

Panoro Energy

First Quarter Report 2016

May 24, 2016



Contents

Contents	2
Highlights and events.....	3
Operational update.....	4
Financial information.....	6
Outlook.....	9
Condensed consolidated financial statements	10
Notes to the condensed consolidated financial statements	14
Other information.....	18

Highlights and events

First Quarter 2016 highlights and subsequent events

- First oil production on Aje, offshore Nigeria commenced in May 2016
- The two Aje wells have separately tested in excess of 5,000 bopd each
- Cash balance of USD 7.6 million as at March 31, 2016 and no debt
- Successful Equity Private Placement of new shares with gross proceeds of NOK 70 million (USD 8.1 million) during February 2016, with Subsequent Offering of NOK 10 million (USD 1.2 million) completed in April 2016
- Operator continues to evaluate development plans and a possible exploration well at Dussafu, Gabon

Operational update

NIGERIA

OML 113 Aje field: YFP (Operator), Panoro Energy (12.1913% entitlement to revenue stream, 16.255% paying interest and 6.5% participating interest)

The Aje field development progressed during the quarter following the successful drilling and completion campaign of 2015 where two production wells, Aje-4 and Aje-5 were completed ready to commence oil production. Panoro had forecast initial production from these two wells to be approximately 1,100 bopd net to Panoro (9,000 bopd gross). Subsea installation operations commenced in January and were completed by March including installation of the buoy and risers, manifold, umbilical termination assembly, oil production flow lines and gas lift lines. The works on the FPSO, the Front Puffin, were completed and the vessel arrived in Nigeria in mid-March. We are pleased to report that all operations to date have been completed with no safety related incidents.

The Front Puffin FPSO was hooked up to the pre-installed STP buoy and preparations made for the first introduction of hydrocarbons, which was achieved on May 3, 2016. FPSO Commissioning activities are being finalized, focused on preparation of the 72 hour production test for the FPSO to go on hire, which is expected to be conducted in the near future. In the meantime, both wells, Aje 4 and Aje 5, have been brought on stream at varying choke rates. Each of Aje 4 and Aje 5 has produced in excess of 5,000 bopd on a 32/64" choke, with good well head pressure. Gas lift has not as yet been used. Stabilized combined flow rates will be determined in the coming weeks, in conjunction with final mechanical optimization, commissioning, and the Nigerian regulatory approval process. The flow rates exhibited to date indicate a highly productive reservoir.

Meanwhile geological models of the Aje field have been revised, incorporating the new 3D seismic and the Aje-5 well data. This work supports the previously reported reserves and contingent resources volumes but with more confidence around the shape of the Cenomanian reservoir. This allows more precise planning for future Phase 2 drilling to be carried out, and possible well locations for Aje-6 and Aje-7 have been identified. The exploration prospect inventory over OML 113 is being revised over the whole of the OML 113 license, and we expect to publish details of this during the summer.

Finally, the gas concept study to create a development solution for the large Turonian gas resource was progressed during the quarter.

GABON

Dussafu Marin: Harvest (Operator), Panoro Energy (33.33%)

Activities in Dussafu during the quarter included subsurface studies to enhance the prospect inventory and further refinement of drilling plans for a potential exploration well. Prospect B remains the preferred target with P50 gross unrisks prospective resources of 237 MMbbl. Along with the operator, Panoro has been in discussions with potential partners to farm-in in to the block. The 3rd exploration period in the wider Dussafu license is due to expire shortly, and the JV partners are reviewing options which at a minimum retain the Ruche area EEA in which the discoveries and material prospects exist.

A provision for impairment in the first quarter represents a USD 17.1 million impairment charge to the income statement. The impairment is the result of the effect of low oil prices and is considered to be a fair and current reflection on the Company's valuation of the carrying value of the asset. The recognition of such provision is prudent and conservative treatment without an underlying change in technical view of the asset and the associated volumes.

