

Panoro Energy

ANNUAL STATEMENT OF RESERVES
APRIL 2017

DISCLAIMER

The information provided in this report reflects reservoir assessments, which in general must be recognized as subjective processes of estimating hydrocarbon volumes that cannot be measured in an exact way.

It should also be recognized that results of recent and future drilling, testing, production and new technology applications may justify revisions that could be material.

Certain assumptions on the future beyond Panoro's control have been made. These include assumptions made regarding market variations affecting both product prices and investment levels. As a result, actual developments may deviate materially from what is stated in this report.

The estimates in this report are based on third party assessments prepared by Gaffney Cline and Associates in March 2014 for Dussafu and by AGR TRACS International in July 2014 for Aje. Production, well and seismic data acquired since those dates have not been taken into account in these estimates.

ANNUAL STATEMENT OF RESERVES 2016

INTRODUCTION

Panoro's classification of reserves and resources complies with the guidelines established by the Oslo Stock Exchange and are based on the definitions set by the Petroleum Resources Management System (PRMS-2007), sponsored by the Society of Petroleum Engineers/ World Petroleum Council/ American Association of Petroleum Geologists/ Society of Petroleum Evaluation Engineers (SPE/WPC/ AAPG/SPEE) as issued in March 2007.

Reserves are the volume of hydrocarbons that are expected to be produced from known accumulations:

- In production
- Under development
- With development committed

Reserves are also classified according to the associated risks and probability that the reserves will be actually produced.

1P – Proven reserves represent volumes that will be recovered with 90% probability

2P – Proven + Probable represent volumes that will be recovered with 50% probability

3P – Proven + Probable + Possible volumes that will be recovered with 10% probability.

Contingent Resources are the volumes of hydrocarbons expected to be produced from known accumulations:

- In planning phase
- Where development is likely
- Where development is unlikely with present basic assumptions
- Under evaluation

Contingent Resources are reported as 1C, 2C, and 3C, reflecting similar probabilities as reserves.

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PANORO ASSETS PORTFOLIO

As of year-end 2016, Panoro had one asset with reserves, OML 113 and two assets with contingent resources, OML 113 and Dussafu. A summary description of these assets with status as of year-end 2016 is included below. In addition we refer to the company's web-site for background information on the assets. Unless otherwise specified, all reserves figures quoted in this report are net to Panoro's interest.

Dussafu: offshore Gabon, operator Harvest Natural Resources, Panoro 33.33%

Dussafu is an exploration, development and exploitation license covering an area containing several small oil fields, the most recent discoveries being the Ruche and Tortue fields.

In March 2014 GCA certified (3rd party) potentially recoverable gross 2C contingent Resources of 33.4 MMbbls, based on a commercial evaluation of a development scenario. This evaluation yields 2C potentially recoverable resources net to Panoro of 6.8 MMbbls of oil. These 2C Contingent Resources of 6.8 MMbbls are Panoro's net entitlement fraction of the Gross Field Resources under the terms of the PSC that governs the asset.

A Declaration of Commerciality of the discovered resources was made with the government of Gabon and an Exclusive Exploitation Authorization (EEA) for an 850.5 km² area within the Dussafu PSC area was subsequently awarded in July 2014. A Field Development Plan (FDP) for the EEA area was approved by the Gabonese Government in October 2014. The FDP describes the development of all the discovered resources in the EEA area consisting of Ruche A (formerly Ruche), Ruche B (formerly Tortue), Ruche C (formerly Moubenga) and Ruche D (formerly Walt Whitman). The FDP concept is based on a centrally located Floating Production Storage and Offloading vessel (FPSO) with sub-sea wells tied back from each of these discoveries.

OML 113 Aje: offshore Nigeria, operator Yinka Folawiyo Petroleum (YFP), Panoro 12.1913%

The OML 113 license, close to the border with Benin, contains the Aje field which is predominantly a Turonian age gas discovery with significant condensate but also contains a separate Cenomanian age oil leg which has been on production since May 2016.

In July 2014 AGR TRACS certified (3rd party) gross 1P Proven Reserves of 11.7 MMbbls in the Cenomanian age oil reservoir of the Aje field. Gross 2P Proven and Probable reserves in the same reservoir amounted to 23.4 MMbbls. Panoro's net entitlement 1P Proven Reserves was 1.8 MMbbls and net entitlement 2P Proven and Probable Reserves was 3.2 MMbbls.

Production during 2016 from the Aje field amounted to 0.9 MMbbls gross and 0.1 MMbbls net to Panoro.

After accounting for this production Gross 1P reserves at Aje amount to 10.8 MMbbls of which Panoro's net entitlement is 1.7 MMbbls. Gross 2P reserves at Aje amount to 22.5 MMbbls of which Panoro's net entitlement is 3.1 MMbbls.

In addition to these reserves AGR TRACS also certified gross 1C Contingent Resources (in both the Cenomanian and Turonian age reservoirs) of 119.5 MMboe and 2C Contingent Resources of 179 MMboe. Panoro's net entitlement 1C Contingent Resources is 19.4 MMboe and net entitlement 2C Contingent Resources is 28.7 MMboe.

A Field Development Plan (FDP) for Aje was approved by the Nigerian Government in March 2014. The FDP comprised two production wells tied back to an FPSO and these wells produce from the Cenomanian age oil reservoir to access the gross 2P reserves. A final investment decision for the first phase was made by the OML 113 Joint Venture partners in October 2014 and first oil was achieved at Aje in May 2016. The second phase will comprise two additional production wells to access the remaining Cenomanian age gross 2C Contingent Resources of 15.7 MMbbls.

