

Petrolia Noco



We find value by working together

FINANCIAL REPORT FOR THE SECOND QUARTER OF 2024

HIGHLIGHTS FOR Q2 2024

- Revenues of NOK 207.3 million
- Net profit of NOK 6.3 million
- Net production of 2 319 boe/day
- Entered into gas and NGL sales agreement with PGNiG Supply & Trading
- Established office in Oslo

Key figures (NOK million)

	Q2 2024	Q1 2024	Q2 2023	2023
Revenues	207.3	218.9	3.3	9.8
Operating profit/(Loss)	36.9	78.6	-13.1	-92.1
Net profit/(Loss)	6.3	5.7	-5.7	-34.4
Cash flow from operations	47.4	49.2	-4.3	-24.3
Cash flow from investing	-52.2	-48.5	-12.1	-153.5
Cash flow from financing	-0.3	-0.3	26.1	152.3
Net production (boe/day)	2,319	2,667	22	16

ABOUT PETROLIA NOCO AS

Petrolia NOCO AS is an independent exploration and production company leveraging new technologies and innovative collaboration models to discover and develop oil and gas resources on the Norwegian continental shelf. The Company's goal is profitable growth and value creation for shareholders, employees and society through smart reinvestment of cash flow from producing fields into new licenses through exploration, field development and acquisitions. Our strategic focus is on exploring areas near existing infrastructure for swift tie-backs while challenging traditional perspectives to revitalise legacy assets or discover new plays. The Company also takes a proactive approach towards reducing emissions through participation in carbon capture and storage and supports lower emission initiatives on all our assets.

Petrolia NOCO has 652 shareholders as of 30.06.2024. 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

Revenues in Q2 2024 were NOK 207.3 million, down from NOK 218.9 million in the previous quarter. The average realised oil price in the quarter was USD 87.6 per bbl.

Production cost was NOK 45.0 million compared to NOK 50.5 million in Q1 2024. NOK 14.5 million of the production cost relates to changes in over/under lift positions.

Exploration expenses were NOK 55.0 million, compared to NOK 18.7 million in the previous quarter. NOK 42 million of the exploration expenses in Q2 2024 relates to seismic data acquisition.

General & administrative expenses were NOK 17.2 million, up from NOK 9.7 million in Q1. The increase is mainly due to higher insurance cost as insurance premium for both Q1 and Q2 has been booked in Q2. The insurance premium includes a loss of production insurance related to Brage, covering financial losses in case of business interruption.

Depreciation was NOK 53.2 million (NOK 61.3 million in Q1 2024) and is mainly related to production depreciation of oil and gas properties.

Net financial items were NOK -12.1 million, of which NOK 8.7 million were interest expenses on loans, and NOK 4.1 million was related to the net expense on accretion of asset retirement obligations. The corresponding figure in Q1 2024 was NOK -13.4 million.

Tax expenses amounted to NOK 22.1 million compared to NOK 59.6 million in Q1 2024.

The operating result was NOK 36.9 million compared to NOK 78.6 million in Q1. Net profit for the quarter amounted to NOK 6.3 million, up from NOK 5.7 million in the previous quarter.

Total assets were NOK 1121.8 million on 30 June 2024 compared to NOK 1128.4 million at the end of Q1 2024.

Goodwill as of 30 June 2024 was NOK 146.2 million and is related to the Brage acquisition. The goodwill consists of NOK 215.8 million of technical goodwill and negative ordinary goodwill of NOK 63.3 million.

Oil and gas properties were NOK 321.2 million, compared to NOK 321.7 million at the end of Q1 2024. Investments in the quarter amounted to NOK 52.2 (48.5 million).

Exploration assets were NOK 154.4 million compared to NOK 154.7 million on 31 March 2024.

Cash and cash equivalents were NOK 25.2 million, down from NOK 30.2 million at the end of Q1 2024.

