalty and tax revenue as the physical payment in kind of royalties and oil taxes continued with production. It is anticipated that the built-up oil stocks will be lifted by the year end, based on continuing strong oil prices this will generate revenue such that the company expects to be profit making by year end.

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. The Group recognises that in order to fund on-going operations and pursue organic and inorganic growth opportunities it will require additional funding. This funding may be sourced through joint venture equity or share issues or through debt finance or through the rearrangement of certain debts falling due. Per the detailed disclosure in the Basis of Preparation Note to the condensed consolidated financial statements, conditions exist which 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.

The underlying business of the Group created a net loss after tax of USD 9.8 million for the half year ended 30 June 2022, with strong production from the Congo assets generating 21,595 bopd for the half year. The Group had USD 7.7 million in cash and bank balances as of 30 June 2022 (31 December 2021: USD 31.8 million), as well as inventory of USD 17.8 million (31 December 2021: USD 6.2 million). However, the net realisable value of oil stock as at the signing date of this report is approximately USD 41.8 million, that the Company has plans to realise through sale arrangements in H2 2022.

This has enabled the directors to form the opinion that the Company will be in a position to continue to meet its liabilities and obligations.

Top 20 shareholders

As of 22 August 2022:

#	Shareholder	Number of shares	Per cent
1	Petromal LLC*	481,481,666	33.82%
2	Symero Limited	138,763,636	9.75%
3	NOR Energy AS	135,070,623	9.49%
4	Ambolt Invest AS	87,583,283	6.15%
5	Gulshagen III AS	45,000,000	3.16%
6	Gulshagen IV AS	45,000,000	3.16%
7	Nordnet Livsforsikring AS	25,999,369	1.83%
8	Energie AS	24,313,630	1.71%
9	Nordnet Bank AB	16,167,142	1.14%
10	Sundt AS	11,468,054	0.81%
11	Enga Invest AS	10,722,775	0.75%
12	Omar Al-Qattan	7,645,454	0.54%
13	Leena Al-Qattan	7,645,454	0.54%
14	Pust For Livet AS	7,497,609	0.53%
15	UBS Switzerland AG	6,564,807	0.46%
16	Danske Bank A/S	6,143,553	0.43%
17	Sandberg JH AS	5,500,000	0.39%
18	Hortulan AS	5,257,517	0.37%
19	Avanza Bank AB	5,039,271	0.35%
20	Kistefos AS	4,739,292	0.33%
	Subtotal	**1,077,603,135**	**75.70%**
	Others	338,509,376	24.30%
	Total	**1,423,568,543**	**100.00%**

[1] Non-Executive Chairman, Mr. Alhomouz is the CEO of Petromal LLC. 109,520,419 of the shares held by Petromal LLC are recorded in the name of nominee company, Clearstream Banking S.A. on behalf of Petromal LLC.

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

[3] Symero Ltd is a 100 per cent owned subsidiary of NOR Energy AS.

[4] Gulshagen III AS and Gulshagen IV AS are companies controlled by Mr. Søvold through an indirect beneficial interest.

Principal risks

The Group participates in oil and gas projects in countries in West Africa with emerging economies, such as Congo Brazzaville, Nigeria, The Gambia, Senegal and Guinea-Bissau.

Oil and gas exploration, development and production activities in such emerging markets are subject to a number of significant political and economic uncertainties as further detailed in the annual report. These may include, but are not limited to, the risk of war, terrorism, expropriation, nationalisation, renegotiation or nullification of existing or future licences and contracts, changes in crude oil or natural gas pricing policies, changes in taxation and fiscal policies, imposition of currency controls and imposition of international sanctions.

Health, safety and environment (HSE)

Health and Safety policies are essential for PetroNor. The Company`s objective for health, environment, safety, and quality (HSEQ) is zero accidents and zero unwanted incidents in all activities. The oil and gas assets located in West Africa imply frequent travel, and the Company seeks to ensure adequate safety levels for employees travelling. 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 licence partners and the operator of PNGF Sud is reporting regularly on all key HSE indicators. One medical treatment case was reported by the operator for the first quarter, but no lost time injury (LTI) incidents were recorded. There have been no significant known breaches of the Company's exploration licenses conditions or any environmental regulations to which it is subject. Time lost due to employee illness or accidents was negligible. Employee safety is of the highest priority, and the Company is continuously working towards identifying and employing administrative and technical solutions that ensure a safe and efficient workplace.