CORPORATE

In February 2016, Panoro successfully completed a fully subscribed Equity Private Placement with the support of new and existing investors, raising NOK 70 million (USD 8.1 million) in gross proceeds at a subscription price of NOK 0.42 per share. This was followed in April 2016 by subscription of NOK 10 million (USD 1.2 million) in the Subsequent Offering at the same price. The net proceeds from the Equity Private Placement and subsequent offering are being used for general corporate purposes, most importantly managing working capital fluctuations in the prevailing low oil price environment, and to position the Company for growth.

The Company has continued the pursuit of cost savings during the past year, demonstrated by a year-on-year reduction of

approximately 27.7% in General and Administration (G&A) costs and a quarter-on-quarter reduction of 9.4%. The Company will continue to seek further cost reductions and to maintain strong financial discipline, although some quarterly variations may still occur. In addition to the internal G&A, the asset related expensed overheads have also been reduced in the current quarter.

Subsequent to the private placement, in the Extraordinary General Meeting of the Company held on March 2, 2016, the shareholders have appointed Mrs. Hilde Ådland as a board member with effect from April 1, 2016. Mrs. Ådland brings strength to the Board with her extensive technical expertise in the oil and gas industry with leadership experience in field development, engineering, commissioning and field operations.

Looking forward, the strategy is to grow a production based West African E&P company. With the foundation of production at Aje and a debt free balance sheet, management is now focused on growing the asset base of the Company through acquisitions.

Financial information

Income statement review

First quarter 2016 versus fourth quarter 2015

Panoro Energy reported a net loss of USD 18.2 million from continuing operations for the first quarter 2016, a decrease of USD 16.5 million, compared to a loss of USD 1.6 million in the fourth quarter 2015. The higher loss was a result of the non-cash impairment of the Dussafu licence by USD 17.1 million

Exploration related costs and operator G&A decreased to USD 0.2 million in Q1 2016 compared to USD 0.4 million in Q4 2015. This is a result of re-phasing of work programmes on the licences.

General and Administration costs from continuing activities decreased by 9.4% to USD 0.9 million in Q1 2016 from USD 1.0 million in Q4 2015.

Depreciation for the current quarter was USD 31 thousand decreasing from USD 33 thousand in Q4 2015.

In the first quarter of 2016, the Company recorded a non-cash provision for impairment of USD 17.1 million to its investment in the Dussafu asset in Gabon, offset by an investment of USD 0.6 million thereby reducing the carrying value from USD 31.0 million to USD 14.5 million. The impairment is the result of the effect of the recent decline in oil prices which brings the carrying value to be in line with that of the Operator, and is considered a prudent and conservative accounting adjustment to our carrying values. There is no underlying change in the technical view of the asset and any impairment charge may be reversed on improvement of macro-economic conditions. Other impairment charges for the previous quarter have been reallocated to the Discontinued Operations and relate solely to Brazilian assets.

EBIT from continuing operations was thus a negative USD 18.2 million in the first quarter 2016, compared to a negative USD 1.5 million in the fourth quarter 2015.

Net financial items amounted to a net income of USD 22 thousand in the first quarter 2016 compared to an expense of USD 8 thousand in the fourth quarter.

Loss before tax from continuing activities was USD 18.2 million in the first quarter 2016 which was lower by USD 16.6 million compared to previous quarter loss of USD 1.5 million.

Net loss for the period from discontinued operations was USD 6 thousand for the current quarter, a decrease in loss of USD 156 thousand from the fourth quarter.

The total net loss was USD 18.2 million, compared to a net loss of USD 1.7 million in the fourth quarter.

Minor movement in other comprehensive income was a result of currency translation adjustments for reporting purposes in both quarters.

First quarter 2016 versus first quarter 2015

Panoro Energy reported a net loss of USD 18.2 million from continuing operations for the first quarter 2016, compared to a loss of USD 2.2 million in the same period in 2015.

First quarter 2016 Exploration related costs and operator G&A decreased to USD 0.2 million, down from USD 0.6 million in same period in 2015. This is consistent with the operator general and administrative costs on the JVs and in line with the budgeted expenditure in the respective periods.

