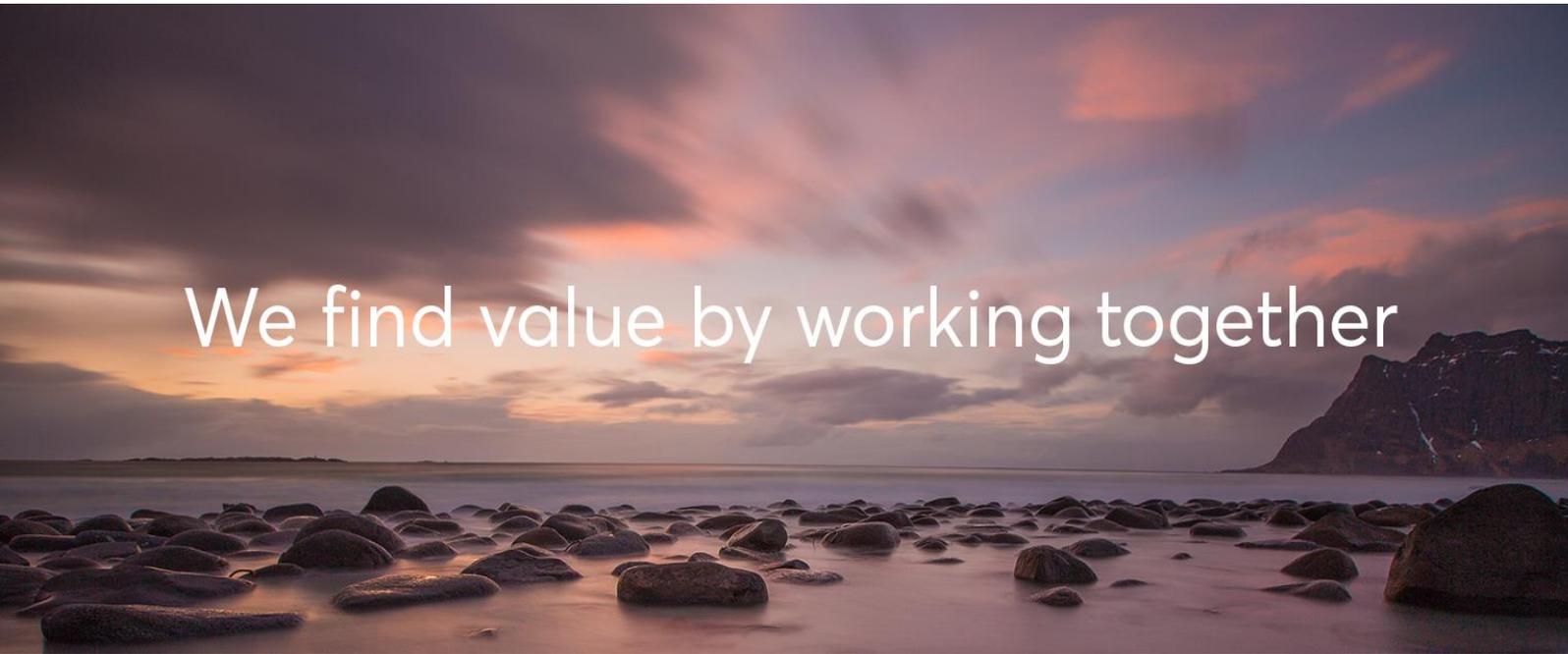


# Petrolia Noco



We find value by working together

FINANCIAL REPORT FOR THE FIRST HALF OF 2021

## HIGHLIGHTS FOR 1H 2021

- Appraisal Drilling on the Dugong prospect in PL 882 completed and volume estimate of recoverable resources updated to be between 40-108 million barrels of oil equivalent (mmboe).
- Field Development Project for the discovery in progress, with the aim of submitting a PDO by the end of 2022.
- PL 882 license filed an Application of Discharge for well 33/6-6 in order to test an additional prospect (“Shamu”), subject to a discovery in Dugong Tail well.
- Awarded 3 new licenses in the APA 2020
- Private placement fully subscribed with proceeds of MNOK 41.
- The Company continued to operate efficiently through the COVID-19 pandemic by successfully utilising home office and cloud-based computing.

### Key figures (NOK million)

	1H2021	1H2020
Revenues	1.2	1.8
Loss	19.3	10.8
Cash flow from operations	-1.5	-31.5
Cash flow from investing	-74.2	-18.2
Cash flow from financing	81.0	39.1

## ABOUT PETROLIA NOCO AS

Petrolia NOCO AS (Petrolia NOCO) is an independent E&P company that embraces new technologies and the industry's collaboration models to find oil and gas in prolific areas of the Norwegian continental shelf. The Company aims to maximise utilisation of existing infrastructure in a sustainable way and create value for all stakeholders.