Significant events after reporting date

During the quarter, PetroNor provided an update on first production from the Litanzi infill drilling program in Congo. Two wells of the initial Litanzi infill wells were put on production: well #1 (injector) flowed for a clean-up period producing some oil and mostly water as expected and well #2 (producer) which was put on production on 14 April.

On 11 July 2022, the Company provided an update on its second quarter production (preliminary production allocation). Total gross field production from this asset finally amounted to 22,206 bopd (final production allocation) in the second quarter of 2022, corresponding to a net production to PetroNor of 3,737 bopd.

Though drilling operations have suffered delays due to the changeout of the rig's top-drive system and the addition of a couple of side-tracks, all four of the planned infill wells on Litanzi (two injectors and two producers) are onstream, with the last two coming online during August 2022.

On 13 July 2022 the Company announced that it had completed on the purchase of the Panoro fully owned subsidiaries Pan-Petroleum Nigeria Holding BV and Pan-Petroleum Services Holdings BV that together hold 100% of the shares in Pan-Petroleum Aje Ltd.

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 well infill drilling program on PNGF Sud continues; from Litanzi, the rig is scheduled to be relocated to Tchibeli NE for drilling of two shallow initial development production wells. These wells are expected to come onstream during Q4 2022.

The Company continues to work to finalise the YFP elements of the Aje transaction. Meanwhile work progresses to update the field development plan to expedite gas development and engage with potential offtakers and partners.

The previously announced ADNOC sales agreement still awaits a third-party pooling agreement to become operationally effective. In the meantime, the Company has arranged a new lifting arrangement agreed with an established operator at the Djeno terminal in Congo, that has scheduled a lifting in October for entitlement production inventory.

Condensed consolidated statement of comprehensive income

Amounts in USD thousand	Three months ended		Six months ended	
(Unaudited)	**30 June 2022**	30 June 2021	**30 June 2022**	30 June 2021
Revenue	**22,735**	25,235	**36,826**	48,174
Cost of sales	**(6,223)**	(8,726)	**(12,481)**	(16,832)
Gross profit	**16,512**	16,509	**24,345**	31,342
Other operating income	**-**	341	**-**	357
Exploration expenses	**(78)**	(1,259)	**(95)**	(1,259)
Administrative expenses	**(3,997)**	(2,920)	**(7,676)**	(5,314)
Profit from operations	**12,437**	12,671	**16,574**	25,126
Finance expense	**(569)**	(947)	**(1,177)**	(1,626)
Foreign exchange (loss)/gain	**29**	835	**(648)**	19
Profit before tax	**11,897**	12,559	**14,749**	23,519
Tax expense	**(15,638)**	(8,045)	**(24,681)**	(14,654)
(Loss)/Profit for the period	**(3,741)**	4,514	**(9,932)**	8,865
Other Comprehensive income:				
Exchange gains / (losses) arising on translation of foreign operations	**(222)**	(565)	**147**	(29)
Total comprehensive income / (loss)	**(3,963)**	3,949	**(9,785)**	8,836
Profit for the period attributable to:				
Owners of the parent	**(3,563)**	1,398	**(9,346)**	3,029
Non-controlling interest	**(178)**	3,116	**(586)**	5,836
Total	**(3,741)**	4,514	**(9,932)**	8,865
Total comprehensive income / (loss) attributable to:				
Owners of the parent	**(3,785)**	1,766	**(9,199)**	3,258
Non-controlling interest	**(178)**	2,183	**(586)**	5,578
Total	**(3,963)**	3,949	**(9,785)**	8,836
Earnings per share attributable to members:	**USD cents**	USD cents	**USD cents**	USD cents
Basic (loss) / profit per share	**(0.27)**	0.13 Cents	**(0.70) Cents**	0.30 Cents
Diluted (loss) / profit per share	**(0.27)**	0.13 Cents	**(0.70) Cents**	0.30 Cents