General and Administration costs from continuing operations decreased to USD 0.9 million in the current period compared to USD 1.3 million in the comparative period in 2015 culminating in a year-on-year decrease of 27.7%. The reduction is a result of continued cost saving efforts.

Depreciation for the current period was USD 31 thousand increasing from USD 14 thousand in comparison to Q1 2015.

During the first quarter 2016, the Company recorded a non-cash provision for impairment of USD 17.1 million to its investment in the Dussafu asset in Gabon. The impairment is the result of the effect of the recent decline in oil prices which brings the carrying value to be in line with that of the Operator, and is considered a prudent and conservative accounting adjustment to our carrying values. There is no underlying change in the technical view of the asset and any impairment charge may be reversed on improvement of macro-economic conditions. Other impairment charges for the previous quarter have been reallocated to the Discontinued Operations and related solely to Brazilian assets.

EBIT from continuing operations was thus a negative USD 18.2 million for the first quarter 2016, compared to a negative USD 1.9 million in the same period of 2015.

Net financial items amounted to an income of USD 22 thousand in the current period compared to an income of USD 44 thousand in the same period in 2015.

Loss before tax from continuing activities was USD 18.2 million for the current period compared to the loss of USD 1.9 million for the same period in 2015. The increase in loss in first quarter 2016 is predominantly due to the Dussafu impairment charge.

Net loss for the period from discontinued operations was USD 6 thousand for the first quarter 2016 compared to net loss of USD 0.3 million for the same period in 2015.

The total net loss for the first quarter 2016 was USD 18.2 million, compared to a net loss of USD 2.2 million for 2015.

Minor movement in respective quarters to other comprehensive income was a result of currency translation adjustments for reporting purposes in both quarters.

Statement of financial position review

Movements to March 31, 2016 from December 31, 2015

Movements in the Group statement of financial position during the first quarter of 2016 were a combination of the following:

Non-current assets

Non-current assets amounted to USD 94.3 million at March 31, 2016, a decrease of USD 8.1 million from December 31, 2015.

Licences and exploration assets amounted to USD 14.5 million compared to USD 31.0 million as at December 31, 2015. The development assets balance amounted to USD 78.6 million as of March 31, 2016 with investments of USD 8.4 million in the current quarter as we pushed towards the commencement of first oil production on Aje in Q2 2016.

Property, furniture, fixtures and equipment was USD 235 thousand decreasing from USD 266 thousand at December 31, 2015.

Other non-current assets remain unchanged for both periods at USD 1 million. The amount relates to USD 0.8 million of guarantee deposit in support of a guarantee to FPSO provider Rubicon which is providing the vessel for Aje Cenomanian oil development and USD 0.2 million in relation to tenancy deposit for office premises.

Current assets

Current assets amounted to USD 10.5 million per March 31, 2016, compared to USD 12.6 million per December 31, 2015.

Trade and other receivables stood at USD 2.9 million, an increase from USD 1.7 million at the end of December 2015. The main factor is the increase in the receivable balance of prepaid Aje cash calls during the period.

Cash and bank balances stood at USD 7.6 million per March 31, 2016, a decrease from USD 10.9 million per December 31, 2015. The decrease is mainly attributed to Aje and Dussafu capital and operating cost cash calls paid during the quarter which amounted to USD 9.4 million and USD 0.8 million, respectively. However the effect of these cash calls was significantly offset by the injection of net proceeds from the Equity Private Placement during the quarter of approx. USD 7.6 million.

Equity

Equity amounted to USD 97.6 million per March 31, 2016, compared to USD 108.2 million at the end of December 2015. The change reflects increased equity, offset by costs of the Equity Private Placement and by the loss for the period.

Non-current liabilities

Total non-current liabilities of USD 6.2 million remain unchanged for both periods, representing the inclusion of the Aje Field decommissioning provision of USD 1.8 million and a deferred tax liability of USD 4.4 million arising on a business combination in 2010. The deferred tax liability is expected to unwind proportionally following commencement of oil production from the Aje field.