Book equity was NOK 8.4 million, up from NOK 2.1 million on 31 March 2024.

Interest-bearing debt was NOK 281.7 million, unchanged from the previous quarter.

Decommissioning provisions were NOK 671.1 million compared to NOK 673.8 million in Q1 2024.

LICENSE PORTFOLIO

Petrolia NOCO holds interest in 10 licenses in the North Sea and the Norwegian Sea, including 2 operatorships.

Norwegian Sea licenses

- PL 1221 (40%) – Operator
- PL 1013 (20%)
- PL 1013 B (20%)
- PL 935 (10%)

North Sea Licenses

- PL 1181 (60%) – Operator
- PL 882 (20%)
- PL1210 (30%)
- PL055 Brage Unit
- PL 018 C (11.654%)
- PL 048 D (21.8%)

OPERATIONAL DEVELOPMENTS

Brage (12.26%)

The acquisition of a 12.26% interest in Brage was completed on 29 December 2023. 2P reserves on 31 December 2023 were 1.68 million boe net to PNO. Net production to PNO in Q2 2024 was 2301 boe per day. One new production well was put into production during the quarter. The operator, OKEA, reported production efficiency of 89% in the quarter, negatively affected by a one-week production stop in June due to repair of a gas cooler.

PL882 (20%) - Dugong

PL 882 was awarded as part of the APA 2016 round. Petrolia recognised that the blocks to the west of Snorre Field were underexplored and that a new broadband seismic would better image the area.

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 early 2026. This potential development would have a very low carbon footprint, using an already existing template for extracting the oil. This also makes it a high value / barrel prospect.

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 drilling additional wells. The interpretations of the well results are positive and de-risk the up-flank high-impact prospect. It is located in the Frøya High area. A well will be drilled in the neighbouring Licence in Q4 2024 that could prove up the Bounty reserves.

PL 1181 (Operator 60%)

The license was awarded under the APA 2022. The license is located in the northern part of the North Sea. PNO is maturing this licence to a “drill or drop” decision in Q1 2025.

Enoch (4.36%)

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

The field is operated by Repsol Sinopec North Sea Limited.

Following a shutdown due to technical problems in Q4 2023, the well was back in production in February 2024. Net average production for the quarter was 7 barrels of oil equivalents per day (Boe/day).

PL 1221 (Operator 40%)

The license was awarded under the APA 2023. The license is located in the Norwegian Sea. The Bounty II well in Q4 would have positive impact on this licence if it's a discovery.

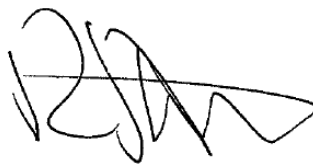
PL 1210 (30%)

The license was awarded under the APA 2023. The license is located in the North Sea. This licence has several geological levels of prospectivity which the licence group is maturing for a “drill or drop” in Q1 2026.

Bergen, 28 August 2024



Brede Bjøvd Larsen
Board member



Dr Robert Arnott
Chairman



Sjur Storaas
Board member

INCOME STATEMENT

(Amounts in 1,000 NOK)	Q2 2024	Q1 2024	Q1 2023	Audited 2023
Operating income	207,274	218,882	4,325	9,810
Production cost	-44,955	-50,491	-1,448	-2,874
Exploration expenses	-55,047	-18,732	-11,437	-58,964
Payroll and related cost	-8,953	-7,223	-5,851	-18,657
Depreciation and amortisation	-53,245	-61,342	-526	-1,152
Other operating expenses	-8,216	-2,448	-4,547	-20,220
Operating profit (loss)	36,857	78,646	-19,484	-92,057
Finance income	7,556	1,994	776	2,554
Finance costs	-17,286	-15,348	-4,807	-20,723
Net financial items	-9,729	-13,355	-4,031	-18,169
Profit (loss) before income tax	27,127	65,291	-23,515	-110,225
Net Income tax	-20,786	-59,636	16,078	75,849
Profit (loss) for the period	6,342	5,655	-7,437	-34,376