The accompanying notes form part of these financial statements

Condensed consolidated statement of financial position

Amounts in USD thousand	**As at 30 June 2022 (Unaudited)**	As at 31 December 2021 (Audited)
ASSETS		
Current assets		
Inventories	**17,765**	6,227
Trade and other receivables	**1,394**	13,820
Cash and cash equivalents	**7,726**	31,755
Total	**26,885**	51,802
Non-current assets		
Property, plant and equipment	**49,734**	39,397
Intangible assets	**7,229**	7,172
Right-of-use assets	**539**	44
Other receivables	**29,174**	26,837
Total	**86,676**	73,450
Total assets	**113,561**	125,252
LIABILITIES		
Current liabilities		
Trade and other payables	**32,108**	29,996
Lease liability	**76**	58
Loans and borrowings	**8,078**	13,079
Total	**40,262**	43,133
Non-current liabilities		
Lease liability	**435**	-
Provisions	**16,832**	16,302
Total	**17,267**	16,302
Total liabilities	**57,529**	59,435
NET ASSETS	**56,032**	65,817
Issued capital and reserves attributable to owners of the parent		
Share capital	**62,115**	62,115
Foreign currency translation reserve	**(1,274)**	(1,421)
Retained earnings	**(10,736)**	(1,390)
Total	**50,105**	59,304
Non-controlling interests	**5,927**	6,513
TOTAL EQUITY	**56,032**	65,817

The accompanying notes form part of these financial statements

Condensed consolidated statement of changes in equity

Amounts in USD thousand	**Issued capital**	**Retained earnings**	**Foreign currency translation reserve**	**Non-controlling interest (NCI)**	**Total**
For the half year ended 30 June 2022 (Unaudited)					
Balance at 1 January 2022	**62,115**	**(1,390)**	**(1,421)**	**6,513**	**65,817**
Loss for the period	**-**	**(9,346)**		**(586)**	**(9,932)**
Other comprehensive income	**-**	**-**	**147**		**147**
Total comprehensive income / (loss) for the period	**-**	**(9,346)**	**147**	**(586)**	**(9,875)**
Balance at 30 June 2022	**62,115**	**(10,736)**	**(1,274)**	**5,927**	**56,032**
For the half year 30 June 2021 (Unaudited)					
Balance at 1 January 2021	17,735	(8,853)	(956)	14,370	22,296
Profit for the period	-	3,029	-	5,836	8,865
Other comprehensive income / (loss)	-	-	229	(258)	(29)
Total comprehensive income / (loss) for the period	-	3,029	229	5,578	8,836
Issue of capital	10,403	-	-	-	10,403
Acquisition of equity interest from NCI	-	-	-	(3,278)	(3,278)
Balance at 30 June 2021	28,138	(5,824)	(727)	16,670	38,257

The accompanying notes form part of these financial statements

Condensed consolidated statement of cash flows

Amounts in USD thousand (Unaudited)	**For the half year ended 30 June 2022**	For the half year ended 30 June 2021
Cash flows from operating activities		
(Loss)/Profit for the period	**14,749**	23,519
Adjustments for:		
Depreciation and amortisation	**3,610**	2,333
Amortisation of right-of-use asset	**115**	85
Unwinding of discount on decommissioning liability	**530**	497
Net foreign exchange differences	**147**	(29)
Total	**19,151**	26,405
Decrease / (Increase) in trade and other receivables	**12,426**	(2,387)
Increase in advance against decommissioning cost	**(2,337)**	(2,292)
Increase in inventories	**(11,538)**	(2,146)
Increase / (Decrease) in trade and other payables	**2,108**	(6,685)
Cash generated from operations	**19,810**	12,895
Income taxes paid	**(24,681)**	(14,654)
Net cash flows from operating activities	**(4,871)**	(1,759)
Investing activities		
Purchases of property, plant and equipment	**(13,697)**	(1,385)
Purchase of intangible assets	**(303)**	-
Net cash flows from investing activities	**(14,000)**	(1,385)
Financing activities		
Issue of ordinary shares	**-**	10,403
Repayment of loans and borrowings	**(5,001)**	(834)
Repayment of principal portion of lease liability	**(140)**	(89)
Repayment of interest portion of lease liability	**(17)**	(5)
Net cash flows from financing activities	**(5,158)**	9,475
Net increase / (decrease) in cash and cash equivalents	**(24,029)**	6,331
Cash and cash equivalents at beginning of period	**31,755**	14,113
Cash and cash equivalents at end of period	**7,726**	20,444