Current liabilities

Current liabilities amounted to USD 1.0 million at March 31, 2016, compared to USD 0.7 million at the end of December 2015.

Accounts payable, accruals and other liabilities amounted to USD 1.0 million, an increase from USD 0.7 million at the end of December 2015. The increase represents the quarterly variations that can occur.

Funding

As of March 31, 2016, the Company had USD 7.6 million in cash and bank balances. There is also unspent cash in JV accounts of net USD 2.7 million which is allocated to remaining capital and operating costs.

Subsequent to quarter end an additional NOK 10 million in gross proceeds (USD 1.2 million) was raised through Subsequent Offering. As a result and including anticipated cash flow from operations, the Group's liquidity situation has significantly improved.

Outlook

- First oil at Aje commenced post-period end, in early May 2016
- Planning for Aje phase 2 and 3 to continue
- Further interpretation work at OML 113 to examine exploration potential in the wider licence area
- Continuing preparations for possible exploration well in Dussafu and seeking industry participation in the license
- Actively reviewing opportunities for growth

The Board of Directors

Panoro Energy ASA

May 24, 2016

Julien Balkany
Chairman of the Board

Hilde Ådland
Non-Executive Director

Alexandra Herger
Non-Executive Director

Torstein Sanness
Non-Executive Director

Garrett Soden
Non-Executive Director

Condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED MARCH 31, 2016

<i>Amounts in USD 000</i>	Note	Q1 2016	Q4 2015	Q1 2015
<i>(Unaudited)</i>				
<u>Continuing Operations</u>				
Revenues		-	-	-
Total revenues		-	-	-
Exploration related costs and Operator G&A		(235)	(426)	(619)
General and administrative costs		(944)	(1,042)	(1,306)
Depreciation		(31)	(33)	(14)
Impairment of Assets	6.1	(16,960)	-	-
EBIT - Operating income/(loss)		(18,170)	(1,501)	(1,939)
Interest costs net of income		3	(12)	56
Other financial costs net of income		(5)	(4)	(3)
Net foreign exchange gain/(loss)		20	8	(9)
Income/(loss) before tax		(18,152)	(1,509)	(1,895)
Income tax benefit/(expense)		-	(46)	-
Net income/(loss) for the period from continuing operations		(18,152)	(1,555)	(1,895)
<u>Discontinued operations</u>				
Net income / (loss) for the period from discontinued operations	4	(6)	(162)	(258)
Net income / (loss) for the period		(18,158)	(1,717)	(2,153)
Exchange differences arising from translation of foreign operations		2	(34)	29
Other comprehensive income/(loss) for the period (net of tax)		2	(34)	29
Total comprehensive income/(loss) for the period (net of tax)		(18,156)	(1,751)	(2,124)
Net income / (loss) for the period attributable to:				
Equity holders of the parent		(18,158)	(1,717)	(2,153)
Equity holders of the parent		(18,156)	(1,751)	(2,124)
Earnings per share				
(USD) – Basic and diluted for income/(loss) for the period attributable to equity holders of the parent - Total	5	(0.07)	(0.01)	(0.01)
(USD) – Basic and diluted for income/(loss) for the period attributable to equity holders of the parent - Continuing operations		(0.07)	(0.01)	(0.01)

The accompanying notes form an integral part of these condensed consolidated financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2016**

<i>Amounts in USD 000</i>		March 31, 2016	December 31, 2015
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Non-current assets			
Licenses and exploration assets	6/6.1	14,546	31,033
Development assets	6	78,574	70,195
Property, furniture, fixtures and office equipment		235	266
Other non-current assets		962	962
Total Non-current assets		94,317	102,455
Current assets			
Trade and other receivables		2,853	1,693
Cash and cash equivalents		7,639	10,948
Total current assets		10,492	12,641
Total Assets		104,809	115,096
Equity			
Share capital	7	290	193
Other equity		97,280	107,978
Total Equity attributable to equity holders of the parent		97,570	108,171
Non-current liabilities			
Decommissioning liability		1,856	1,856
Deferred tax liabilities		4,376	4,376
Total Non-current liabilities		6,232	6,232
Current liabilities			
Accounts payable, accruals and other liabilities		1,007	693
Total current liabilities		1,007	693
Total Liabilities		7,239	6,925
Total Equity and Liabilities		104,809	115,096

