

Panoro Energy

Third Quarter Report 2017

November 15, 2017

Contents

Contents	2
Highlights and events.....	3
Operational update.....	4
Financial information.....	6
Outlook.....	10
Condensed consolidated financial statements	11
Notes to the condensed consolidated financial statements	16
Other information.....	20

Highlights and events

Third Quarter 2017 highlights and subsequent events

Dussafu

- Material operational progress on initial two well development at Tortue field
- First oil expected in 2H 2018 at an anticipated initial gross rate of up to 15,000 bopd
- Competent Person's Report commissioned to update independent reserves estimates; results due within two months

Aje

- Significant measures taken to resolve the dispute and discussions underway on full settlement
- During an interim period of approximately one year, all spending at Aje shall be limited to proceeds from sale of crude

Corporate

- Cash and cash equivalents of USD 6.8 million as at September 30, 2017, not including USD 1.5 million held as security of costs in relation to the ongoing dispute on OML 113. USD 1 million to be received by year-end completing the Dussafu sale transaction
- Share buyback completed August 14, 2017, purchasing 1,000,000 own shares for USD 0.5 million

Operational update

GABON

Dussafu Marin: BW Energy (Operator), Panoro Energy (8.333% interest)

The development of the Dussafu oilfields, offshore Gabon, continued during the quarter. Contracts for provision of drilling and engineering equipment and services are being concluded. The Borr Norve jack-up drilling rig will be used to drill the first two development wells in the Gamba and Dentale reservoirs at the Tortue field. The wells will be completed as horizontal oil production wells with open-hole gravel packs and gas lift. In addition, an appraisal side-track will be drilled to the northwest of the Tortue field to confirm the extent of the field and prepare for possible additional wells, which may be part of a second phase of the development.

The drilling campaign is expected to commence in early 2018, after which subsea equipment will be installed to prepare for the hook up of the FPSO, is expected in the second half of the year. The FPSO Azurite fits well with the approved field development plan specifications for the Dussafu field in Gabon. The FPSO has been moved to the Keppel yard where the necessary upgrades can be undertaken. The Tortue field is expected to start production at rates up to 15,000 barrels of oil per day from the two wells.

Work on an independent reserves report by Netherland Sewell for the Tortue development continues and we expect to provide details of certified reserves at Tortue in the near future.

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 produced an average of 403 barrels of oil per day net to Panoro (12.1913%) during the quarter, this compares to 289 barrels of oil per in Q2 2017. Production from the Aje field has continued from the Aje-4 and Aje-5 wells.

Liftings from the field were completed in July, September and November.

Continuous efforts to reduce costs at Aje have already resulted in a material decrease in the overall operational expenditures. Other commercial arrangements and adjustments are being implemented and are expected to improve operating margins for the Aje JV Partners.

CORPORATE

On November 2, 2017, post period-end, Panoro announced that its subsidiary Pan Petroleum Aje Limited had entered into a binding agreement with the OML 113 joint-venture partners. The agreement in conjunction with other initiatives addresses a number of operational and financial issues and demonstrates the commitment of the Aje JV Partners to support the current oil project and to move forward with the development of the Turonian gas reserves. Panoro remains committed to explore all options to maximise value at Aje, including, but not limited to, a partial or full divestment of its participation in OML 113.

As per the terms agreed recently between OML 113 Joint Venture partners, certain transitional arrangements have been introduced whereby undisputed cash calls will not be immediately payable. Such unpaid cash calls are included in the accounts payable balance as of the end of the quarter. During the transition period, any excess funds from Panoro's entitlement of crude liftings after paying for its share of operating expenditure shall be used to repay unpaid cash calls. In addition to this, commercial arrangements agreed as part of the interim settlement measures are expected to have the effect of increasing Panoro's existing revenue interest for approximately one year.

During the quarter and as part of the Company's share buyback program, the Company resolved to buy back shares for a cost of USD 0.5 million, in accordance with the resolution approved by its shareholders at the Company's Annual General Meeting on 24 May 2017. Acceptances received exceeded the 1,000,000 shares limit of the company's Offer. Following this transaction, Panoro holds a total of 1,000,000 own shares, representing 2.35% of the total issued share capital. The ongoing share buyback program may continue to be carried out in accordance with applicable laws and regulations, in open market transactions or through additional tenders, at the discretion of management based on, among other things, the Company's ongoing capital requirements and the market price of its common share.

During the period in Brazil, termination agreements for the surrender of Coral and Cavalho Marinho licences have been signed between the JV partners and Brazilian Regulator ANP. The next steps involve various regulatory clearances before dissolution of JV operations. The Company's formal exit from its historical Brazilian business is still ongoing with slow progress towards the approval of abandonment by the Brazilian regulators. Management is working actively with the operator Petrobras to bring matters to a close and to ensure that the ongoing costs are kept to a minimum. However, the timing and eventual costs of such conclusion is uncertain at this stage.

