First Quarter 2012 Financials

May 9, 2012

Panoro Energy

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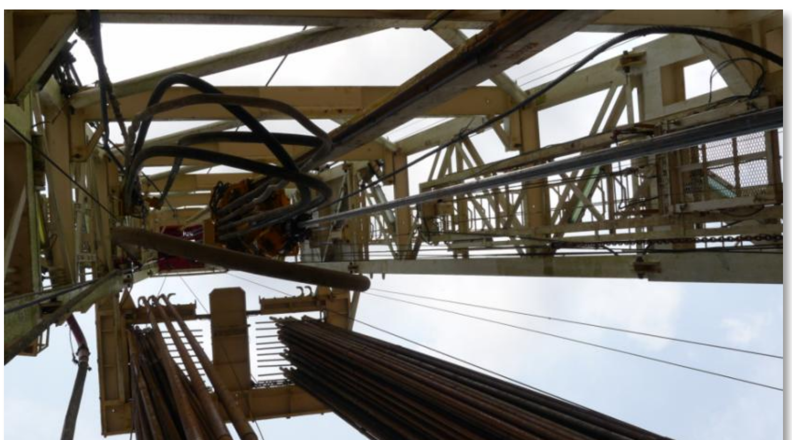
Operational Review

Kjetil Solbrække, CEO

Highlights

First Quarter 2012 and subsequent events



- EBITDA of USD 5.3 million
- Solid production from all 6 wells in the Manati field
- Encouraging results from production test on wells KUN-201, KUN-202 and KUN-203 in MKB

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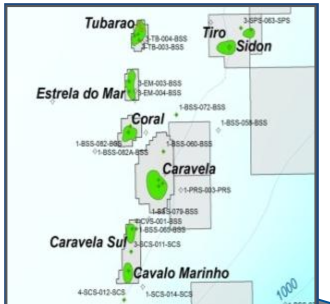
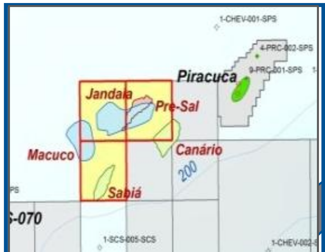
Attractive and balanced asset portfolio

E&P independent with South Atlantic focus

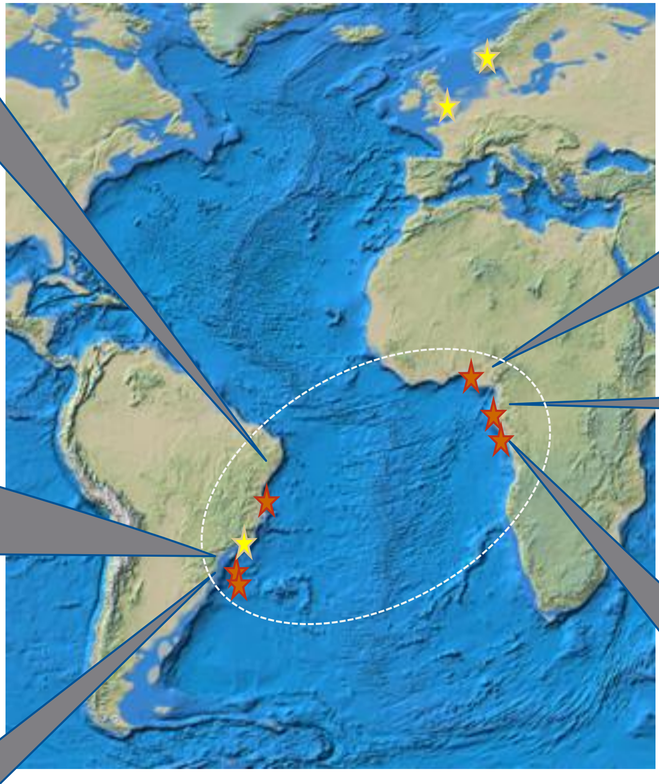
Manati

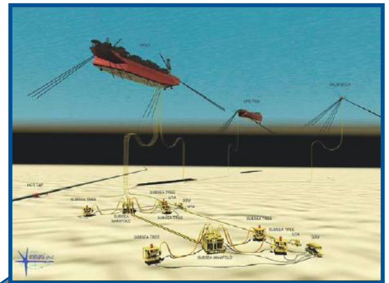


BS-3 (Santos)