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE PERIOD ENDED MARCH 31, 2016

<i>Amounts in USD 000 - (Unaudited)</i>	Q1 2016	Q4 2015	Q1 2015
Cash flows from operating activities			
Net (loss)/ income from continuing operations	(18,152)	(1,509)	(1,895)
Net (loss)/ income from discontinued operations	(6)	(162)	(258)
Net (loss)/ income for the period before tax	(18,158)	(1,671)	(2,153)
Adjusted for:			
Depreciation	31	33	14
Impairment and asset write-off	16,969	184	90
Exploration related costs and operator G&A	59	426	619
Net finance costs	2	16	(69)
Foreign exchange gains/losses	(20)	(7)	3
Increase/(decrease) in trade and other payables	276	(288)	(710)
(Increase)/decrease in trade and other receivables	(227)	(364)	72
Taxes paid	-	(46)	-
Net cash flows from operating activities	(1,068)	(1,717)	(2,134)
Cash flows from investing activities			
Investment in exploration, production and other assets	(9,787)	(4,407)	(1,947)
Movement in related non-current assets	-	-	(813)
Net cash flows from investing activities	(9,787)	(4,407)	(2,760)
Cash flows from financing activities			
Net proceeds from Equity Private Placement	7,555	-	-
Net financial charges paid	(2)	(16)	69
Net cash flows from financing activities	7,553	(16)	69
Effect of foreign currency translation adjustment on cash balances	(7)	2	(24)
Change in cash and cash equivalents during the period	(3,309)	(6,138)	(4,849)
Cash and cash equivalents at the beginning of the period	10,948	17,086	40,941
Cash and cash equivalents at the end of the period	7,639	10,948	36,092

The accompanying notes form an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to equity holders of the parent

For three months ended March 31, 2016 <i>Amounts in USD 000</i>	Issued capital	Share premium	Additional paid-in capital	Retained earnings	Other reserves	Currency translation reserve	Total
At January 1, 2016 - (Audited)	193	288,858	122,054	(259,539)	(37,647)	(5,747)	108,171
Net income/(loss) for the period - Continuing Operations	-	-	-	(18,152)	-	-	(18,152)
Net income/(loss) for the period - Discontinued Operations	-	-	-	(6)	-	-	(6)
Other comprehensive income/(loss)	-	-	-	-	-	2	2
Total comprehensive income/(loss)	-	-	-	(18,158)	-	2	(18,158)
Share Issue for cash	97	8,090	-	-	-	-	8,187
Transaction costs on Share Issue	-	(632)	-	-	-	-	(632)
At March 31, 2016 - (Unaudited)	290	296,316	122,054	(277,697)	(37,647)	(5,745)	97,570

Attributable to equity holders of the parent

For three months ended December 31, 2015 <i>Amounts in USD 000</i>	Issued capital	Share premium	Additional paid-in capital	Retained earnings	Other reserves	Currency translation reserve	Total
At September 30, 2015 - (Unaudited)	193	288,858	122,054	(257,822)	(37,647)	(5,713)	109,923
Net income/(loss) for the period - Continuing Operations	-	-	-	(1,555)	-	-	(1,555)
Net income/(loss) for the period - Discontinued Operations	-	-	-	(162)	-	-	(162)
Other comprehensive income/(loss)	-	-	-	-	-	(34)	(34)
Total comprehensive income/(loss)	-	-	-	(1,717)	-	(34)	(1,751)
Employee share options	-	-	-	-	-	-	-
At December 31, 2015 - (Audited)	193	288,858	122,054	(259,539)	(37,647)	(5,747)	108,171