Financial information

Income statement review

Third quarter 2017 versus second quarter 2017

Panoro Energy reported an EBITDA of negative USD 59 thousand for the third quarter 2017, compared to negative USD 1.2 million in the second quarter 2017.

Third quarter EBITDA includes the oil and gas revenue from the fourth and fifth liftings from the Aje field and the associated operating costs. In addition to this, a decline in exploration related costs is also noted.

Oil and gas revenue in the third quarter 2017 was USD 3.1 million and is based on the Company's entitlement barrels. The revenue was generated by the sale of the net entitlement volume of 61,178 bbls. Other income in the quarter was nil compared to USD 0.5 million in the previous quarter which represented the net gain on disposal of the 25% working interest in Dussafu.

Our estimate of the costs attributed to operations was USD 1.9 million at Aje for the third quarter compared to USD 0.2 million in the previous quarter. The higher cost in the current quarter is primarily due to the absence of an Aje crude lifting in the second quarter, where the operating costs were classified in the cost of inventory on the balance sheet. Such costs have now been expensed in the third quarter to align with crude liftings. It is worth noting here that estimations and judgements have been made in preparation of these interim financial statements that include (but not limited to) Aje operating and project costs (see Note 2.1).

Panoro Energy reported a net loss of USD 0.5 million from continuing operations for the third quarter 2017, a decrease in loss of USD 27.5 million, compared to a loss of USD 28.0 million in the second quarter 2017; the decrease in loss is predominantly the inclusion of two Aje liftings in the quarter compared to the effect of an impairment charge on Aje during the second quarter 2017.

Exploration related costs and Operator G&A were USD 16 thousand for the third quarter compared to USD 0.2 million in the previous quarter, as Dussafu work focusses on field development.

General and Administration (G&A) costs from continuing activities remained unchanged for both quarters at USD 0.9 million. In both periods, the costs relating to the ongoing Aje dispute have been separately reported as non-recurring dispute costs of USD 0.3 million in the third quarter and USD 0.4 million for the previous quarter. These numbers are net of an award of USD 0.4 million reimbursement of costs pursuant to Court orders.

Depreciation decreased to USD 0.4 million for the third quarter, following the impairment charge to Aje in the second quarter.

EBIT from continuing operations was thus a negative USD 0.5 million in the third quarter 2017, compared to a negative USD 28.0 million in the second quarter 2017.

Net financial items amounted to a net expense of USD 24 thousand in the third quarter 2017 compared to an expense of USD 18 thousand in the second quarter 2017.

Loss before tax from continuing activities was USD 0.5 million in the third quarter 2017 which was lower by USD 27.5 million compared to the previous quarter loss of USD 28.0 million.

Net loss for the period from discontinued operations in Brazil was USD 29 thousand for the current quarter, a decrease in loss of USD 86 thousand from the previous quarter.

The total net loss was USD 0.6 million, compared to a net loss of USD 28.1 million in the previous quarter.

Minor movement in other comprehensive income was a result of currency translation adjustments for reporting purposes in the third quarter.

Year to date 2017 versus year to date 2016

Panoro Energy reported an EBITDA of negative USD 3.8 million for the nine months to September 30, 2017, compared to negative USD 3.2 million in the same period in 2016.

EBITDA includes the oil and gas revenue from the three liftings from the Aje field during 2017 and the associated operating costs and the gain on the sale of a 25% stake in Dussafu.

Oil and gas revenue in the nine months to September 30, 2017 was USD 4.4 million and is based on the Company's entitlement barrels; the revenue was generated by the sale of the net entitlement volume of 87,389 bbls. Other Income in the same period of USD 0.5 million represents the net gain on disposal of the 25% working interest in Dussafu. Oil & gas revenue in the same period of 2016 was USD 3.5 million and was generated by the sale of the net entitlement volume of 74,089 bbls.

Panoro Energy reported a net loss of USD 31.9 million from continuing operations for the nine months to September 30, 2017, an increase in loss of USD 10.3 million, compared to a loss of USD 21.6 million in the same period in 2016. The increase in loss was a direct result of the inclusion of the Aje impairment charge in 2017.

Operator G&A and related overheads decreased to USD 0.3 million in the nine months to September 30, 2017, down from USD 0.5 million in same period in 2016.

General and Administration costs from continuing operations of USD 2.8 million for the nine months to September 30, 2017, down from USD 2.9 million for the same period in 2016. In 2017, USD 1.0 million of costs directly related to the Aje dispute have been reported separately as non-recurring dispute costs; there were no such costs in the same period in 2016. This amount is net of an award of USD 0.4 million reimbursement of costs pursuant to Court orders.

Depreciation for the nine months to September 30, 2017 was USD 2.0 million increasing from USD 1.4 million in the same period in 2016 as a direct result of the depreciation of the Aje Cenomanian oil field.

