

# Petrolia Noco



We find value by working together

FINANCIAL REPORT FOR THE FIRST HALF OF 2023

## HIGHLIGHTS FOR 1H 2023

- PL1013 (Løvmeis) scheduled to be drilled in Q3 2024. If drilling is successful, first oil is expected in 2025
- Development work on PL882 (Dugong) is ongoing with slight delay. First oil expected 2029
- Production of 29 boe/day from Enoch during 1H 2023
- Production from Flyndre has stopped and the field has been shut down
- Completed private placement of NOK 20 million
- New loans of NOK 16.4m secured by tax refund

### Key figures (NOK million)

	1H2023	1H2022	2H2022	2022
Revenues	7.6	1.4	32.8	34.2
Net profit/(Loss)	-13.2	-18.6	-19.8	-38.4
Cash flow from operations	-51.3	-77.4	-34.8	-112,2
Cash flow from investing	-13.1	-2.0	1.8	-0.3
Cash flow from financing	35.8	20.1	65.7	85.8

## 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 672 shareholders as of 30.06.2023. 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 of NOK 7.6 million in 1H 2023, compared with NOK 1.4 million a year ago. The higher revenues in 1H 2023 are related to a lifting of oil from Enoch that included production from both 2022 and 2023.

The Company had exploration expenses of NOK 16.6 million compared with NOK 34.0 million in 1H 2022. Capitalised exploration expenses were NOK 13.1 million, up from NOK 2.0 million in 2022.

The operating result (EBIT) was NOK -40.2 million compared with NOK -59.3 million the previous year.

The net income tax credit was NOK 27.2 million (47.6), giving a net loss of NOK 13.2 million (18.6) for the period.

Total assets were NOK 321.1 million on 30 June 2023 compared to NOK 311.4 million at the end of 1H 2022.

In the first half of 2023, the net cashflow from operations was NOK - 51.3 million (- 77.4 million). Net cash flow from investing activities was NOK -13.1 million (-2.0 million) related to capitalised exploration cost for PL882. The net cash flow from financing activities was NOK 35.8 million (20.1 million), including a private placement of NOK 20 million.

Cash and cash equivalents on 30 June 2023 were NOK 26.8 million, down from NOK 55.4 million at the end of 2022.

In June 2023, the Company completed a private placement of 10,000,000 new shares at NOK 2 per share, raising new equity of NOK 20 million. Book equity on 30 June 2023 is NOK 17.6 million.

During 1H 2023 the Company has drawn NOK 16.4m of new loans secured by tax refund, increasing total interest-bearing debt to NOK 164.7 million.

## LICENSE PORTFOLIO

Petrolia NOCO holds interest in 13 licenses in the North Sea and the Norwegian Sea, including 1 operatorship.

### Norwegian Sea licenses

- PL 1013 (20%)
- PL 1013 B (20%)
- PL 935 (20%)

## North Sea Licenses

- PL 882 (20%)
- PL 882 B (20%)
- PL 992 (30%)
- PL 994 (30%)
- PL 1106 (20%)
- PL 1107 (30%)
- PL 1150 S (30%)
- PL 1181 (60%) - Operator
- 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 Flyndre field did not have any production during 1H 2023. Following an unsuccessful attempt to restart production, Flyndre was shut down permanently in July 2023.

### 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 29 barrels of oil equivalents per day (Boe/day) for Petrolia NOCO during the first half of 2023.

### 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 seismic.

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 working on several field development scenarios. First oil is now expected in 2029.

### 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 an exploration well is planned for Q3 2024. The Løvmeis prospect is located close to existing facilities. If successful, the partnership plans a fast-track development with production commencing in 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 shall be drilled. Interpretation of the well results are positive and de-risk 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**

In August 2023, the Company submitted applications for several licenses under the 2023 APA licensing round.