Attributable to equity holders of the parent

For three months ended March 31, 2015 <i>Amounts in USD 000</i>	Issued capital	Share premium	Additional paid-in capital	Retained earnings	Other reserves	Currency translation reserve	Total
At January 1, 2015 - (Audited)	56,333	288,858	65,914	(219,672)	(37,647)	(5,729)	148,057
Net income/(loss) for the period - Continuing Operations	-	-	-	(1,895)	-	-	(1,895)
Net income/(loss) for the period - Discontinued Operations	-	-	-	(258)	-	-	(258)
Other comprehensive income/(loss)	-	-	-	-	-	29	29
Total comprehensive income/(loss)	-	-	-	(2,153)	-	29	(2,124)
Employee share options	-	-	-	-	-	-	-
At March 31, 2015 - (Unaudited)	56,333	288,858	65,914	(221,825)	(37,647)	(5,700)	145,933

The accompanying notes form an integral part of these condensed consolidated financial statements.

Notes to the condensed consolidated financial statements

1. Corporate information

The holding Company, Panoro Energy ASA, was incorporated on April 28, 2009 as a public limited company under the Norwegian Public Limited Companies Act of June 19, 1997 No. 45. The registered organisation number of the Company is 994 051 067 and its registered address is c/o Michelet & Co Advokatfirma AS, Grundingen 3, 0250 Oslo, Norway.

The Company and its subsidiaries are engaged in exploration and production of oil and gas resources in West Africa. The condensed consolidated financial statements of the Group for the period ended March 31, 2016 were authorised for issue by the Board of Directors on May 24, 2016.

The Company's shares are traded on the Oslo Stock Exchange under the ticker symbol PEN.

2. Basis of preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting", as adopted by the EU. The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial information and the risk factors contained in the Company's 2015 Annual Report and the Company's recently published Prospectus. A copy of the 2015 Annual Report and the recently published Prospectus are available on the Company's website at <http://www.panoroenergy.com>.

The condensed consolidated financial statements are presented in US Dollars and all values are rounded to the nearest thousand dollars (USD 000), except when otherwise stated.

2.1 Significant accounting policies and assumptions

The accounting policies adopted in preparation of these condensed consolidated financial statements are consistent with those followed in the preparation of the Group's 2015 Annual Report.

As of March 31, 2016, the Company had USD 7.6 million in cash and bank balance and subsequent to quarter end an additional NOK 10 million (USD 1.2 million) in gross proceeds was raised through Subsequent Offering. As a result and including anticipated cash flow from operations, the Group's liquidity situation has significantly improved. The interim financial statements have been prepared under the assumption of going concern.

3. Segment information

The Group operated predominantly in one business segment being the exploration and production of oil and gas in West Africa. However, for the purpose of comparative information, the Brazilian segment has been included.

The Group's reportable segments, for both management and financial reporting purposes, are as follows:

- The West African segment holds the following assets:
 - The Dussafu licence representing the Group's 33.33% working interest in the Dussafu Marin exploration licence in Gabon.
 - The OML113-Aje represents the Group's 12.1913% revenue interest, 16.255% paying interest and 6.5% participating interest) in the OML113-Aje exploration licence in Nigeria.
- The 'Corporate and others' category consists of head office and service company operations that are not directly attributable to the other segment. Further, it also includes the residual corporate business in Brazil which is expected to be dormant in the foreseeable future.

Management monitors the operating results of business segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on capital and general expenditure. Details of group segments are reported below.