EBIT from continuing operations was thus a negative USD 31.9 million for the nine months to September 30, 2017, compared to a negative USD 21.6 million in the same period of 2016.

Net financial items amounted to an expense of USD 74 thousand in the current period compared to an expense of USD 11 thousand in the same period in 2016. This is due to accretion of notional interest on the Aje Asset Decommissioning Liability during 2017.

Loss before tax from continuing activities was USD 31.9 million for the nine months to September 30, 2017 compared to the loss of USD 21.6 million for the same period in 2016. The increase in loss in 2017 is predominantly due to the inclusion of impairment provision for Aje in 2017.

Net loss for the period from discontinued operations in Brazil was USD 217 thousand for the nine months to September 30, 2017, compared to a net loss of USD 319 thousand for the same period in 2016.

The total net loss for the nine months to September 30, 2017 was USD 32.1 million, compared to a net loss of USD 21.9 million for the same period in 2016.

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

Statement of financial position review

Movements to September 30, 2017 from June 30, 2017

Movements in the Group statement of financial position during the third quarter of 2017 were a combination of the following:

Non-current assets

Non-current assets amounted to USD 20.6 million at September 30, 2017, an increase of USD 0.2 million from June 30, 2017.

The overall movement in total non-current assets relates to capital additions for both assets, most significantly for Dussafu where additions were USD 0.5 million in the quarter; this was partially offset by the depreciation charge on Aje field for the period. Property, furniture, fixtures and equipment remained largely unchanged.

Other non-current assets remained unchanged at USD 0.1 million for both quarters and mainly relates to the tenancy deposit for office premises.

Current assets

Current assets amounted to USD 10.8 million as of September 30, 2017, compared to USD 12.7 million at June 30, 2017.

Trade and other receivables stood at USD 1.5 million, an increase from USD 1.2 million at the end of June 2017. The balance is predominantly related to the receivable balance of USD 1.0 million for the sale of 25% of the Dussafu asset, which will be paid by year-end 2017 and Panoro's portion of unspent cash held in the Dussafu JV. USD 0.9 million has been accumulated and held on the balance sheet as the cash cost of Aje crude oil inventory; this is a decrease from USD 1.3 million as at June 30, 2017 due to lower volumes.

Cash and cash equivalents stood at USD 6.8 million at September 30, 2017, not including USD 1.5 million cash which is held as collateral against dispute costs by the UK Court Funds Office. This represents a decrease in cash balances from USD 8.7 million at June 30, 2017. No cash calls were paid during the quarter, however collectable funds associated with the fourth Aje lifting have been utilised to fund certain unpaid Aje cash calls. The remaining cash movement included the repurchase of 1,000,000 shares in Panoro for USD 0.5 million, the recurring overhead costs for the quarter and costs related directly to the Aje dispute. Cash collateral of USD 1.5 million supporting our legal case at Aje remains as restricted cash in the current quarter.

Equity

Equity amounted to USD 21.7 million as of September 30, 2017, compared to USD 22.8 million at the end of June 2017. The change reflects the loss for the period and the effect of the repurchase of 1,000,000 Panoro shares in August 2017.

Non-current liabilities

Total non-current liabilities of USD 3.4 million for the third quarter, compared to USD 2.3 million for the previous quarter, reflecting the decommissioning provision for the Aje field.

There is also the increase to the non-recourse loan from BW Energy in relation to the funding of the Dussafu development. As of September 30, 2017, Panoro's drawdown on the non-recourse loan was USD 1.3 million. The non-recourse loan is repayable through Panoro's allocation of the cost oil in accordance with the Dussafu PSC, after paying for the proportionate field operating expenses. The repayment will start at First Oil on Dussafu. During the repayment phase, Panoro will still be entitled to its share of profit oil, as defined in the PSC, from the Dussafu operations.

Current liabilities

Current liabilities amounted to USD 6.3 million at September 30, 2017, compared to USD 8.0 million at the end of June 2017.

Accounts payable, accruals and other liabilities amounted to USD 6.2 million, a decrease from USD 7.9 million at the end of June 2017. The decrease largely represents lower Aje operational accruals as at September 30, 2017 which are offset by funds from the quarter's Aje lifting. The tax liability of USD 0.1 million remain unchanged and relates to historical tax liability in Brazil.

As per the terms agreed recently between OML 113 Joint Venture partners, certain transitional arrangements have been introduced whereby undisputed cash calls will not be immediately payable. Such unpaid cash calls are included in the accounts payable balance as of the end of the quarter. During the transition period, any excess funds from Panoro's entitlement of crude liftings after paying for its share of operating expenditure shall be used to repay unpaid cash calls. In addition to this, commercial arrangements agreed as part of the interim settlement measures are expected to have the effect of increasing Panoro's existing revenue interest for approximately one year.