MANAGEMENT DISCUSSION AND ANALYSIS

Panoro uses the services of Gaffney, Cline & Associates (GCA) and AGR TRACS for 3rd party verifications of its reserves and resources.

All evaluations are based on standard industry practice and methodology for production decline analysis and reservoir modeling based on geological and geophysical analysis. The following discussions are a comparison of the volumes reported in previous reports, along with a discussion of the consequences for the year-end 2016 ASR:

Dussafu: In early 2017 Panoro and Harvest announced transactions with BW Energy under which BW Energy has assumed Harvest's entire stake in Dussafu and is now operator of the license and also purchased a portion of Panoro's stake. The intent of BW Energy is to develop the Contingent Resources in the Ruche EEA Area. During 2017, we expect a Final Investment Decision to be taken in the Dussafu project, and the consequent reclassification of the Dussafu Contingent Resources to Reserves.

Aje: The first phase of the Aje Cenomanian age oil development started in 2016 with production from two wells. Conversion of Cenomanian resources to reserves could be achieved by phase 2 drilling. In the meantime we expect concept work on the large Turonian age resource to progress in 2017.

ASSUMPTIONS:

The commerciality and economic tests for the Aje reserves volumes were based on an oil price of US\$80/Bbl.

2016 – 2P DEVELOPMENT (MMBOE)

| 2P Reserves Development | (MMBOE) |
|--|------------|
| Balance (previous ASR –December 31, 2015) | 3.2 |
| Production 2016 | (0.1) |
| Acquisitions/disposals since previous ASR | 0.0 |
| New Developments since previous ASR | 0.0 |
| Balance (revised ASR) as of December 31, 2016 | 3.1 |

Panoro's total 1P-reserves at end of 2016 amount to 1.7 MMBOE. This reflects the July 2014 reserve report for the Aje field, conducted by AGR TRACS and production during 2016.

Panoro's 2P reserves amount to 3.1 MMBOE. Panoro's Contingent Resource base includes discoveries of varying degrees of maturity towards development decisions. By end of 2016, Panoro's assets contain a total 2C volume of 35.5 MMBOE.

April 28, 2017

John Hamilton
CEO

ANNEX RESERVES STATEMENT AS OF DECEMBER 31, 2016

| ANNUAL STATEMENT OF RESERVES | | | | | | | | | | |
|------------------------------|------------------|------------|----------------|-----------|--------------|------------------|------------|----------------|-----------|--------------|
| Developed Assets | | | | | | | | | | |
| As of Dec. 31, 2016 | 1P/P90 | | | | | 2P/P50 | | | | |
| Panoro Energy | Liquids MMbbl | Gas Bcf | Total MMBOE | Interest% | Net MMBOE | Liquids MMbbl | Gas Bcf | Total MMBOE | Interest% | Net MMBOE |
| Aje Field | 10.8 | 0 | 10.8 | 12.1913% | 1.7 | 22.5 | 0 | 22.5 | 12.1913% | 3.1 |
| Total | 10.8 | 0 | 10.8 | - | 1.7 | 22.5 | 0 | 22.5 | - | 3.1 |
| Under Development Assets | | | | | | | | | | |
| As of Dec. 31, 2016 | 1P/P90 | | | | | 2P/P50 | | | | |
| Panoro Energy | Liquids MMbbl | Gas Bcf | Total MMBOE | Interest% | Net MMBOE | Liquids MMbbl | Gas Bcf | Total MMBOE | Interest% | Net MMBOE |
| Total | 0 | 0 | 0 | - | 0 | 0 | 0 | 0 | - | 0 |
| Non-Development Assets | | | | | | | | | | |
| As of Dec. 31, 2016 | 1P/P90 | | | | | 2P/P50 | | | | |
| Panoro Energy | Liquids MMbbl | Gas Bcf | Total MMBOE | Interest% | Net MMBOE | Liquids MMbbl | Gas Bcf | Total MMBOE | Interest% | Net MMBOE |
| Total | 0 | 0 | 0 | - | 0 | 0 | 0 | 0 | - | 0 |
| Totals | | | | | | | | | | |
| Total assets | 10.8 | 0 | 10.8 | - | 1.7 | 22.5 | 0 | 22.5 | - | 3.1 |

Reserves Development:

| 2P Reserves Development | (MMBOE) |
|--|------------|
| Balance (previous ASR –December 31, 2015) | 3.2 |
| Production 2016 | (0.1) |
| Acquisitions/disposals since previous ASR | 0.0 |
| Extensions and discoveries since previous ASR | 0.0 |
| New developments since previous ASR | 0.0 |
| Revisions of previous estimates | 0.0 |
| Balance (revised ASR) as of December 31, 2016 | 3.1 |

Contingent Resources summary:

| Asset | 2C MMBOE (as of YE2015) | 2C MMBOE* (as of this report) |
|---------------|----------------------------|----------------------------------|
| Aje | 28.7 | 28.7 |
| Dussafu | 6.8 | 6.8 |
| Totals | 35.5 | 35.5 |

*The completion of the BW Energy transaction will result in a reduction in Panoro's net entitlement 2C contingent resources at Dussafu.

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