

Petrolia Noco



We find value by working together

FINANCIAL REPORT FOR THE SECOND HALF OF 2022

HIGHLIGHTS FOR 2H 2022

- Awarded one operated license in APA 2022 (January 2023)
- Development plan for PL1013 (Løvmeis) updated with drilling of exploration pilot well scheduled in 2024 and drilling of producer and injector in 2025
- Feasibility study for PL882 (Dugong) started in Q1 2023
- PL935 (Bounty) classified as dry well with shows, but findings in the well indicate significant value potential up-flank
- Completed private placement of NOK 30m
- Established loan facility secured by tax refund
- Lifting agreement for Enoch established
- Morten Stenhaug appointed as new CEO

Key figures (NOK million)

	2H2022	2H2021	2022	2021
Revenues	32.8	2.8	34.2	4.0
Net profit/(Loss)	-18.0	-41.4	-36.6	-64.3
Cash flow from operations	-22.9	90.1	-100.3	90.6
Cash flow from investing	14.4	-26.6	12.4	-101.5
Cash flow from financing	61.2	-4.5	41.1	75.2

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 the utilisation of existing infrastructure sustainably and create value for all stakeholders.

Petrolia NOCO has 676 shareholders as of 31.12.2022. 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), a marketplace for unlisted shares. The LEI code is 5493000TY8HENWE3AL33.

FINANCIAL REVIEW

Petrolia NOCO reported revenues in the second half of 2022 of NOK 34.2 million compared with NOK 2.8 million a year ago. The higher revenues in 2H 2022 are related to a lifting of oil from Enoch that included production from both 2021 and 2022.

The Company had exploration expenses of NOK 42.3 million compared with NOK 114.3 million in 2H 2021. Capitalised exploration expenses were reversed by NOK 17.4m in 2H 2022 following the dry well on PL 935.

The operating result (EBIT) was NOK -47.9 million compared with NOK -138 million in 2021.

The net income tax credit was NOK 39.3 million (103.2), contributing to a loss of NOK 18.0 (41.4) for the period.

Total assets were NOK 313.8 million on 31 December 2022 compared to NOK 314.4 at the end of 2021.

In the second half of 2022, the net cashflow from operations was NOK - 28.9 million (90.1). Net cash flow from investing activities was positive NOK 14.4 million (-26.6) due to reversal of previously capitalised exploration cost. The net cash flow from financing activities was NOK 41.1 million (- 4.5).

Cash and cash equivalents at the end of 2022 were NOK 55.4 million, down from NOK 82.1 million at the end of 2021.

In November 2022, the Company completed a private placement of 15,000,000 new shares at NOK 2 per share, raising new equity of NOK 30 million. Book equity on 31 December 2022 is NOK 12.6 million.

During 2H 2022 the Company has drawn NOK 67.5m on a new loan facility secured by tax refund, increasing total interest-bearing debt to NOK 148.3 million.

For Norwegian investors, the results for 2022 show that the basis for wealth taxation is zero.

LICENSE PORTFOLIO

Petrolia NOCO holds interest in 12 licenses in the North Sea and the Norwegian Sea, including 3 operatorships.

Norwegian Sea licenses

- PL 1013 (20%)
- PL 1013 B (20%)

- PL 935 (20%)

field is operated by Repsol Sinopec North Sea Limited.

North Sea Licenses

- PL 882 (20%)
- PL 992 (30%)
- PL 994 (30%)
- PL 1106 (20%)
- PL 1107 (30%)
- PL 1150 S (30%)
- PL 1181 (60%)
- PL 018 C (11.654%)
- PL 048 D (21.8%)

The working interest of the production at the Enoch Field averaged 44 barrels of oil equivalents per day (Boepd) for Petrolia NOCO during the second half of 2022.

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 2020 and was subsequently announced as a commercial discovery.

The recoverable resources are estimated to be between 29 - 84 million barrels of oil equivalent.

The PL 882 license partnership is currently contemplating new field development solutions. First oil is expected in 2027.

PL 1013 (20%)

In 1H 2022 the Company farmed down 40% of its interest in the license to Equinor. The license has taken a drill decision and a well is planned for early 2024. The Løvmeis prospect is located close to existing facilities, and the partnership plans a fast-track development with production from 2025.

PL 935 (10%)

The Bounty prospect in the PL 935 license was drilled in 2022 and determined as a dry well with shows. The operator and partners are now evaluating the data obtained to consider if additional wells

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 13 barrels of oil equivalents per day (Boepd) for Petrolia NOCO during the second half of 2022.