Bergen, 31  
August 2023

Brede Bjøvd Larsen  
Board member

Dr Robert Arnott  
Chairman

Sjur Storaas  
Board member

## INCOME STATEMENT

(Amounts in 1,000 NOK)	1H 2023	1H 2022	2H 2022	Audited 2022
Operating income	7,646	1,374	32,814	34,187
Production cost	-3,323	-448	-13,138	-13,586
Exploration expenses	-16,633	-34,041	-44,128	-78,169
Payroll and related cost	-12,802	-16,206	-6,678	-22,884
Depreciation and amortisation	-577	-1,612	65	-1,547
Other operating expenses	-6,861	-8,384	-15,533	-23,917
Operating loss	-32,549	-59,317	-46,599	-105,916
Finance income	1,319	739	-637	102
Finance costs	-9,170	-7,635	-9,062	-16,697
Net financial items	-7,851	-6,896	-9,699	-16,595
Loss before income tax	-40,400	-66,213	-56,298	-122,511
Net Income tax credit	27,228	47,567	36,534	84,101
Loss for the year	-13,173	-18,646	-19,764	-38,410

Condensed interim financial statement – 1H 2023

STATEMENT OF FINANCIAL POSITION (Amounts in 1,000 NOK)	30 June 2023	30 June 2022	Audited 31 December 2022
<b>ASSETS</b>			
Exploration and evaluation assets	162,176	166,385	149,033
Right of use assets	2,509	750	2,965
Property, plant and equipment	82	2,397	703
<b>Total non-current assets</b>	<b>164,767</b>	<b>169,532</b>	<b>152,702</b>
Inventory	0	15,202	1,528
Prepayments and other receivables	8,918	47,820	23,930
Tax receivable refund tax value exploration expenses	120,569	56,147	88,020
Cash and cash equivalents	26,814	22,734	55,403
<b>Total current assets</b>	<b>156,301</b>	<b>141,903</b>	<b>168,881</b>
<b>Total assets</b>	<b>321,068</b>	<b>311,435</b>	<b>321,583</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	16,000	14,500	16,000
Other equity	1,627	-13,936	-5,200
<b>Total equity</b>	<b>17,627</b>	<b>564</b>	<b>10,800</b>
Deferred taxes	104,363	115,992	99,041
Decommissioning provision	9,923	12,068	9,923
Lease liability	1,544	0	1,956
Borrowings	164,650	110,750	80,750
<b>Total non-current liabilities</b>	<b>280,480</b>	<b>238,810</b>	<b>191,671</b>
Trade creditors	5,762	22,186	23,541
Payable taxes	6,500	0	6,500
Lease liability – current	1,110	813	1,110
Other current liabilities	9,589	49,061	20,461
Borrowings	0	0	67,500
<b>Total current liabilities</b>	<b>22,961</b>	<b>72,061</b>	<b>119,112</b>
<b>Total liabilities</b>	<b>303,441</b>	<b>310,871</b>	<b>310,783</b>
<b>Total equity and liabilities</b>	<b>321,068</b>	<b>311,435</b>	<b>321,583</b>

CASH FLOW STATEMENT

(Amounts in 1,000 NOK)	1H 2023	1H 2022	2H 2022	Audited 2022
Profit/loss before income tax	-40,401	-66,213	-56,298	-122,511
Tax refund exploration cost	0	-19,302	-10,291	-29,593
Depreciation and amortisation	1,018	1,612	-65	1,547
Gain/loss on sale of asset	0	0	-414	-414
Changes in account receivables	-1,159	-29,511	29,511	0
Changes in accounts payable	-17,778	9,082	1,354	10,436
Changes in other current balance sheet items	6,970	26,911	1,425	28,336
<b>Net cash flow from operating activities</b>	<b>-51,351</b>	<b>-77,422</b>	<b>-34,779</b>	<b>-112,199</b>
Proceeds from sale of assets	0	0	0	0
Investment in exploration and evaluation assets	-13,084	0	0	0
Purchase of property, plant and equipment	0	-2038	1,769	-269
<b>Net cash flow from investing activities</b>	<b>-13,084</b>	<b>-2,038</b>	<b>1,769</b>	<b>-269</b>
Net capital increase	20,000	0	30,000	30,000
Repayment of lease liabilities	0	0	0	0
Proceeds from issuance of long term debt	0	0	5,000	5,000
Proceeds from issuance of short term debt	16,400	20,079	47,421	67,500
Repayment of long term debt	0	0	-15,000	-15000
Repayment of short term debt	-555	0	-1,743	-1,743
<b>Net cash flow from financing activities</b>	<b>35,845</b>	<b>20,079</b>	<b>65,678</b>	<b>85,757</b>
<b>Net change in cash and cash equivalents</b>	<b>-28,589</b>	<b>-59,381</b>	<b>32,668</b>	<b>-26,712</b>
Cash and cash equivalents at start of period	55,403	82,115	22,735	82,115
Cash and cash equivalents at end of period	26,814	22,735	55,403	55,403



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