Petrolia NOCO has 699 shareholders. Its shares are registered in the Norwegian Central Securities Depository (Verdipapirsentralen, VPS) with ISIN: NO0010844301. The shares are registered with the ticker PNO on the NOTC ([www.notc.no](http://www.notc.no)), a marketplace for unlisted shares. The LEI code is 5493000TY8HENWE3AL33.

## FINANCIAL REVIEW

Petrolia NOCO reported revenues in the first half of 2021 of NOK 1.2 million (1.8).

The company had exploration expenses of NOK 55.9 million (26.5) and capitalized exploration expenses of NOK 74.1 million (18) for the period.

Operating loss ended at NOK 73.1 million (35.5) and loss before tax was NOK 76.4 million (39.0 million) in the first half of 2021.

The net income tax credit was NOK 57.0 million (28.2) contributing to a loss of NOK 19.3 (10.8) for the period.

Petrolia NOCO has total assets of NOK 322.5 million on 30 June 2021 compared to NOK 171.5 at the end of 2020. The tax receivable refund value of exploration

expenses amounted to NOK 94.5 million (42.1).

In the first half of 2021, the net cash outflow from operations was NOK 1.5 million (31.5). Net cash outflow from investing activities was NOK 74.2 million (18.2) and the net cash inflow from financing activities was NOK 81.0 million (39.1).

## STRATEGY

Petrolia has a two-fold strategy:

- Exploration: early monetization through near-field exploration in core areas, unlocking potential high value uplift with the lowest possible capex requirements.
- Production: acquire production assets (and cash flow) and contribute to increased recovery by reducing costs and reduce Co2-emission.

The common denominator for both the exploration and production approach is active portfolio management designed to create value for all stakeholders.

Petrolia NOCO believes in creating value through innovative and cost-efficient exploration by challenging underexplored play models and discovering more resources in near-field core areas on the Norwegian continental shelf.

The company combines traditional exploration methods and embraces new technologies as a basis for developing new ideas and insights. Petrolia NOCO takes advantage of being a young, lean and data driven exploration team, free from

established “truths”, motivated by strong and innovation focused management.

This creative business approach is based on building strong strategic alliances with license partners and technology companies. Petrolia NOCO aims to change the traditional license partnership model from an organisation consisting of different partners to one collaborative team — sharing openly and transparently instead of selectively. All with the shared objective of creating more value for the next generation.

## LICENSE PORTFOLIO

Comprises 11 licenses, a partner in 9 exploration licenses with Equinor, ConocoPhillips, Total, DNO, Lundin, Neptune, Concedo, and Idemitsu. An operator in two license with INEOS as partner.

### Norwegian Sea licenses

- PL 1013 (Petrolia operated, 60%)
- PL 1013 B (Petrolia operated, 60%)
- PL 933 (40%)
- PL 935 (20%)

### North Sea Licenses

- PL 882 (20%)
- PL 992 (30%)
- PL 994 (30%)
- PL 1106 (20%)

- PL 1107 (30%)
- PL 018 C (11.654%)
- PL 048 D (21.8%)

## OPERATIONAL DEVELOPMENTS

### Flyndre (0.825%)

The Flyndre Field is an oil and gas producing field on the border between the Norwegian and UK sectors of the North Sea, 35 km northwest of the Ekofisk Field. The field is operated by Petrogas NEO UK Limited.

The working interest of the production at the Flyndre Field averaged 19 barrels of oil equivalents per day (Boepd) for Petrolia NOCO during the first half of 2021.

### Enoch (4.36%)

The Enoch Field is an oil and gas producing field in the central part of the North Sea on the border to the British sector, 10 km northwest of the Gina Krogh field. The field is operated by Repsol Sinopec North Sea Limited.

The working interest of the production at the Enoch Field averaged 41 barrels of oil equivalents per day (Boepd) for Petrolia NOCO during the first half of 2021.

### PL882 (20%)

PL 882 was awarded as part of the APA 2016 round, where Petrolia recognised that the blocks to the west of Snorre Field were under-explored and the area would be better imaged with a new broadband data.

The strong partnership led to a de-risking of the Dugong prospect which was spudded towards the end of Q2 and was subsequently announced as a commercial discovery. An appraisal well in 2021 was successfully completed and confirmed the commercial discovery.

The adjacent Dugong Tail prospect is of similar size and is planned to start drilling in Q3 2021.

In addition, the license PL 882 plans to drill the prospect “Shamu” in Q4 2021, dependent on discovery in the Dugong Tail well.