STATEMENT OF FINANCIAL POSITION

(Amounts in 1,000 NOK)	30 June 2024	31 March 2024	31 December 2023	30 June 2023
ASSETS				
Goodwill	146,227	146,227	146,227	
Deferred tax assets	154,319	165,642	187,830	
Oil and gas properties	321,234	321,656	337,221	
Exploration and evaluation assets	154,354	154,707	151,539	150,503
Right of use assets	1,597	1,825	2,053	2,509
Property, plant and equipment	2,099	2,164	2,375	11,755
Non-current receivables	79,378	78,046	77,216	
Total non-current assets	859,208	870,267	904,460	164,767
Inventory	0	0	70,370	0
Prepayments and other receivables	188,932	179,487	40,227	8,918
Tax receivable refund tax value exploration expenses	48,411	48,411	48,411	120,569
Cash and cash equivalents	25,205	30,265	29,893	26,814
Total current assets	262,548	258,163	188,901	156,301
Total assets	1,121,756	1,128,430	1,093,362	321,068
EQUITY AND LIABILITIES				
Share capital	17,000	17,000	17,000	16,000
Other equity	-8,580	-14,291	-20,576	1,627
Total equity	8,420	2,079	-3,576	17,627
Deferred taxes	0	0	0	104,363
Decommissioning provision	671,075	673,790	675,297	9,923
Lease liability	658	888	1,112	1,544
Borrowings	0	0	0	0
Total non-current liabilities	671,733	674,678	676,409	115,830
Trade creditors	18,516	10,983	8,629	5,762
Payable taxes	53,412	43,949	6,500	6,500
Lease liability – current	1,110	1,110	1,110	1,110
Other current liabilities	86,914	113,981	122,639	9,589
Borrowings	281,650	281,650	281,650	164,650
Total current liabilities	441,603	451,673	420,529	187,611
Total liabilities	1,113,756	1,126,351	1,096,938	287,409
Total equity and liabilities	1,121,756	1,128,430	1,093,362	321,068

CASH FLOW STATEMENT

(Amounts in 1,000 NOK)	Q2 2024	Q1 2024	Q2 2023	Audited 2023
Profit/loss before income tax	27,127	65,291	-16,886	-110,225
Tax refund exploration cost	0	0	0	88,020
Depreciation and amortisation	53,245	61,342	493	1,152
Gain/loss on sale of asset	0	0	0	-17
Changes in account receivables	-3,835	-87,679	34	0
Changes in accounts payable	7,533	2,353	463	-14,911
Changes in other current balance sheet items	-36,676	7,847	11,561	11,708
Net cash flow from operating activities	47,935	49,155	-4,336	-24,273
Proceeds from sale of assets	0	0	0	0
Net cash paid in business combination	0	0	0	-148,581
Investment in oil and gas properties	0	0	0	-3
Purchase of intangible assets	0	0	0	-2,386
Investment in exploration and evaluation assets	0	0	0	-2,506
Purchase of property, plant and equipment	-52,177	-48,506	-12,120	-50
Net cash flow from investing activities	-52,177	-48,506	-12,120	-153,526
Net capital increase	0	0	20,000	20,000
Repayment of lease liabilities	-278	-278	-278	-1,110
Proceeds from issuance of long term debt	0	0	0	145,000
Proceeds from issuance of short term debt	0	0	6,400	22,400
Repayment of long term debt	0	0	0	-20,000
Repayment of short term debt	0	0	0	-14,000
Net cash flow from financing activities	-278	-278	26,122	152,290
Net change in cash and cash equivalents	-5,059	371	9,666	-25,510
Cash and cash equivalents at start of period	30,265	29,893	17,148	55,403
Cash and cash equivalents at end of period	25,205	30,265	26,814	29,893

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