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 30 June 2022 was authorised for issue in accordance with a resolution of the directors on 29 August 2022.

PetroNor E&P ASA is a 'for profit entity' and is a company limited by shares incorporated in Norway. Its shares are publicly traded on the Oslo Børs (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 half year and quarter ended 30 June 2022 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 2021 and considered together with any public announcements made by the Company during the period ended 30 June 2022 in accordance with the continuous disclosure obligations of the Oslo Børs. A copy of the annual report is available on the Company's website www.petronorep.com.

Change in accounting policy

PetroNor E&P ASA's condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) which have been adopted by the EU. The consolidated financial statements have been prepared on a historical cost basis, and on the basis of uniform accounting principles for similar transactions and events under otherwise similar circumstances. The accounts of PetroNor E&P Limited were historically prepared in accordance with the requirements of the Australian Corporations Act of 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, which also complies with International Financial Reporting Standards (IFRS). There is no requirement for comparative restatement. It is important to note that in the previous year the consolidated financial statements complied with IFRS as issued by the International Accounting Standards Board.

The interim financial report is presented in United States Dollars.

Going concern

Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future. The Group recognises that in order to fund on-going operations and pursue organic and inorganic growth opportunities it will need additional funding. This funding may be sourced through joint venture equity or share issues or through debt finance or through the rearrangement of certain debts falling due. Global macroeconomic factors are considered to be strongly in the Company's favour at present with high demand leading to high oil prices, and the Board is confident a solution to any short-term working capital requirements will be implementable, as necessary.

The Group is finalising arrangements to manage its immediate short term liquidity position at the date of this report and in order to settle outstanding joint venture billings an interim sales agreement is being put in place and indicative terms have been shared and agreed by the parties. There are outstanding amounts due to related party shareholders Petromal and NOR Energy for the remaining cash consideration of the 2019 reverse takeover transaction of USD 1.2 million and USD 2.2 million, respectively. Plus, the Group has a USD 3.9 million debt facility with related party shareholder Symero that is due to be repaid in November 2022, and a USD 4.2 million debt facility with Rasmala that will be repaid in equal instalments up to November 2022. In addition, the Group has material potential capital commitments associated with its exploration portfolio. Settlement of the borrowings detailed above would leave the Group debt free. However, the Group plans to refinance and consolidate its various debt positions before the year-end, to provide additional working capital and strengthen its balance sheet. While it is acknowledged that the recent Økokrim investigation may complicate refinancing initiatives and extend timetables, the Board is confident that refinancing measures will be able to be completed as necessary.

These conditions indicate a material uncertainty that may cause 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. The Board of Directors confirms that these condensed consolidated financial statements have been prepared on the going concern basis which assumes the continuity of normal business activity, the realisation of assets, and the settlement of liabilities in the normal course of business.

The underlying business of the Group created a net loss after tax of USD 9.8 million for the half year ended 30 June 2022, with strong production from the Congo assets generating 21,595 bopd for the half year. The Group had USD 7.7 million in cash and bank balances as of 30 June 2022 (31 December 2021: USD 31.8 million), as well as inventory of USD 17.8 million (31 December 2021: USD 6.2 million). However, the net realisable value of oil stock as at the signing date of this report is approximately USD 41.8 million, that the Company has plans to realise through sale arrangements in H2 2022.

This has enabled the directors to form the opinion that the Company will be in a position to continue to meet its liabilities and obligations.

These condensed consolidated financial statements do 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.