Movements to September 30, 2017 from December 31, 2016

Movements in the Group statement of financial position during the nine months to September 30, 2017 were a combination of the following:

Non-current assets

Non-current assets amounted to USD 20.6 million at September 30, 2017, a decrease of USD 30.9 million from December 31, 2016.

The overall decline in total non-current assets was a result of the sale of 25% stake in Dussafu during the period and the impairment provision on Aje, offset by capital expenditure on both the assets. Property, furniture, fixtures and equipment remained largely unchanged at USD 0.1 million.

Other non-current assets remained unchanged at USD 0.1 million for both periods and relates mainly to the tenancy deposit for office premises.

Current assets

Current assets amounted to USD 10.8 million as of September 30, 2017, compared to USD 7.2 million at December 31, 2016.

Trade and other receivables stood at USD 1.5 million, a decrease from USD 1.7 million at the end of December 2016. The movement is due predominantly to the realisation of sale proceeds due for Aje's liftings during the period, offset by Panoro's portion of unspent cash held in Dussafu JV. In addition, there is also the receivable balance of USD 1.0 million relating to the sale of 25% of the Dussafu asset, which is due to be received by year-end 2017. USD 0.9 million has been accumulated and held on the balance sheet as the cash cost of Aje crude oil inventory.

Cash and cash equivalents stood at USD 6.8 million at September 30, 2017, not including USD 1.5 million cash which is held as collateral against dispute costs by the UK Court Funds Office. This represents an increase from USD 4.8 million cash and cash equivalents at December 31, 2016. The increase is mainly attributed to the collection of the sale proceeds relating to the disposal of 25% stake in Dussafu during the period and proceeds from the Aje liftings during the period. This has been offset by the payment of Aje cash calls of USD 4.0 million and the repurchase of 1,000,000 Panoro shares for USD 0.5 million. USD 1.5 million of Aje dispute cash collateral remains as restricted cash during the period, increasing from USD 0.5 million as at December 31, 2016.

Equity

Equity amounted to USD 21.7 million as of September 30, 2017, compared to USD 54.3 million at the end of December 2016. The change reflects the loss for the period and the effect of the repurchase of 1,000,000 Panoro shares in August 2017.

Non-current liabilities

Total non-current liabilities of USD 3.4 million for the nine months to September 30, 2017, compared to USD 2.0 million for the same period in 2016 reflects the decommissioning provision for the Aje field.

There is also the inclusion of the non-recourse loan from BW Energy in relation to the funding of the Dussafu development. As of September 30, 2017, Panoro's drawdown on the non-recourse loan was USD 1.3 million. The non-recourse loan is repayable through Panoro's allocation of the cost oil in accordance with the Dussafu PSC, after paying for the proportionate field operating expenses. The repayment will start at First Oil on Dussafu. During the repayment phase, Panoro will still be entitled to its share of profit oil, as defined in the PSC, from the Dussafu operations.

Current liabilities

Current liabilities amounted to USD 6.3 million at September 30, 2017, compared to USD 2.4 million at the end of December 2016.

Accounts payable, accruals and other liabilities amounted to USD 6.2 million, an increase from USD 2.3 million at the end of December 2016. The increase represents Aje operational accruals and higher corporate trade payables as at September 30, 2017. The tax liability of USD 0.1 million is in relation to historical tax liability in Brazil.

As per the terms agreed recently between OML 113 Joint Venture partners, certain transitional arrangements have been introduced whereby undisputed cash calls will not be immediately payable. Such unpaid cash calls are included in the accounts payable balance as of the end of the quarter. During the transition period, any excess funds from Panoro's entitlement of crude liftings after paying for its share of operating expenditure shall be used to repay unpaid cash calls. In addition to this, commercial arrangements agreed as part of the interim settlement measures are expected to have the effect of increasing Panoro's existing revenue interest for approximately one year.

Outlook

- Progression on Dussafu oil development
- Competent Person's Report on Dussafu
- Settlement of dispute at Aje, forward planning on next phases
- Actively reviewing growth opportunities