Santos Exploration





Aje

Dussafu

Congo MKB

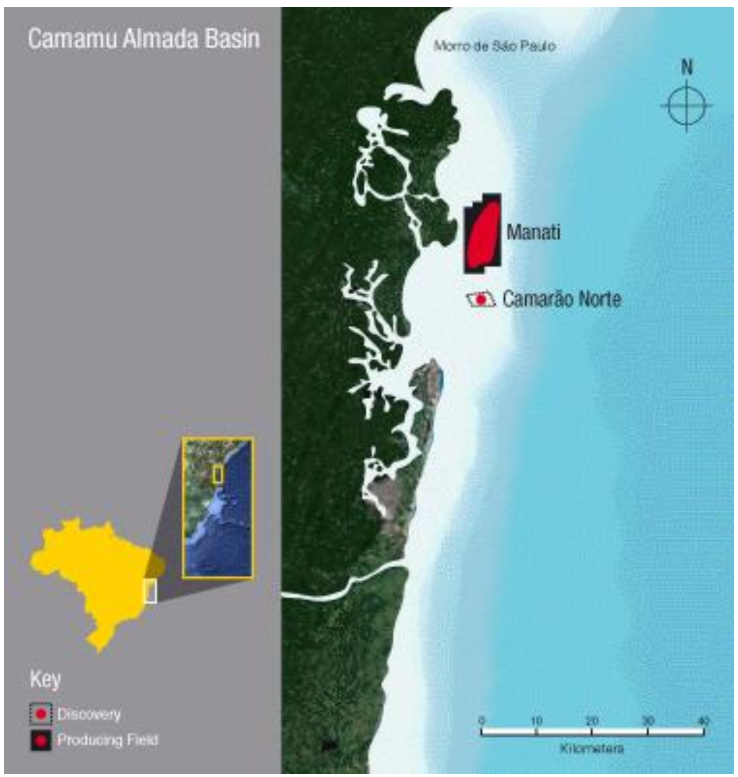
★ *Offices: London, Rio, Oslo*

★ *Panoro license area*

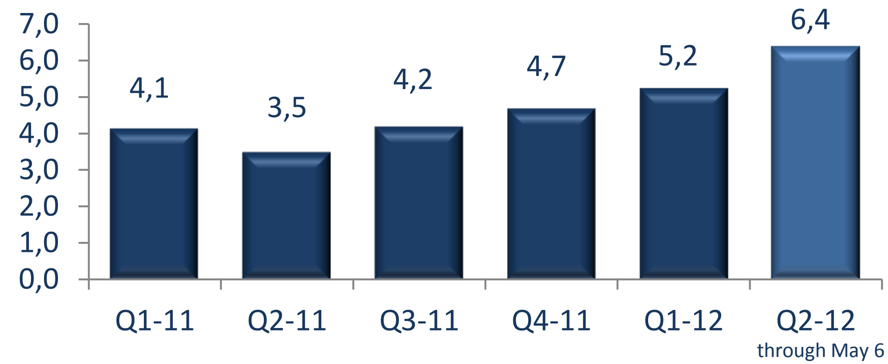
Manati (10%)

Production ramp-up

Manati (Brazil)	BCAM-40
Operator	Petrobras (35%)
Working Interest	10%
Other Partners	Queiroz Galvão (45%), Brasoil (10%)
1st Prod	2007
Current stage	Production