	Q1 2016	Q4 2015	Q1 2015
OPERATING SEGMENT - WEST AFRICA			
<i>(Unaudited)</i>			
<i>in USD 000</i>			
Income / (Loss) for the period from continuing operations	(17,954)	(2,798)	(643)
Impairment of E&E Assets	17,147	-	-
Segment assets	96,480	103,698	114,425
CORPORATE			
<i>in USD 000</i>			
Income / (Loss) for the period from continuing operations	(198)	1,243	(1,252)
Depreciation and amortisation	31	33	14
Segment assets	8,062	11,120	35,937
DISCONTINUED OPERATIONS			
<i>in USD 000</i>			
Income / (Loss) for the period from discontinued operations	(6)	(162)	(258)
Segment assets	267	278	767
CONSOLIDATED			
<i>in USD 000</i>			
Income / (Loss) for the period from continuing operations	(18,152)	(1,555)	(1,895)
Income / (loss) for the period from discontinued operations	(6)	(162)	(258)
Depreciation and amortisation	31	33	14
Impairment of E&E Assets	17,147	-	-
Segment assets	104,809	115,096	151,129

The segment assets represent position as of quarter ends and the statement of comprehensive income items represent results for the respective quarters presented. There are no differences in the nature of measurement methods used on segment level compared with the interim condensed consolidated financial statements. There are no inter-segment adjustments and eliminations for the periods presented.

4. Discontinued operations

The Company's subsidiaries in Brazil have been classified as discontinued operations under IFRS 5. The results of Brazilian segment for the comparative quarters have therefore been carved out of the operating results and presented below as discontinued operations:

	Q1 2016	Q4 2015	Q1 2015
<i>USD 000 - (Unaudited)</i>			
Oil and gas revenue	-	-	-
Total revenues and other income	-	-	-
Production costs	-	-	-
Redundancies and restructuring costs	-	-	-
General and administration costs	(11)	27	(190)
EBITDA	(11)	27	(190)
Depreciation	-	-	-
Impairment	-	(184)	(90)
Share based payments	-	-	-
Gain/(loss) on sale of subsidiary	-	-	-
EBIT - Operating income / (loss)	(11)	(157)	(280)
Interest costs net of income	6	(4)	16
Other financial costs net of income	-	-	-
Net foreign exchange gain / (loss)	(1)	(1)	6
Income / (loss) before tax	(6)	(162)	(258)
Income tax benefit / (expense)	-	-	-
Net income/(loss) for the period from discontinued operations - excluding recycling of currency adjustments	(6)	(162)	(258)
Recycling of accumulated currency translation on sale of subsidiary	-	-	-
Net income/(loss) for the period from discontinued operations	-	-	-
Earning per share – basic and diluted (USD) for the period from discontinued operations	(0.00)	(0.00)	(0.00)

5. Earnings per share

	Q1 2016	Q4 2015	Q1 2015
<i>Amounts in USD 000, unless otherwise stated</i>			
<i>(Unaudited)</i>			
Net profit / (loss) attributable to equity holders of the parent - Total	(18,158)	(1,717)	(2,153)
Net profit / (loss) attributable to equity holders of the parent - Continuing ops	(18,152)	(1,555)	(1,895)
Weighted average number of shares outstanding - in thousands	278,502	234,546	234,546
Basic and diluted earnings per share (USD) - Total	(0.07)	(0.01)	(0.01)
Basic and diluted earnings per share (USD) - Continuing ops	(0.07)	(0.01)	(0.01)

Diluted earnings per share

The Group had 108,335 outstanding share options as of March 31, 2016 (December 31, 2015: 108,335 options) that are potentially dilutive ordinary shares. As of March 31, 2015: 925,005 share options were outstanding. The options and related exercise prices are subject to adjustments following the equity issue in 2016.

6. Licence interests, exploration and evaluation and development assets

	Licence Interest, Exploration and Evaluation Assets	Development Assets
	<i>USD 000</i>	<i>USD 000</i>
Net book value		
At January 1, 2016 (<i>Audited</i>)	31,033	70,195
Additions	660	8,379
Impairment of E&E Assets	(17,147)	-
At March 31, 2016 (<i>Unaudited</i>)	14,546	78,574

6.1. Provision for impairment

Provision for impairment in the first quarter represents a USD 17.1 million impairment charge of the Dussafu asset. The impairment is the result of the effect of the recent decline in oil prices which brings the carrying value to be in line with that of the Operator, and is considered a prudent and conservative accounting adjustment to our carrying values. There is no underlying change in the technical view of the asset and any impairment charge may be reversed on improvement of macro-economic conditions. This was offset by a USD 187 thousand return of capital, received from the Company's fully impaired investment in its subsidiary, Panoro Energy do Brasil Ltda.