Accounting policies

The accounting policies adopted are consistent with those disclosed in the annual report for the year ended 31 December 2021.

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 2021.

Restatement of interim financial report for the quarter ended 31 March 2022

In accounting periods prior to 2022 revenue from sales of petroleum products was recognised on the Bill of Lading date, on the basis that control has passed to the buyer. The new ADNOC sales agreement allows for the Company to invoice based on monthly production entitlement under defined pricing mechanisms which set the Bill of Lading date as the month end date. In the Q1 report, oil sales were agreed and invoiced on the deemed Bill of Lading date under the new sales agreement. On those dates, the title to and risk of loss and liability for the crude oil had not passed to buyer therefore the revenue must be adjusted for retroactively. The note set out below reflects the restatement on the interim financial statements for the quarter ended 31 March 2022. The adjustment is reflected in the following line items of the interim financial statements.

statement of comprehensive income

Amounts in USD thousand (Unaudited)	**Restated**	
Revenue	**14,091**	36,401
Cost of sales	**(6,258)**	(11,604)
Gross profit	**7,833**	24,797
Profit from operations	**4,138**	21,101
(Loss)/Profit for the period	**(6,190)**	10,773
Total comprehensive (loss)/income	**(5,821)**	11,142
(Loss)/Profit for the period attributable to:		
Owners of the parent	**(5,783)**	8,492
Non-controlling interest	**(407)**	2,281
Total	**(6,190)**	10,773
Total comprehensive (loss)/income attributable to:		
Owners of the parent	**(5,471)**	8,861
Non-controlling interest	**(350)**	2,281
Total	**(5,821)**	11,142
Earnings per share attributable to members:	**USD cents**	USD cents
Basic (loss)/profit per share	**(0.44 cents)**	0.64 Cents
Diluted (loss)/profit per share	**(0.44 cents)**	0.64 Cents

statement of financial position

Amounts in USD thousand (Unaudited)	**(Restated)**	
ASSETS		
Current assets		
Inventories	**11,454**	6,107
Trade and other receivables	**404**	22,714
Cash and cash equivalents	**15,359**	15,359
Total current assets	**27,217**	44,180
Total assets	**107,476**	124,439
NET ASSETS	**59,996**	76,959
Issued capital and reserves attributable to owners of the parent		
Share capital	**62,115**	62,115
Foreign currency translation reserve	**(1,052)**	(1,052)
Retained earnings	**(7,172)**	7,102
Total	**53,891**	68,165
Non-controlling interests	**6,105**	8,794
TOTAL EQUITY	**59,996**	76,959

Restated notes to the interim financial report for the quarter ended 31 March 2022

Revenue from contracts with customers

Amounts in USD thousand (Unaudited)	Restated	
Revenue from contracts from customers		
Revenue from sales of petroleum products	-	14,550
Accrued Income	-	7,760
Other revenue		
Assignment of tax oil	**9,043**	9,043
Assignment of royalties	**5,048**	5,048
Total revenue	**14,091**	36,401
Average selling price (USD/bbl)	-	95.3
Quantity (Barrels)	-	234,071

Cost of sales

Amounts in USD thousand (Unaudited)	Restated	
Operating expenses	**4,329**	4,329
Royalty	**5,048**	5,048
Depreciation and amortisation of oil and gas properties	**1,673**	1,673
Movement in oil inventory	**(4,792)**	554
Total	**6,258**	11,604

Earnings per share

Amounts in USD thousand (Unaudited)	Restated	
Loss)/Profit from continuing operations attributable to the equity holders used in calculation	**(5,783)**	8,492
Weighted average number of shares used in the calculation of:		
Basic profit per share	**1,326,991,006**	1,326,991,006
Diluted profit per share	**1,328,193,158**	1,328,193,158

Options in 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 1,176,070 options as at 31 March 2022 (31 March 2021: 1,389,470).