Gross production MMm3/day

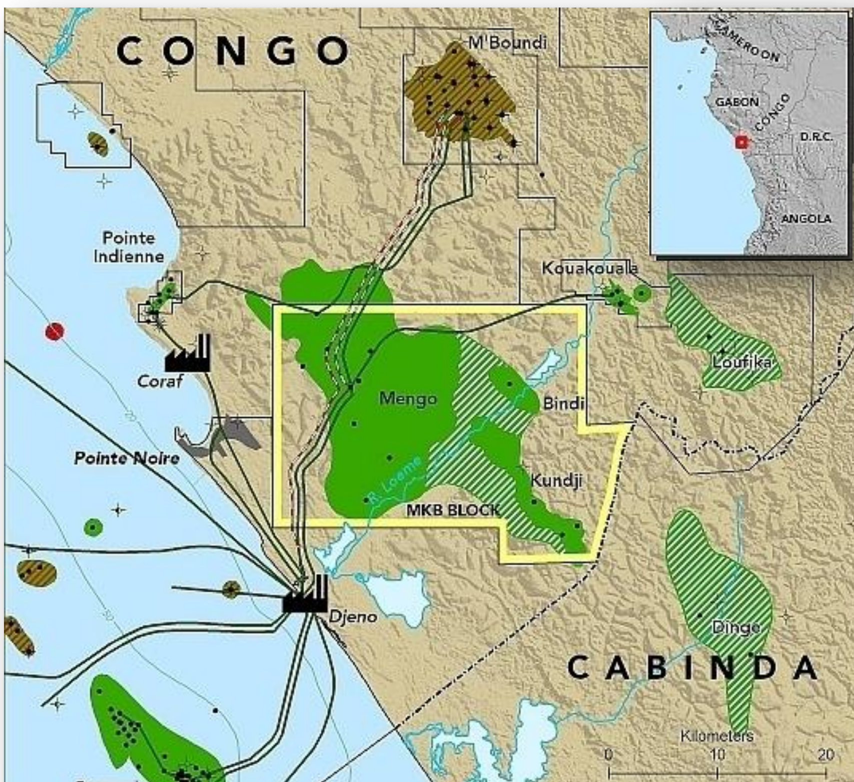


- Field production of 5.2 MMm3/day, resulting in sales of 3,192 BOE/day in Q1-12
- Price of 9.12 USD/MMBtu, compared to 8.58 USD/MMBtu in Q4-11, due to IGPM inflation adjustment and FX
- Strong demand from thermo-electric power plants into Q2-2012
- Planned maintenance stop now scheduled for Q4-2012 (2-3 weeks)

Mengo-Kundji-Bindi (20%)

Resource play with very large oil in place volumes

MKB (Congo)	MKB
Operator	SNPC - Congo National Oil Company (60%)
Working Interest	20%
Other Partners	PetroCI (20%)
1st Prod	2010 test production
Current stage	Pilot project ongoing



A proven producer

- Produced by Elf between 1980 and 1992
- Moderate porosities (average 10-15%) but extremely low permeability (mostly <1mD).
- Significant oil in place (>1 billion bbl) with large STOOIP upside
- Step change in production performance with modern hydraulic fracturing technology

Pilot project in Kundji progressing

- 2 wells drilled in 2009, fracked and on production
- Drilling of 4 wells completed, 2 more wells will be drilled as part of the pilot project
- Full field development of Kundji now being assessed

Mengo-Kundji-Bindi (20%)

Kundji pilot program progressing well

- KUN-201/KUN-202/KUN-203 have now been production tested and will be put on continuous production
- 5/5 wells have produced oil: Step change in success rate
- KUN-204 drilling completed, drilling of KUN-205 well ongoing
- Results so far confirms our belief that field should be viewed as a commercial development
- Ramp-up of operational activities now expected for 2012 and beyond
- Panoro considering strategic options for the full field development phase