The Board of Directors
Panoro Energy ASA
November 15, 2017

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 SEPTEMBER 30, 2017

Q3 2016	Q2 2017	Q3 2017	<i>Amounts in USD 000</i>	Note	YTD 2017	YTD 2016
<i>(Unaudited)</i>					<i>(Unaudited)</i>	
<u>Continuing Operations</u>						
3,487	-	3,117	Oil and gas revenue		4,444	3,487
-	497	-	Other Income		497	-
3,487	497	3,117	Total revenues		4,941	3,487
(1,092)	-	-	Pre-commencement operating costs		-	(1,092)
(2,257)	(159)	(1,933)	Operating costs		(4,634)	(2,257)
(21)	(228)	(16)	Operator G&A and related overheads		(325)	(460)
-	(415)	(330)	Non-recurring dispute costs		(950)	-
(897)	(886)	(897)	General and administrative costs		(2,826)	(2,869)
(780)	(1,191)	(59)	EBITDA		(3,794)	(3,191)
(1,346)	(830)	(404)	Depreciation, depletion and amortisation		(2,010)	(1,403)
-	(25,970)	-	Impairment of Assets		(25,970)	(16,960)
(20)	(17)	(60)	Share based payments		(97)	(26)
(2,146)	(28,008)	(523)	EBIT - Operating income/(loss)		(31,871)	(21,580)
32	7	12	Interest costs net of income		18	46
(46)	(31)	(34)	Other financial costs net of income		(103)	(54)
7	6	(2)	Net foreign exchange gain/(loss)		11	(3)
(2,153)	(28,026)	(547)	Income/(loss) before tax		(31,945)	(21,591)
-	-	-	Income tax benefit/(expense)		18	-
(2,153)	(28,026)	(547)	Net income/(loss) for the period from continuing operations		(31,927)	(21,591)
<u>Discontinued operations</u>						
(293)	(86)	(29)	Net income / (loss) for the period from discontinued operations	4	(217)	(319)
(2,446)	(28,112)	(576)	Net income / (loss) for the period		(32,144)	(21,910)
(4)	-	(1)	Exchange differences arising from translation of foreign operations		(3)	(11)
(4)	-	(1)	Other comprehensive income/(loss) for the period (net of tax)		(3)	(11)
(2,450)	(28,112)	(577)	Total comprehensive income/(loss) for the period (net of tax)		(32,147)	(21,921)
<u>Net income / (loss) for the period attributable to:</u>						
(2,446)	(28,112)	(576)	Equity holders of the parent		(32,144)	(21,910)
Total comprehensive income / (loss) for the period attributable to:						
(2,450)	(28,112)	(577)	Equity holders of the parent		(32,147)	(21,921)
<u>Earnings per share</u>						
(0.06)	(0.66)	(0.01)	(USD) – Basic and diluted for income/(loss) for the period attributable to equity holders of the parent - Total	5	(0.76)	(0.58)
(0.06)	(0.66)	(0.01)	(USD) – Basic and diluted for income/(loss) for the period attributable to equity holders of the parent - Continuing operations		(0.75)	(0.57)

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2017**

<i>Amounts in USD 000</i>		September 30, 2017	June 30, 2017	December 31, 2016
		<i>(Unaudited)</i>		<i>(Audited)</i>
Non-current assets				
Licenses and exploration assets	6	3,750	3,750	25,971
Development assets	6	4,850	4,308	-
Production assets and equipment	6	11,735	12,046	25,285
Property, furniture, fixtures and office equipment		120	134	169
Other non-current assets		148	126	122
Total Non-current assets		20,603	20,364	51,547
Current assets				
Crude Oil Inventory		939	1,328	163
Trade and other receivables		1,512	1,158	1,724
Cash and cash equivalents		6,833	8,680	4,768
Restricted Cash and Collateral		1,500	1,500	520
Total current assets		10,784	12,666	7,175
Total Assets		31,387	33,030	58,722
Equity				
Share capital	7	299	305	305
Treasury Shares	7a	(503)	-	-
Other equity		21,930	22,446	54,023
Total Equity attributable to equity holders of the parent		21,726	22,751	54,328
Non-current liabilities				
Decommissioning liability		2,009	1,981	1,925
Long-term liabilities	8	1,297	220	-
Other long-term liabilities		53	61	88
Total Non-current liabilities		3,359	2,262	2,013
Current liabilities				
Accounts payable, accruals and other liabilities		6,212	7,920	2,287
Corporation tax liability		90	97	94
Total current liabilities		6,302	8,017	2,381
Total Liabilities		9,661	10,279	4,394
Total Equity and Liabilities		31,387	33,030	58,722

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

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE PERIOD ENDED SEPTEMBER 30, 2017