The PL 882 discovery is located close to robust infrastructure, and a field development plan is currently in progress with the aim of reaching a deadline by the end of 2022 and thus within the current temporary tax regime.

#### **PL 933 (40%)**

The license is currently evaluating new information relevant for the Molaris prospect. Consequently, the license will be unable to utilize the allocated rig slot for drilling the well in H2 2021 and the well timing has been put on hold.

#### **PL 1013 (Operated, 60%)**

Petrolia NOCO was awarded additional acreage in this operated license (1013 B). The deadline for a drill or drop decision is March 2022 and the licenses is working to further mature the prospects.

#### **PL 1106 (20%) and PL 1107 (30%)**

The licenses were awarded in the APA 2020 application round. After acquiring new seismic, work is now being performed in order to develop the licenses further.

#### **EVENTS AFTER BALANCE SHEET DATE**

Petrolia NOCO has as of July 1<sup>st</sup>, 2021, implemented an option program towards all employees of the company. Each participating employee is granted 100.000 options. Each option gives the right to acquire 1 ordinary share at exercise price of NOK 3.50. The options may only be exercised on November 15<sup>th</sup>, 2021.

Bergen, 26  
August 2021

Brede Bjøvd Larsen  
Board member

Dr Robert Arnott  
Chairman

Sjur Storaas  
Board member

## INCOME STATEMENT

(Amounts in 1,000 NOK)	1H 2021	1H 2020
Operating income	1,207	1,770
Production cost	1,767	-401
Exploration expenses	-55,857	-26,504
Payroll and related cost	-9,665	-3,811
Depreciation and amortisation	-2,965	-1,062
Other operating expenses	-7,563	-5,482
Operating loss	-73,076	-35,490
Finance income	630	1,362
Finance costs	-3,936	-4,897
Net financial items	-3,306	-3,535
Loss before income tax	-76,382	-39,025
Net Income tax credit	57,047	28,225
Loss for the year	-19,335	-10,800

STATEMENT OF FINANCIAL POSITION  
(Amounts in 1,000 NOK)

	30 June 2021	Audited 2020
<b>ASSETS</b>		
Exploration and evaluation assets	145,965	71,892
Right of use assets	1,685	2,167
Property, plant and equipment	5,343	7,728
<b>Total non-current assets</b>	<b>152,993</b>	<b>81,787</b>
Inventory	9,656	4,260
Prepayments and other receivables	42,139	25,562
Tax receivable refund tax value exploration expenses	94,551	42,071
Cash and cash equivalents	23,150	17,800
<b>Total current assets</b>	<b>169,496</b>	<b>89,693</b>
<b>Total assets</b>	<b>322,489</b>	<b>171,480</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	14,500	13,330
Other equity	48,789	28,344
<b>Total equity</b>	<b>63,289</b>	<b>41,674</b>
Deferred taxes	84,343	28,220
Decommissioning provision	11,714	11,714
Lease liability	716	1,199
Borrowings	94,750	54,750
<b>Total non-current liabilities</b>	<b>191,523</b>	<b>95,883</b>
Trade creditors	19,251	3,458
Lease liability – current	1,073	1,073
Other current liabilities	47,353	29,392
<b>Total current liabilities</b>	<b>67,677</b>	<b>33,923</b>
<b>Total liabilities</b>	<b>259,200</b>	<b>129,806</b>
<b>Total equity and liabilities</b>	<b>322,489</b>	<b>171,480</b>

## CASH FLOW STATEMENT

	1H	1H
(Amounts in 1,000 NOK)	2021	2020
Profit/loss before income tax	-76,382	-39,025
Tax refund exploration cost	60,690	0
Depreciation and amortization	2,965	1,062
Gain/loss on sale of asset	0	0
Changes in account receivables	-875	7,033
Changes in accounts payable	14,210	4,470
Changes in other current balance sheet items	-2,136	-4,998
Net cash flow from operating activities	-1,528	-31,458
Proceeds from sale of assets	0	0
Investment in exploration and evaluation assets	-74,072	-18,115
Purchase of property, plant and equipment	-98	-53
Net cash flow from investing activities	-74,170	-18,168
Net capital increase	40,950	0
Proceeds from issuance of long term debt	40,000	40,000
Proceeds from issuance of short term debt	0	0
Repayment of long term debt	0	0
Repayment of short term debt	98	-853
Net cash flow from financing activities	81,048	39,147
Net change in cash and cash equivalents	5,350	-10,479
Cash and cash equivalents at start of period	17,800	20,519
Cash and cash equivalents at end of period	23,150	10,040

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