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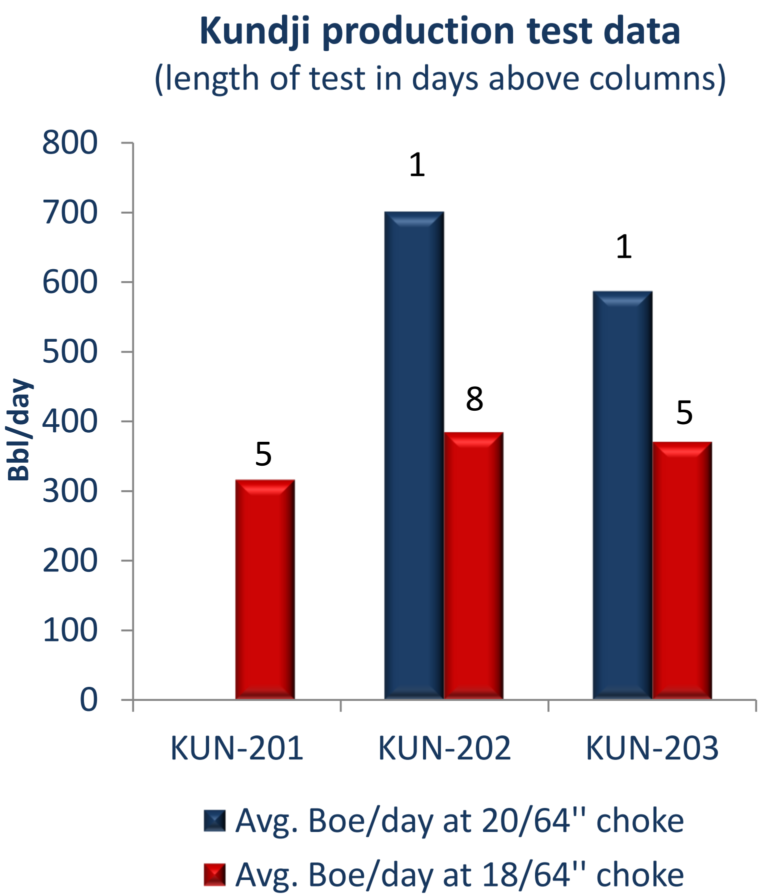
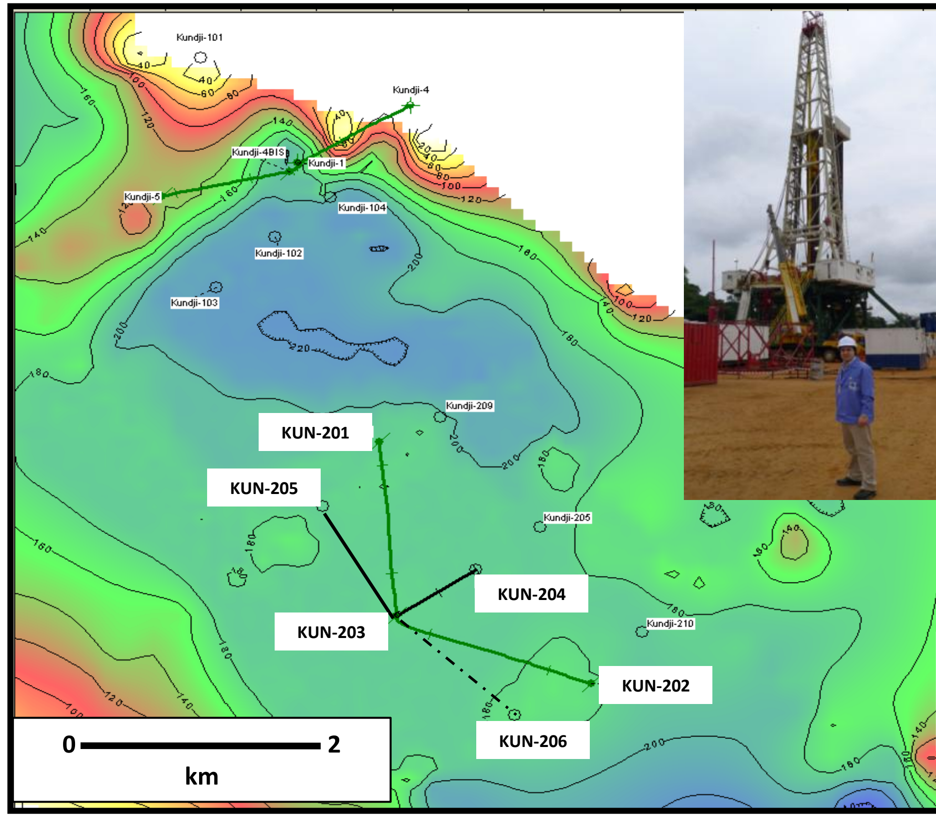
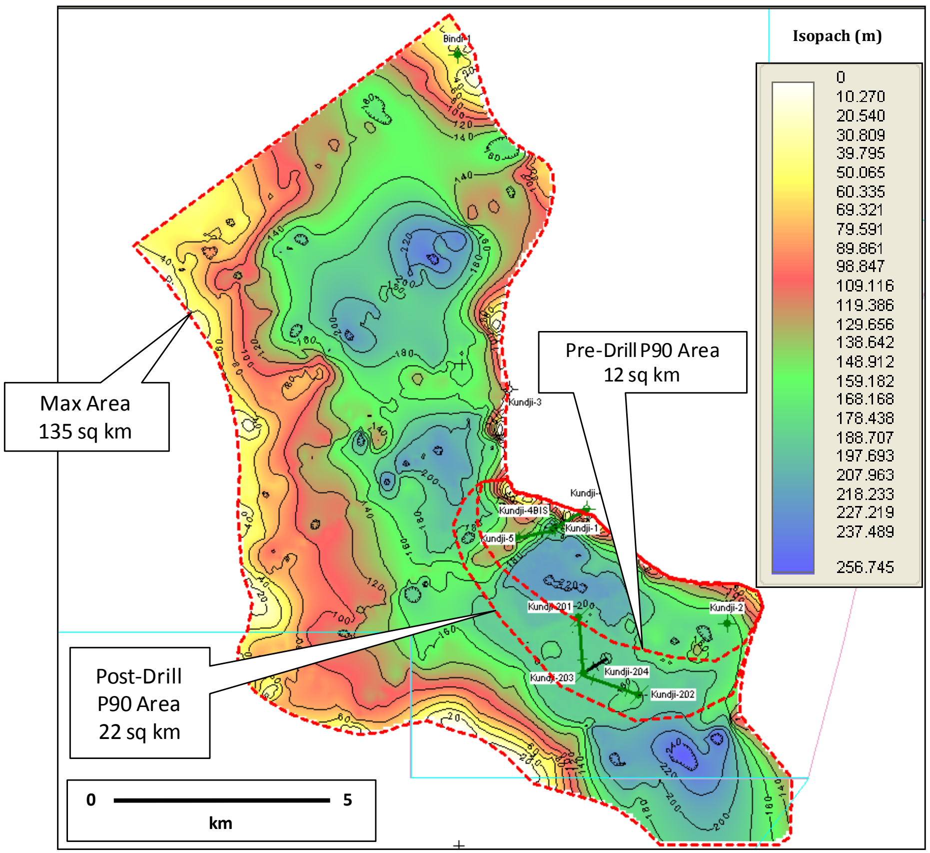
Encouraging test results in MKB