Q3 2016 <i>(Unaudited)</i>	Q2 2017	Q3 2017		YTD 2017 <i>(Unaudited)</i>	YTD 2016
			<i>Amounts in USD 000</i>		
Cash flows from operating activities					
(2,153)	(28,026)	(547)	Net (loss)/ income from continuing operations	(31,945)	(21,591)
(182)	(86)	(10)	Net (loss)/ income from discontinued operations	(161)	(208)
(2,335)	(28,112)	(557)	Net (loss)/ income for the period before tax	(32,106)	(21,799)
Adjusted for:					
1,346	830	404	Depreciation	2,010	1,403
139	25,970	-	Impairment and asset write-off	25,970	17,108
21	228	16	Exploration related costs and operator G&A	325	460
14	24	22	Net finance costs	85	8
20	16	60	Share-based payments	97	26
(7)	(6)	2	Foreign exchange gains/losses	(11)	3
593	1,916	(1,691)	Increase/(decrease) in trade and other payables	3,831	449
(3,219)	593	36	(Increase)/decrease in trade and other receivables	177	(3,183)
(522)	(1,161)	387	(Increase)/decrease in crude oil inventory	(776)	(522)
(27)	(23)	(21)	Taxes paid	(40)	(27)
(3,977)	275	(1,342)	Net cash flows from operating activities	(438)	(6,074)
Cash flows from investing activities					
-	11,737	-	Proceeds from disposal of Assets	11,737	-
861	(3,987)	-	Investment in exploration, production and other assets	(7,685)	(10,931)
-	-	-	Movement in related non-current assets	-	813
861	7,750	-	Net cash flows from investing activities	4,052	(10,118)
Cash flows from financing activities					
-	-	(509)	Own shares buyback	(509)	-
-	-	-	Net proceeds from Equity Private Placement	-	8,774
27	(55)	-	Net financial income (net of charges paid)	(63)	33
-	-	-	Movement in restricted cash balance	(980)	-
27	(55)	(509)	Net cash flows from financing activities	(1,552)	8,807
(3)	-	4	Effect of foreign currency translation adjustment on cash balances	3	(15)
(3,092)	7,970	(1,847)	Change in cash and cash equivalents during the period	2,065	(7,400)
6,640	710	8,680	Cash and cash equivalents at the beginning of the period	4,768	10,948
3,548	8,680	6,833	Cash and cash equivalents at the end of the period	6,833	3,548

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended September 30, 2017 <i>Amounts in USD 000</i>	Attributable to equity holders of the parent							Total
	Issued capital	Share premium	Treasury Shares	Additional paid-in capital	Retained earnings	Other reserves	Currency translation reserve	
At January 1, 2017 - (Audited)	305	297,503	-	122,101	(322,177)	(37,647)	(5,758)	54,328
Net income/(loss) for the period-Continuing Operations	-	-	-	-	(3,354)	-	-	(3,354)
Net income/(loss) for the period-Discontinued Operations	-	-	-	-	(102)	-	-	(102)
Other comprehensive income/(loss)	-	-	-	-	-	-	-	-
Total comprehensive income/(loss)	-	-	-	-	(3,456)	-	-	(3,456)
Employee share options charge/(benefit)	-	-	-	20	-	-	-	20
At March 31, 2017 - (Unaudited)	305	297,503	-	122,121	(325,633)	(37,647)	(5,758)	50,892
Net income/(loss) for the period-Continuing Operations	-	-	-	-	(28,026)	-	-	(28,026)
Net income/(loss) for the period-Discontinued Operations	-	-	-	-	(86)	-	-	(86)
Other comprehensive income/(loss)	-	-	-	-	-	-	-	-
Total comprehensive income/(loss)	-	-	-	-	(28,112)	-	-	(28,112)
Employee share options charge/(benefit)	-	-	-	17	-	-	-	17
Employee share grant charge/(benefit)	-	-	-	(44)	-	-	-	(44)
At June 30, 2017 - (Unaudited)	305	297,503	-	122,094	(353,745)	(37,647)	(5,758)	22,751
Net income/(loss) for the period-Continuing Operations	-	-	-	-	(547)	-	-	(547)
Net income/(loss) for the period-Discontinued Operations	-	-	-	-	(29)	-	-	(29)
Other comprehensive income/(loss)	-	-	-	-	-	-	-	-
Total comprehensive income/(loss)	-	-	-	-	(576)	-	-	(576)
Purchase of own shares	(6)	-	(503)	-	-	-	-	(509)
Employee share options charge/(benefit)	-	-	-	60	-	-	-	60
At September 30, 2017 - (Unaudited)	299	297,503	(503)	122,154	(354,321)	(37,647)	(5,758)	21,726

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended September 30, 2016 <i>Amounts in USD 000</i>	Attributable to equity holders of the parent							Total
	Issued capital	Share premium	Treasury Shares	Additional paid-in capital	Retained earnings	Other reserves	Currency translation reserve	
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	(18,156)
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
Net income/(loss) for the period-Continuing Operations	-	-	-	-	(1,286)	-	-	(1,286)
Net income/(loss) for the period-Discontinued Operations	-	-	-	-	(20)	-	-	(20)
Other comprehensive income/(loss)	-	-	-	-	-	-	(9)	(9)
Total comprehensive income/(loss)	-	-	-	-	(1,306)	-	(9)	(1,315)
Share Issue for cash	15	1,288	-	-	-	-	-	1,303
Transaction costs on Share Issue	-	(84)	-	-	-	-	-	(84)
Employee share options charge/(benefit)	-	-	-	6	-	-	-	6
At June 30, 2016 - (Unaudited)	305	297,520	-	122,059	(279,005)	(37,647)	(5,754)	97,478
Net income/(loss) for the period-Continuing Operations	-	-	-	-	(2,153)	-	-	(2,153)
Net income/(loss) for the period-Discontinued Operations	-	-	-	-	(293)	-	-	(293)
Other comprehensive income/(loss)	-	-	-	-	-	-	(4)	(4)
Total comprehensive income/(loss)	-	-	-	-	(2,446)	-	-	(2,446)
Share Issue for cash	-	-	-	-	-	-	-	-
Transaction costs on Share Issue	-	(3)	-	-	-	-	-	(3)
Employee share options charge/(benefit)	-	-	-	21	-	-	-	21
At September 30, 2016 - (Unaudited)	305	297,517	-	122,080	(281,450)	(37,647)	(5,754)	95,048

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 September 30, 2017, were authorised for issue by the Board of Directors on November 15, 2017.