Inventories

Amounts in USD thousand (Unaudited)	Restated	
Crude oil inventory	**5,347**	-
Materials and supplies	**6,107**	6,107
Total	**11,454**	6,107

Crude oil inventory is valued at cost of USD 22.84 per bbl on 31 March 2022. Under the ADNOC contract previously all un-invoiced produced volumes had been recognised as accrued income and accordingly there was no crude oil inventory. Restated inventory includes inventory at terminal at 31 March 2022.

Trade and other receivables

Amounts in USD thousand (Unaudited)	Restated	
Recoverability less than one year		
Trade receivables	-	14,550
Accrued Income	-	7,760
Other receivables	**404**	404
Total	**404**	22,714
Recoverability more than one year		
Decommissioning cost advance	**27,746**	27,746
Total	**27,746**	27,746

Revenue from contracts with customers

Amounts in USD thousand	Three months ended		Six months ended	
(Unaudited)	**30 June 2022**	30 June 2021	**30 June 2022**	30 June 2021
Revenue from contracts from customers				
Revenue from sales of petroleum products	-	13,581	-	26,460
Other revenue				
Assignment of tax oil	**15,638**	8,045	**24,681**	14,654
Assignment of royalties	**7,097**	3,609	**12,145**	7,060
Total revenue	**22,735**	25,235	**36,826**	48,174

No liftings occurred in the first half of the year, accordingly no revenue from sales of petroleum products has been recognised.

Cost of sales

Amounts in USD thousand	Three months ended		Six months ended	
(Unaudited)	**30 June 2022**	30 June 2021	**30 June 2022**	30 June 2021
Operating expenses	**1,901**	3,691	**6,230**	7,342
Royalty	**7,097**	3,609	**12,145**	7,061
Depreciation and amortisation of oil and gas properties	**1,928**	1,143	**3,601**	2,315
Movement in oil inventory	**(4,703)**	283	**(9,495)**	114
Total	**6,223**	8,726	**12,481**	16,832

As at the half year, a high volume of crude oil stock 439,992 bbls (H1 2021: 27,170 bbls) has built up due to no liftings in the period. The crude oil inventory is valued at cost estimated to be USD 22.84/bbl (H1 2021: USD 21.22/bbl)

Administrative expenses

Amounts in USD thousand	Three months ended		Six months ended	
(Unaudited)	**30 June 2022**	30 June 2021	**30 June 2022**	30 June 2021
Employee benefit expenses	**1,358**	1,324	**2,885**	2,464
Legal and professional	**1,002**	982	**2,412**	1,527
Other expenses	**1,637**	614	**2,379**	1,323
Total	**3,997**	2,920	**7,676**	5,314

Finance cost

Amounts in USD thousand	Three months ended		Six months ended	
(Unaudited)	**30 June 2022**	30 June 2021	**30 June 2022**	30 June 2021
Unwinding of discount on decommissioning liability	**265**	249	**530**	497
Interest on loan	**289**	696	**627**	1,124
Other finance costs	**15**	2	**20**	5
Total	**569**	947	**1,177**	1,626

Earnings per share

Amounts in USD thousand	**Three months ended**		**Six months ended**	
(Unaudited)	**30 June 2022**	30 June 2021	**30 June 2022**	30 June 2021
Profit from continuing operations attributable to the equity holders used in calculation	**(3,563)**	1,398	**(9,346)**	3,029
Weighted average number of shares used in the calculation of:				
Basic profit per share	1,326,991,006	1,056,028,924	1,326,991,006	1,023,204,253
Diluted profit per share	1,327,779,361	1,057,418,394	1,327,779,361	1,021,814,783

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. All residual share options have lapsed as at 30 June 2022 (30 June 2021: 1,389,470).

Inventories

Amounts in USD thousand	**30 June 2022**	31 December 2021
	(Unaudited)	*(Audited)*
Crude oil inventory	10,049	554
Materials and supplies	7,716	5,673
Total	17,765	6,227

Crude oil inventory is valued at cost of USD 22.84 per bbl on 30 June 2022 (USD 22.84 per bbl on 31 December 2021).