- KUN-201 & KUN-202 fracked only in 1 zone
- KUN-203 fracked in two zones, but produced from one zone only

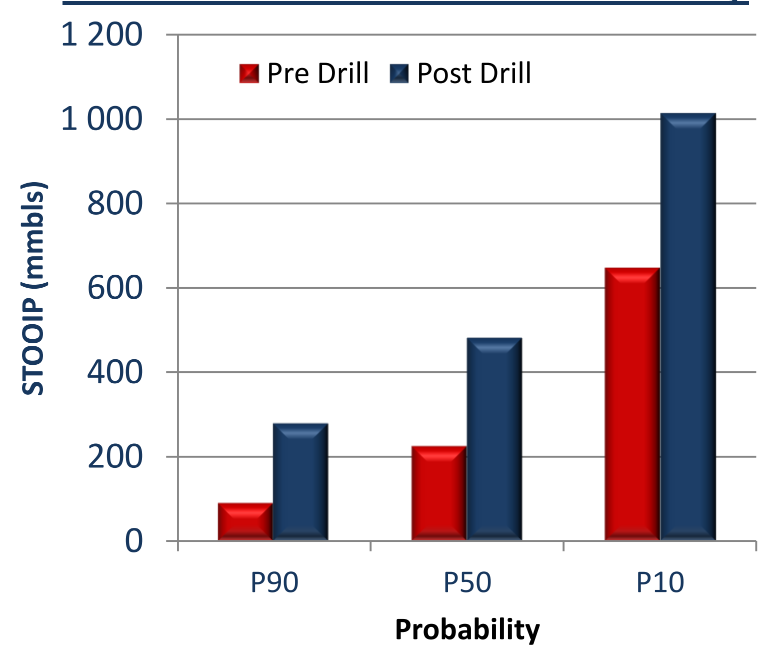
Panoro Post-Drill Volumetric Assessment



- Post drill polygon after KUN-201, 202 and 203
- Max polygon derived from seismic

Well	Gross oil (meters)	Gross water (meters)	Net pay (meters)
KUN-4bis	136	0	64
KUN-5	142	0	39
KUN-201	183	0	57
KUN-202	129	46	52
KUN-203	134	48	27