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 2016 Annual Report and the Company's recently published Prospectus. A copy of the 2016 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 2016 Annual Report.

The interim financial statements have been prepared on a going concern basis.

The Company had USD 6.8 million in cash and cash equivalents as of September 30, 2017, not including USD 1.5 million cash which is held as collateral against costs in support of our ongoing legal dispute at Aje. In addition, the Company is due to receive USD 1.0 million by the end of the year as per the terms of the sale purchase agreement with BWEG for the sale of Panoro's 25% stake in Dussafu.

Due to the legal dispute between the Company's subsidiary, Pan-Petroleum Aje Limited, and other OML 113 Joint Venture partners, the Group, over the course of the year has had access to limited operational and financial information of the Aje project. As a result, a high degree of estimation and judgements have been made in preparation of financial statements for the current and comparative periods. The judgements and estimates are management's best estimates and may differ from the actual position that was not available at the time of publication of this report. Key areas of judgements and estimates that may have an impact on financial statements are: Inventory and production volumes, revenue, depreciation, depletion and amortisation, capitalisation and accruals of project costs, estimates of operating costs and associated per barrel metrics, and triggers for impairment impacting recoverable amounts of OML 113 investment capitalised the statement of financial position.

In addition, these interim financial statements do not include the disputed cash calls/expenditure in relation to Aje-6 well.

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 8.333% 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.

Q3 2016	Q2 2017	Q3 2017		YTD 2017	YTD 2016
<i>(Unaudited)</i>			OPERATING SEGMENTS - GROUP NET SALES	<i>(Unaudited)</i>	
615	289	403	Net average estimated daily production - Aje (bopd)	314	618
74,089	-	61,178	Oil sales (bbls) - Net to Panoro	87,389	74,089
<i>(Unaudited)</i>			OPERATING SEGMENT - WEST AFRICA	<i>(Unaudited)</i>	
<i>in USD 000</i>					
(61)	(488)	374	EBITDA	(2,213)	(562)
-	25,970	-	Impairment of E&E Assets	25,970	17,147
1,324	812	387	Depreciation and amortisation	1,958	1,324
-	-	-	Segment assets	24,235	98,211
<i>(Unaudited)</i>			CORPORATE	<i>(Unaudited)</i>	
<i>in USD 000</i>					
(719)	(703)	(433)	EBITDA	(1,581)	(2,629)
22	18	17	Depreciation and amortisation	52	79
-	-	-	Segment assets	7,012	3,923
<i>(Unaudited)</i>			DISCONTINUED OPERATIONS	<i>(Unaudited)</i>	
<i>in USD 000</i>					
(293)	(86)	(29)	Income / (Loss) for the period from discontinued operations	(217)	(319)
-	-	-	Segment assets	140	415
<i>(Unaudited)</i>			CONSOLIDATED	<i>(Unaudited)</i>	
<i>in USD 000</i>					
(780)	(1,191)	(59)	EBITDA	(3,794)	(3,191)
(293)	(86)	(29)	Income / (loss) for the period from discontinued operations	(217)	(319)
1,346	830	404	Depreciation and amortisation	2,010	1,403
-	25,970	-	Impairment of E&E Assets	25,970	17,147
-	-	-	Segment assets	31,387	102,549

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. The Company is contesting some historical tax claims in Brazil for disallowance of costs dating back to tax year 2010 – 2011.

DISCONTINUED OPERATIONS

Q3 2016	Q2 2017	Q3 2017		YTD 2017	YTD 2016
<i>USD 000 - (Unaudited)</i>				<i>USD 000 - (Unaudited)</i>	
-	-	-	Oil and gas revenue	-	-
-	-	-	Total revenues and other income	-	-
-	-	-	Production costs	-	-
-	-	-	Redundancies and restructuring costs	-	-
(17)	(19)	(7)	General and administration costs	(41)	(48)
(17)	(19)	(7)	EBITDA	(41)	(48)
-	-	-	Depreciation	-	-
(148)	(49)	(3)	Impairment	(120)	(148)
-	-	-	Share based payments	-	-
-	-	-	Gain/(loss) on sale of subsidiary	-	-
(165)	(68)	(10)	EBIT - Operating income / (loss)	(161)	(196)
-	1	3	Interest costs net of income	4	7
-	(1)	(1)	Other financial costs net of income	(2)	-
(17)	-	(2)	Net foreign exchange gain / (loss)	(2)	(19)
(182)	(68)	(10)	Income / (loss) before tax	(161)	(208)
(111)	(18)	(19)	Income tax benefit / (expense)	(56)	(111)
(293)	(86)	(29)	Net income/(loss) for the period from discontinued operations	(217)	(319)
(0.01)	(0.00)	(0.00)	Earning per share – basic and diluted (USD) for the period from discontinued operations	(0.01)	(0.01)