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

shall be drilled. Interpretation of the well results are positive and are de-risking the up-flank “high impact” prospect. It is located in the Frøya High area.

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 to further develop the licenses.

PL 1181 (Operator 60%)

The license was awarded under the APA 2022. The license is located in the northern part of the North Sea and will strengthen the Company’s position in the Tampen area where it already holds interest in the Dugong discovery.

EVENTS AFTER BALANCE SHEET DATE

On 10 January the Company announced that it had been awarded one operated license (PL 1181) in APA 2022.

Bergen, 7
March 2023

Brede Bjøvd Larsen
Board member

Dr Robert Arnott
Chairman

Sjur Storaas
Board member

INCOME STATEMENT

(Amounts in 1,000 NOK)	2H 2022	2H 2021	2022	2021
Operating income	32,814	2,809	34,187	4,016
Production cost	-13,138	148	-13,586	1,895
Exploration expenses	-42,298	-114,301	-76,339	-188,840
Payroll and related cost	-19,232	-16,204	-35,438	-22,412
Depreciation and amortisation	-1,270	-2,353	-2,882	-5,318
Other operating expenses	-4,809	-8,109	-13,193	-16,557
Operating loss	-47,934	-138,010	-107,251	-227,217
Finance income	1,480	3,760	2,219	4,037
Finance costs	-10,861	-10,385	-18,496	-14,322
Net financial items	-9,382	-6,625	-16,278	-10,285
Loss before income tax	-57,316	-144,635	-123,529	-237,502
Net Income tax credit	39,334	103,201	86,901	173,241
Loss for the year	-17,981	-41,434	-36,628	-64,261

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

31 December 2022 Audited 2021

	31 December 2022	Audited 2021
ASSETS		
Exploration and evaluation assets	149,033	164,347
Right of use assets	2,965	1,250
Property, plant and equipment	1,830	3,509
Total non-current assets	153,829	169,106
Inventory	0	11,531
Prepayments and other receivables	16,573	51,683
Tax receivable refund tax value exploration expenses	88,043	0
Cash and cash equivalents	55,403	82,115
Total current assets	160,020	145,329
Total assets	313,849	314,435
EQUITY AND LIABILITIES		
Share capital	16,000	14,500
Other equity	-3,417	4,710
Total equity	12,583	19,210
Deferred taxes	98,264	97,122
Decommissioning provision	12,068	12,068
Lease liability	1,994	274
Borrowings	80,750	90,750
Total non-current liabilities	193,077	200,214
Trade creditors	13,104	13,104
Payable taxes	35,812	29,593
Lease liability – current	1,073	1,064
Other current liabilities	39,237	51,249
Borrowings	67,500	0
Total current liabilities	108,190	95,010
Total liabilities	301,267	295,224
Total equity and liabilities	313,849	314,435

CASH FLOW STATEMENT

(Amounts in 1,000 NOK)	2H 2022	2H 2021	2022	Audited 2021
Profit/loss before income tax	-28,816	-144,635	-95,029	-237,502
Tax refund exploration cost	-10,291	257,618	-29,593	318,308
Depreciation and amortisation	1,270	2,353	2,882	5,318
Gain/loss on sale of asset	0	0	0	0
Changes in account receivables	30,393	8	882	0
Changes in accounts payable	1,354	-4,564	10,436	9,647
Changes in other current balance sheet items	-16,770	-20,721	10,414	-5,147
Net cash flow from operating activities	-22,859	90,057	100,280	90,623
Proceeds from sale of assets	0	0	0	0
Investment in exploration and evaluation assets	14,432	-26,603	-12,394	-101,379
Purchase of property, plant and equipment	0	1	0	-137
Net cash flow from investing activities	14,432	-26,602	-12,394	-101,516
Net capital increase	1,500	0	1,500	40,950
Repayment of lease liabilities	0	-490	0	-1,743
Proceeds from issuance of long term debt	67,500	36,000	87,500	105,750
Proceeds from issuance of short term debt	-79	0	0	0
Repayment of long term debt	-30,000	-40,000	-30,000	0
Repayment of short term debt	2,174	0	2,174	-69,750
Net cash flow from financing activities	41,095	-4,490	61,174	75 207
Net change in cash and cash equivalents	32,668	58,965	-26,712	64,315
Cash and cash equivalents at start of period	22,735	23,150	82,115	17,800
Cash and cash equivalents at end of period	55,403	82,115	55,403	82,115

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