

Petrolia Noco



We find value by working together

FINANCIAL REPORT FOR THE FIRST QUARTER OF 2024

HIGHLIGHTS FOR Q1 2024

- PNO reports positive profit for the first time
- Revenues of NOK 218.9 million
- Net profit of NOK 5.7 million
- Net production of 2 667 boe/day
- Awarded two licenses including one operatorship in 2023 APA
- Entered into oil-sales agreement with Shell

Key figures (NOK million)

	Q1 2024	Q4 2023	Q1 2023	2023
Revenues	218.9	2.2	4.3	9.8
Operating profit/(Loss)	78.6	-38.3	-19.5	-92.1
Net profit/(Loss)	5.7	-13.1	-7.4	-34.4
Cash flow from operations	49.2	53.5	-47.0	-24.3
Cash flow from investing	-48.5	-137.5	-1.0	-153.5
Cash flow from financing	-0.3	107.0	9.7	152.3
Net production (boe/day)	2,667	0	36	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 revitalize legacy assets or discover new plays. The company also takes a proactive approach towards reducing emissions through participation in carbon capture and storage and is also supporting all lower emission initiatives on all our assets.

Petrolia NOCO has 657 shareholders as of 31.03.2024. 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 Q1 2024 were NOK 218.9 million, up from NOK 2.2 million in the previous quarter. All revenues in the quarter are related to Brage. The average realised oil price in the quarter was USD 87.3 per bbl.

Production cost was NOK 50.5 million compared with -0.6 million in Q4 2023.

NOK 17.7 million of the production cost relates to changes in over/underlift positions.

Exploration expenses were NOK 18.7 million, compared to NOK 29.9 million in the previous quarter.

General & administrative expenses were NOK 9.7, down from NOK 11.0 million in Q4.

Depreciation was NOK 61.3 million (NOK -0.6 million in Q4 2023) and is mainly related to production depreciation of oil and gas properties.

Net financial items were NOK -13.4 million of which NOK 8.7 million are interest expenses on loans and NOK 4.7 million is related to the net expense on accretion of asset retirement obligations. The corresponding figure in Q4 2023 was NOK 5.8 million.

Tax expenses amounted to NOK 59.6 compared to a tax refund of NOK 31.0 million in Q4 2023.

The operating result was NOK 78.6 million compared to an operating loss of NOK 38.3 million in Q4. Net profit for the quarter amounted to NOK 5.7 million compared to a loss of NOK 13.1 million in the previous quarter.

Total assets were NOK 1128.4 million on 31 March 2024 compared to NOK 1093.4 million at the end of 2023.

Goodwill as of 31 March 2024 is 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 was NOK 321.7 million down from NOK 337.2 million at the end of Q4 2024. Investments in the quarter amounted to NOK 48.5 (1.0) million.

Exploration assets were NOK 154.7 million compared to NOK 151.5 million on 31 December 2023.

Cash and cash equivalents were NOK 30.3 million, up from NOK 29.9 million at the end of Q4 2023.

Book equity was NOK 2.1 million, up from negative NOK 3.6 million at year-end 2023.

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

Decommissioning provisions were NOK 673.8 million compared with NOK 675.3 million in Q4 2023.

LICENSE PORTFOLIO

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

Norwegian Sea licenses

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

North Sea Licenses

- PL 882 (20%)
- PL1210 (30%)
- PL 1181 (60%) – Operator
- 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. Net production to PNO in Q1 2024 was 2659 boe per day. No new production wells were put into production during the quarter. Two new wells have been drilled in Q1 2024 and are expected to come onstream in 2024. The operator, OKEA, reported production efficiency of 96% in the quarter. The current production rate is considerably higher than the basis for PNO's bid price, and also somewhat higher than the company's expectations.

PL882 (20%) - Dugong

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 early 2026.

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. 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.

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.

Following a shut down 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.

PL 1210 (30%)

The license was awarded under the APA 2023. The license is located in the North Sea.