Trade and other receivables

Amounts in USD thousand	**30 June 2022**	31 December 2021
	(Unaudited)	*(Audited)*
Recoverability less than one year		
Trade receivables	**-**	13,431
Accrued Income		-
Other receivables	**1,394**	389
Total	**1,394**	13,820
Recoverability more than one year		
Decommissioning cost advance	**29,174**	26,837
Total	**29,174**	26,837

Cash and bank balances

Amounts in USD thousand	**30 June 2022**	31 December 2021
	(Unaudited)	(Audited)
Cash in bank	**7,726**	31,755
Total	**7,726**	31,755

Production assets and equipment

Amounts in USD thousand	**30 June 2022**	31 December 2021
	(Unaudited)	*(Audited)*
Cost		
Opening balance	**53,204**	33,445
Additions	**13,697**	19,759
Closing balance	**66,901**	53,204
Depreciation		
Opening balance	**13,807**	9,962
Charge for the period	**3,360**	3,845
Closing balance	**17,167**	13,807
Net carrying amount	**49,734**	39,397

Intangible assets

Amounts in USD thousand	**30 June 2022**	31 December 2021
	(Unaudited)	*(Audited)*
Net carrying value		
Licences and approval	**7,227**	7,170
Software	**2**	2
Total	**7,229**	7,172

Trade and other payables

Amounts in USD thousand	**30 June 2022**	31 December 2021
	(Unaudited)	*(Audited)*
Trade payables	**26,638**	22,014
Due to related parties	**3,437**	3,449
Taxes and state payables	**266**	120
Other payables and accrued liabilities	**1,767**	4,413
Total	**32,108**	29,996

Loans and borrowings

Amounts in USD thousand	**30 June 2022**	31 December 2021
(Unaudited)	*(Unaudited)*	*Audited*
Ageing of loans payable		
Current	**8,078**	13,079
Non-current		-
Total	**8,078**	13,079

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 per cent and an inflation rate of 1.6 per cent. The Group reassessed the applicable discount rate during 2020 based on the rates of Congolese Government bonds issued in the Congo during the year.

Related party transactions

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

Amounts in USD thousand	**30 June 2022**	31 December 2021
(Unaudited)		
Other payables include:		
Nor Energy AS	**2,197**	2,136
Petromal LLC	**1,240**	1,280
Symero Ltd.	**69**	32
Trade Payables include:		
Wingate Consulting*	**30**	-
Total payables to related parties	**3,536**	3,448
Loan payable to Symero Ltd	**3,912**	3,912
Loan payable to related parties	**3,912**	3,912

*Wingate Consulting is a company controlled by interim CEO Jens Pace.

Share capital

There were no changes in the number shares issued during the first half of 2022, in the comparative period 84,363,636 ordinary shares were issued for no par value and a subscription price of NOK 1.10 to existing and new investors as part of a private placement

Events subsequent to reporting date

During the quarter, PetroNor provided an update on first production from the Litanzi infill drilling program in Congo. Two wells of the initial Litanzi infill wells were put on production: well #1 (injector) flowed for a clean-up period producing some oil and mostly water as expected and well #2 (producer) which was put on production on 14 April.

On 11 July 2022, the Company provided an update on its second quarter production (preliminary production allocation). Total gross field production from this asset finally amounted to 22,206 bopd (final production allocation) in the second quarter of 2022, corresponding to a net production to PetroNor of 3,737 bopd.

Though drilling operations have suffered delays due to the changeout of the rig's top-drive system and the addition of a couple of side-tracks, all four of the planned infill wells on Litanzi (two injectors and two producers) are onstream, with the last two coming online during August 2022.

Following Litanzi, the rig will move to Tchibeli NE to drill two development producers.

On 13 July 2022 the Company announced that it had completed on the purchase of the Panoro fully owned subsidiaries Pan-Petroleum Nigeria Holding BV and Pan-Petroleum Services Holdings BV that together hold 100% of the shares in Pan-Petroleum Aje Ltd.

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 half year ended 30 June 2022, 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 ASA:

Eyas Alhomouz, Chairman of the Board

Gro Kielland, Director of the Board

Ingvil Smines Tybring-Gjedde, Director of the Board

Joseph Iskander, Director of the Board

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