5. Earnings per share

Q3 2016	Q2 2017	Q3 2017		YTD 2017	YTD 2016
<i>(Unaudited)</i>			<i>Amounts in USD 000, unless otherwise stated</i>	<i>(Unaudited)</i>	
(2,446)	(28,112)	(576)	Net profit / (loss) attributable to equity holders of the parent - Total	(32,144)	(21,910)
(2,153)	(28,026)	(547)	Net profit / (loss) attributable to equity holders of the parent - Continuing operations	(31,927)	(21,591)
42,502	42,502	42,502	Weighted average number of shares outstanding - in thousands	42,502	37,575
(0.06)	(0.66)	(0.01)	Basic and diluted earnings per share (USD) - Total	(0.76)	(0.58)
(0.05)	(0.66)	(0.01)	Basic and diluted earnings per share (USD) - Continuing operations	(0.75)	(0.57)

Diluted earnings per share

The weighted average number of shares and the EPS workings for comparative periods are calculated including the effect of the reverse share split that occurred during 2016.

6. Licence interests, exploration and evaluation, development and production assets

	Licence Interest, Exploration and Evaluation Assets	Production and Development Assets
	<i>USD 000</i>	<i>USD 000</i>
Net book value		
At January 1, 2017 (Audited)	25,971	25,285
Exploration and Evaluation Asset Additions	1,182	-
Production Asset Additions	-	7,881
Disposal of 25% stake in Dussafu	(12,053)	-
Transfer of Dussafu to Development Asset	(4,308)	4,308
Impairment of Aje	(7,042)	(18,928)
Depreciation	-	(1,961)
At September 30, 2017 (Unaudited)	3,750	16,585

Upon commencement of commercial production from the Aje field, offshore Nigeria during 2016, historical costs capitalised since inception have been reviewed and bifurcated between costs attributable to Cenomanian Oil field and other gas discoveries on the OML 113 license. As a result, bifurcated costs have been broadly categorised between Exploration & Evaluation assets and Production Assets.

It is noted that certain cash calls relating to the Aje field, offshore Nigeria that are the subject of the current legal proceedings with Aje joint venture partners have not been recognised in these 3Q 2017 interim financial statements.

Due to the ongoing legal dispute between the Company's subsidiary, Pan-Petroleum Aje Limited, and other OML 113 Joint Venture partners, the Group has access to limited operational and financial information of the Aje project. As a result, a high degree of estimation and judgements have been made in preparation of these financial statements. The judgements and estimates are management's best estimates and may differ from the actual position that was not available at the time of publication of this report. Key areas of judgements and estimates that may have an impact on financial statements are: Inventory and production volumes, revenue, depreciation, depletion and amortisation, capitalisation and accruals of project costs, estimates of operating costs and associated per barrel metrics, and triggers for impairment impacting recoverable amounts of OML 113 investment capitalised the statement of financial position.

7. Share capital

As at September 30, 2017, June 30, 2017 and December 31, 2016, the Company had a registered share capital of NOK 2,125,109.80 divided into 42,502,196 shares with a nominal value of NOK 0.05.

7a. Share buyback

During the quarter and as part of the Company's share buyback program, the Company resolved to buy back shares, in accordance with the resolution approved by its shareholders at the Company's Annual General Meeting on 24 May 2017. Acceptances received exceeded the 1,000,000 shares limit of the company's Offer. Following this transaction, Panoro holds a total of 1,000,000 own shares, representing 2.35% of the total issued share capital. The ongoing share buyback program may continue to be carried out in accordance with applicable laws and regulations, in open market transactions or through additional tenders, at the discretion of management based on, among other things, the Company's ongoing capital requirements and the market price of its common share.

8. Dussafu non-recourse loan

The Company has in place a non-recourse loan from BW Energy in relation to the funding of the Dussafu development. As of September 30, 2017, Panoro's drawdown on the non-recourse loan was USD 1.3 million. The non-recourse loan is repayable through Panoro's allocation of the cost oil in accordance with the Dussafu PSC, after paying for the proportionate field operating expenses. The repayment will start at First Oil on Dussafu. During the repayment phase, Panoro will still be entitled to its share of profit oil from the Dussafu operations.

Other information

Financial calendar

November 16, 2017 Third quarter 2017 results

Glossary and definitions

Bbl	One barrel of oil, equal to 42 US gallons or 159 liters
Bopd	Barrels of oil per day
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
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortisation

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