Panoro Pre and Post Drill Volumetrics Kundji



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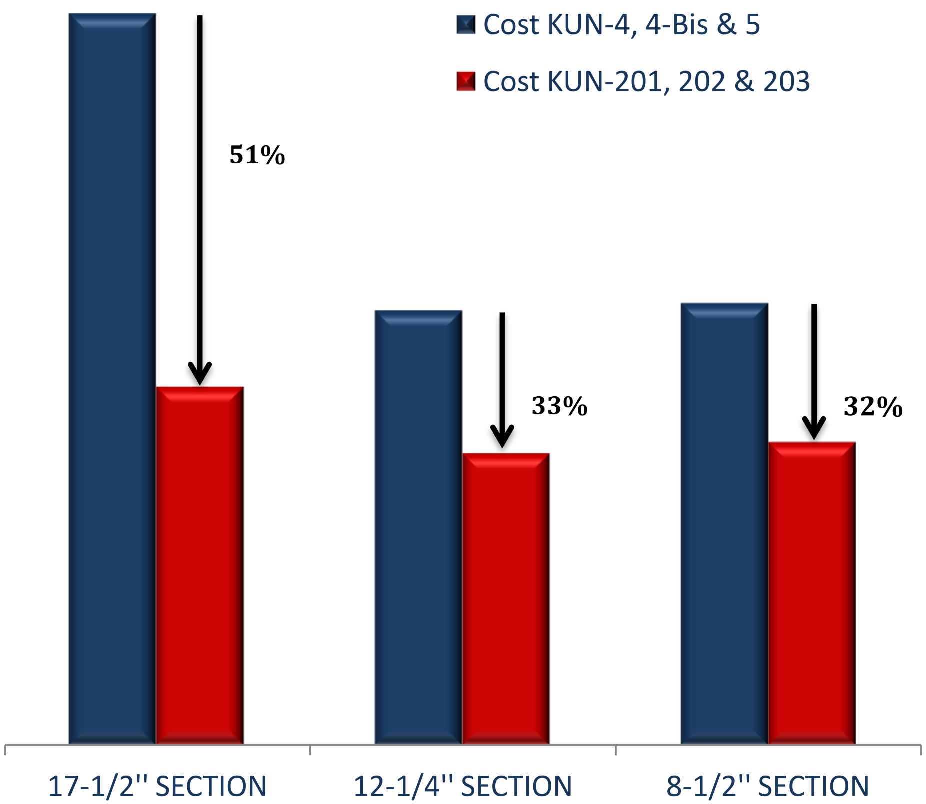
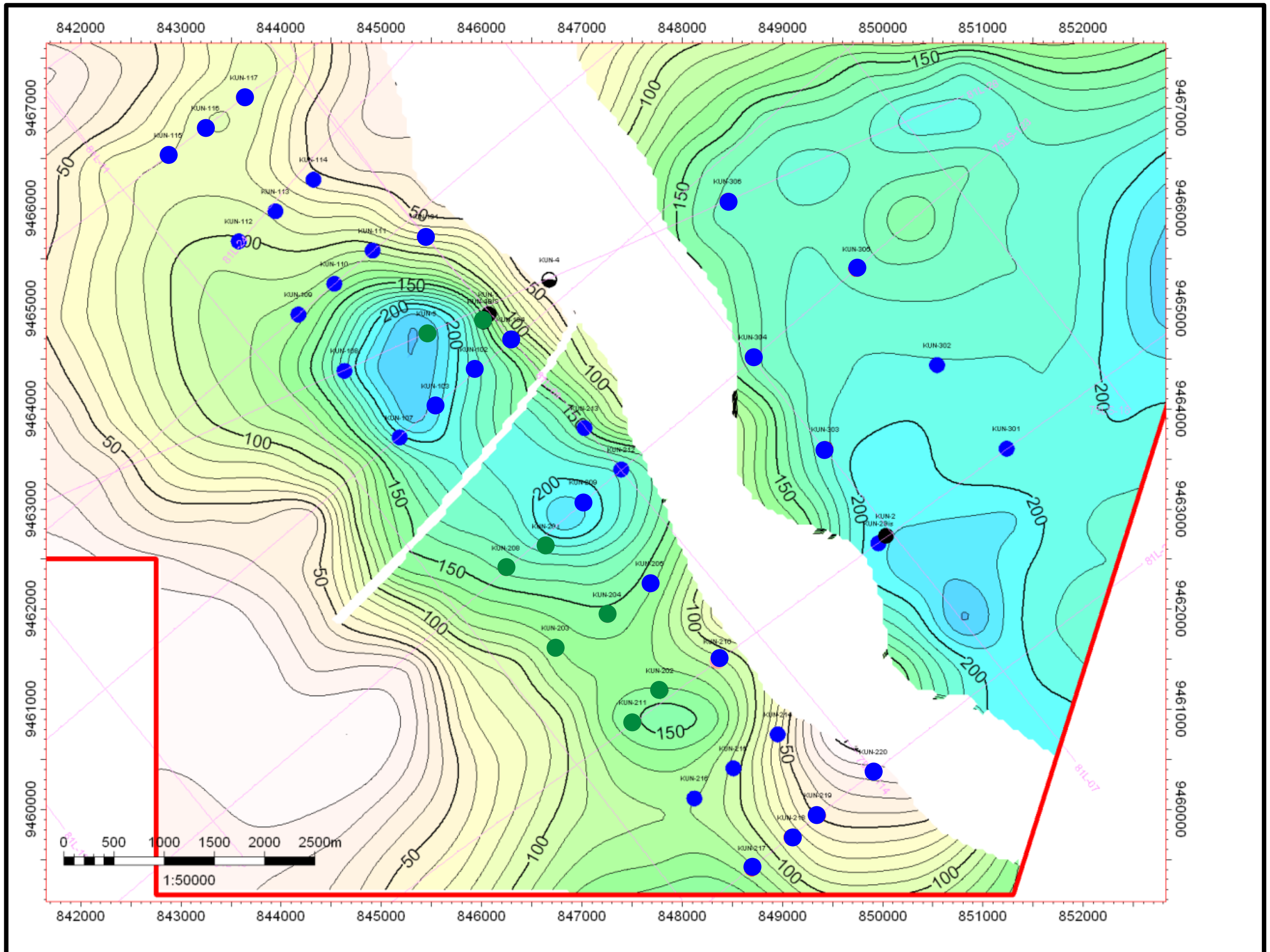
Improvements in drilling performance



- Significantly improved drilling performance
- Better execution after reorganisation of SNPC's operations
  - Brought in experienced senior executives from ENI and Total
  - Operations Manager from ENI
  - Use of international drilling consultants and improved processes
- Significant improvements can still be made