7. Share capital

The Company has successfully completed an Equity Private Placement with the support of new and existing investors during February 2016, raising NOK 70 million (USD 8.1 million) in gross proceeds through the subscription and allocation of 166,666,666 new shares at a subscription price of NOK 0.42 per share. Following the issuance of the new shares, the issued and outstanding share capital of the Company is 401,212,452 shares each having a par value of NOK 0.005 as of March 31, 2016.

8. Subsequent events

In April 2016, the Company has issued NOK 10 million (approximately USD 1.2 million) in gross proceeds through the subscription and allocation of 23,809,500 new shares in a Subsequent Offering to the shareholders that did not participate in the Equity Private Placement. The new shares were also issued at a subscription price of NOK 0.42 per share. Following registration of the new shares issued in the Subsequent Offering, the total number of issued shares in the Company are 425,021,952 each having a par value of NOK 0.005.

First oil production from the Aje field offshore Nigeria commenced in early May 2016. Subsea installation activities had been underway at Aje since January and were completed in early March ready for the arrival and hook-up of the Front Puffin FPSO. Oil produced from the Aje field will be stored on the Front Puffin which has production capacity of 40,000 barrels of oil per day and storage capacity of 750,000 barrels. Each of Aje 4 and Aje 5 has produced in excess of 5,000 bopd on a 32/64" choke, with good well head pressure.

Other information

Financial calendar

May 25, 2016	First quarter 2016 results and Annual General Meeting
August 24, 2016	Second quarter 2016 results
November 17, 2016	Third quarter 2016 results

Glossary and definitions

Bbl	One barrel of oil, equal to 42 US gallons or 159 liters
Bcf	Billion cubic feet
Bm³	Billion cubic meter
BOE	Barrel of oil equivalent
Btu	British Thermal Units, the energy content needed to heat one pint of water by one degree Fahrenheit
IP	Initial production
Mcf	Thousand cubic feet
MMcf	Million cubic feet
MMbbl	Million barrels of oil
MMBOE	Million barrels of oil equivalents
MMBtu	Million British thermal units
MMm³	Million cubic meters
Tcf	Trillion cubic feet

Disclaimer

This presentation does not constitute an offer to buy or sell shares or other financial instruments of Panoro Energy ASA ("Company"). This presentation contains certain statements that are, or may be deemed to be, "forward-looking statements", which include all statements other than statements of historical fact. Forward-looking statements involve making certain assumptions based on the Company's experience and perception of historical trends, current conditions, expected future developments and other factors that we believe are appropriate under the circumstances. Although we believe that the expectations reflected in these forward-looking statements are reasonable, actual events or results may differ materially from those projected or implied in such forward-looking statements due to known or unknown risks, uncertainties and other factors. These risks and uncertainties include, among others, uncertainties in the exploration for and development and production of oil and gas, uncertainties inherent in estimating oil and gas reserves and projecting future rates of production, uncertainties as to the amount and timing of future capital expenditures, unpredictable changes in general economic conditions, volatility of oil and gas prices, competitive risks, counter-party risks including partner funding, regulatory changes including country risks where the Group's assets are located and other risks and uncertainties discussed in the Company's periodic reports. Forward-looking statements are often identified by the words "believe", "budget", "potential", "expect", "anticipate", "intend", "plan" and other similar terms and phrases. We caution you not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation, and we undertake no obligation to update or revise any of this information.

Contact information

For further information, please contact:

John Hamilton, Chief Executive Officer
Panoro Energy ASA/ Panoro Energy Limited
info@panoroenergy.com
Tel: +44 20 3405 1060

Qazi Qadeer, Chief Financial Officer
Panoro Energy ASA/ Panoro Energy Limited
info@panoroenergy.com
Tel: +44 20 3405 1060