Bergen, 16 May 2024

Brede Bjøvd Larsen
Board member

Dr Robert Arnott
Chairman

Sjur Storaas
Board member

INCOME STATEMENT

(Amounts in 1,000 NOK)	Q1 2024	Q4 2023	Q1 2023	Audited 2023
Operating income	218,882	2,222	4,325	9,810
Production cost	-50,491	643	-1,448	-2,874
Exploration expenses	-18,732	-29,860	-11,437	-58,964
Payroll and related cost	-7,223	-6,524	-5,851	-18,657
Depreciation and amortisation	-61,342	-319	-526	-1,152
Other operating expenses	-2,448	-4,488	-4,547	-20,220
Operating profit (loss)	78,646	-38,326	-19,484	-92,057
Finance income	1,994	431	776	2,554
Finance costs	-15,348	-6,216	-4,807	-20,723
Net financial items	-13,355	-5,785	-4,031	-18,169
Loss before income tax	65,291	-44,111	-23,515	-110,225
Net Income tax	-59,636	31,000	16,078	75,849
Loss for the year	5,655	-13,112	-7,437	-34,376

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

	31 Mar 2024	31 Mar 2023	Audited 31 December 2023
ASSETS			
Goodwill	146,227	0	146,227
Deferred tax assets	165,642	0	187,830
Oil and gas properties	321,656	0	337,221
Exploration and evaluation assets	154,707	149,947	151,539
Right of use assets	1,825	2,737	2,053
Property, plant and equipment	2,164	359	2,375
Non-current receivables	78,046	96	77,216
Total non-current assets	870,267	153,140	904,460
Inventory	0	0	70,370
Prepayments and other receivables	179,487	18,001	40,227
Tax receivable refund tax value exploration expenses	48,411	102,483	48,411
Cash and cash equivalents	30,265	17,148	29,893
Total current assets	258,163	137,633	188,901
Total assets	1,128,430	290,772	1,093,362
EQUITY AND LIABILITIES			
Share capital	17,000	16,000	17,000
Other equity	-14,291	-12,637	-20,576
Total equity	2,079	3,363	-3,576
Deferred taxes	0	97,429	0
Decommissioning provision	673,790	9,923	675,297
Lease liability	888	1,753	1,112
Borrowings	0	80,750	0
Total non-current liabilities	674,678	189,852	676,409
Trade creditors	10,983	5,299	8,629
Payable taxes	43,949	6,500	6,500
Lease liability – current	1,110	1,110	1,110
Other current liabilities	113,981	7,147	122,639
Borrowings	281,650	77,500	281,650
Total current liabilities	451,673	97,557	420,529
Total liabilities	1,126,351	287,409	1,096,938
Total equity and liabilities	1,128,430	290,772	1,093,362

CASH FLOW STATEMENT

(Amounts in 1,000 NOK)	Q1 2024	Q4 2023	Q1 2023	Audited 2023
Profit/loss before income tax	65,291	-44,112	-23,515	-110,225
Tax refund exploration cost	0	88,020	0	88,020
Depreciation and amortisation	61,342	-123	526	1,152
Gain/loss on sale of asset	0	-17	0	-17
Changes in account receivables	-87,679	677	-1,193	0
Changes in accounts payable	2,353	8,350	-18,241	-14,911
Changes in other current balance sheet items	7,847	672	-4,591	11,708
Net cash flow from operating activities	49,155	53,469	-47,014	-24,273
Proceeds from sale of assets	0	0	0	0
Net cash paid in business combination	0	-148,581	0	-148,581
Investment in oil and gas properties	0	-3	0	-3
Purchase of intangible assets	0	-2,386	0	-2,386
Investment in exploration and evaluation assets	0	-2,506	0	-2,506
Purchase of property, plant and equipment	-48,506	16,026	-963	-50
Net cash flow from investing activities	-48,506	-137,450	-963	-153,526
Net capital increase	0	0	0	20,000
Repayment of lease liabilities	-278	-1,110	-278	-1,110
Proceeds from issuance of long term debt	0	118,900	10,000	145,000
Proceeds from issuance of short term debt	0	22,400	0	22,400
Repayment of long term debt	0	-20,000	0	-20,000
Repayment of short term debt	0	-13,167	0	-14,000
Net cash flow from financing activities	-278	107,022	9,722	152,290
Net change in cash and cash equivalents	371	23,042	-38,255	-25,510
Cash and cash equivalents at start of period	29,893	6,851	55,403	55,403
Cash and cash equivalents at end of period	30,265	29,893	17,148	29,893

VISITING ADDRESS

Espehaugen 32 B
N-5258 Blomsterdalen
Norway

POSTAL ADDRESS

Espehaugen 32 B
N-5258 Blomsterdalen
Norway