SNPC's proposed Kundji development strategy



Historical wells

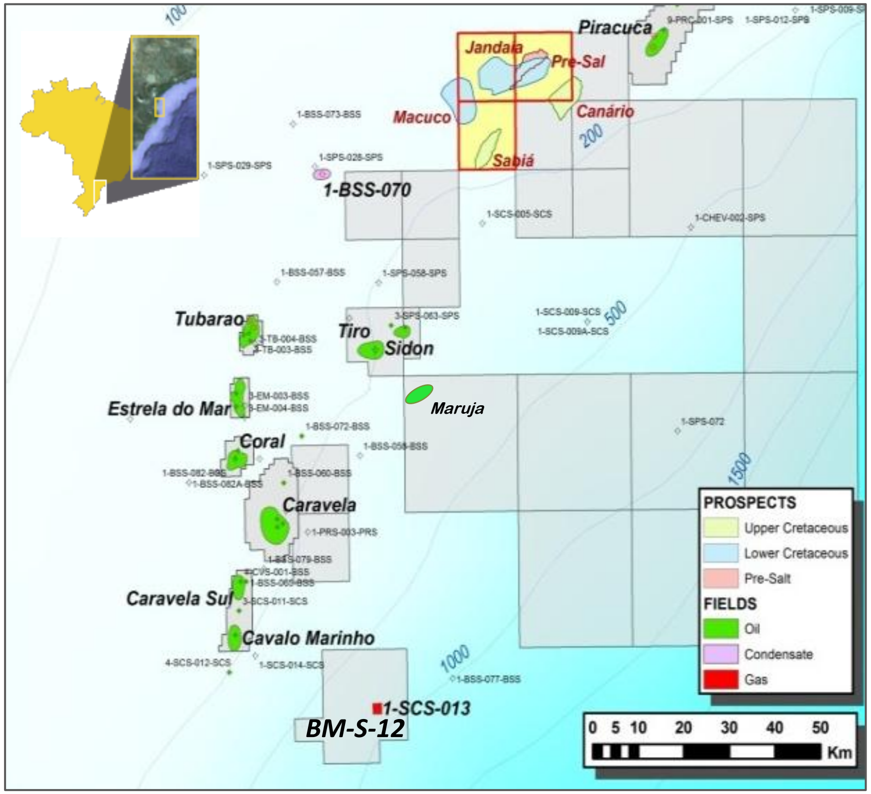
Pilot program

Development wells

BS-3 area

Santos Basin developments - Cavalo Marinho (50%), Estrela do Mar (65%)

BS-3 area (Brazil)	
Operator	Petrobras (35-100%)
Working Interest	35-65%
Other Partners	Queiroz Galvão (0-15%), Brasoil (0-15%)
1st Prod	To be decided
Current stage	Field Development Planning

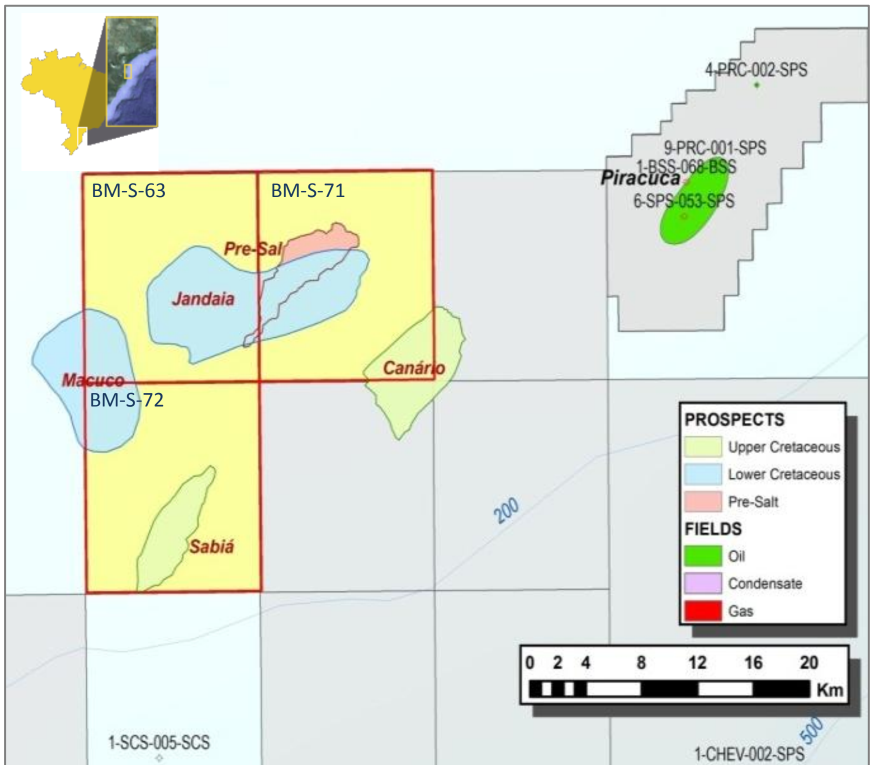


- Confirmed that gas in Tiro/Sidon (now renamed Bauna and Piracaba) fields will be reinjected
- Awaiting operator’s recommendation regarding final concept selection
- Uncertainties persist with regards to the operator’s prioritization of the BS-3 project versus other projects
- Panoro working within the JV to find solutions to move project forward

Round 9 exploration blocks

Drilling to commence in June/July

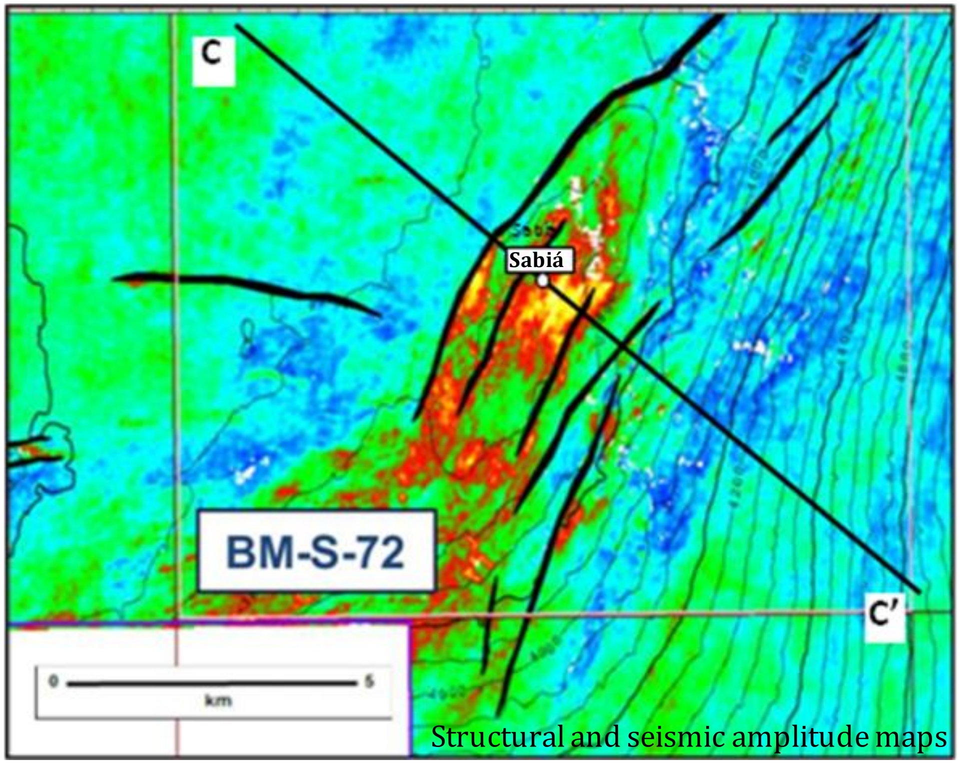
Round 9 (Brazil)	BM-S-63, BM-S-71, BM-S-72
Operator	Vanco (70%)
Working Interest	15%
Other Partners	Brasoil 15%
Net resources (MMboe)	130-165 (unrisked resources)
Current stage	Well planning



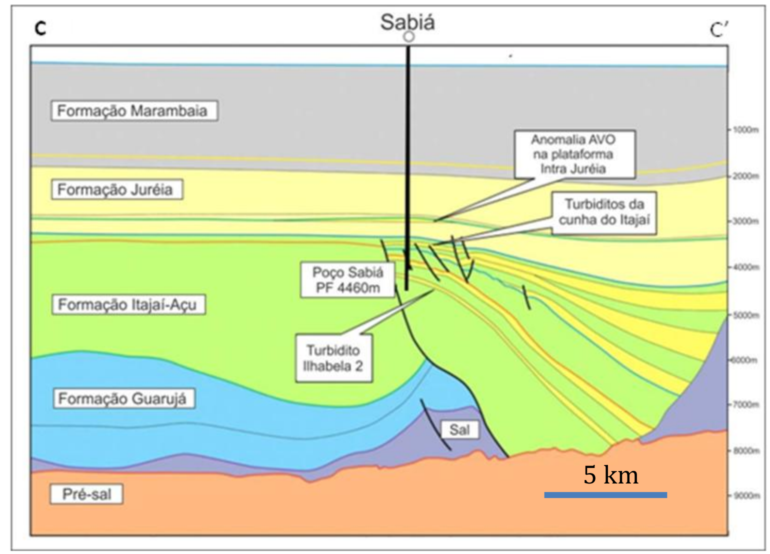
- Drilling to commence in June/July-2012 with Transocean GSF Arctic I
- Rig currently in shipyard in Rio de Janeiro being prepared for drilling
- Carried on 3 drillable prospects to test ~100 MMBOE (net) unrisked resources:
  - Sabiá – sandstone, main risk is linked to oil migration
  - Canário – sandstone, main risk is linked to reservoir quality
  - Jandáia – carbonate, main risk is linked to reservoir quality

Sabía prospect

Block BM-S-72



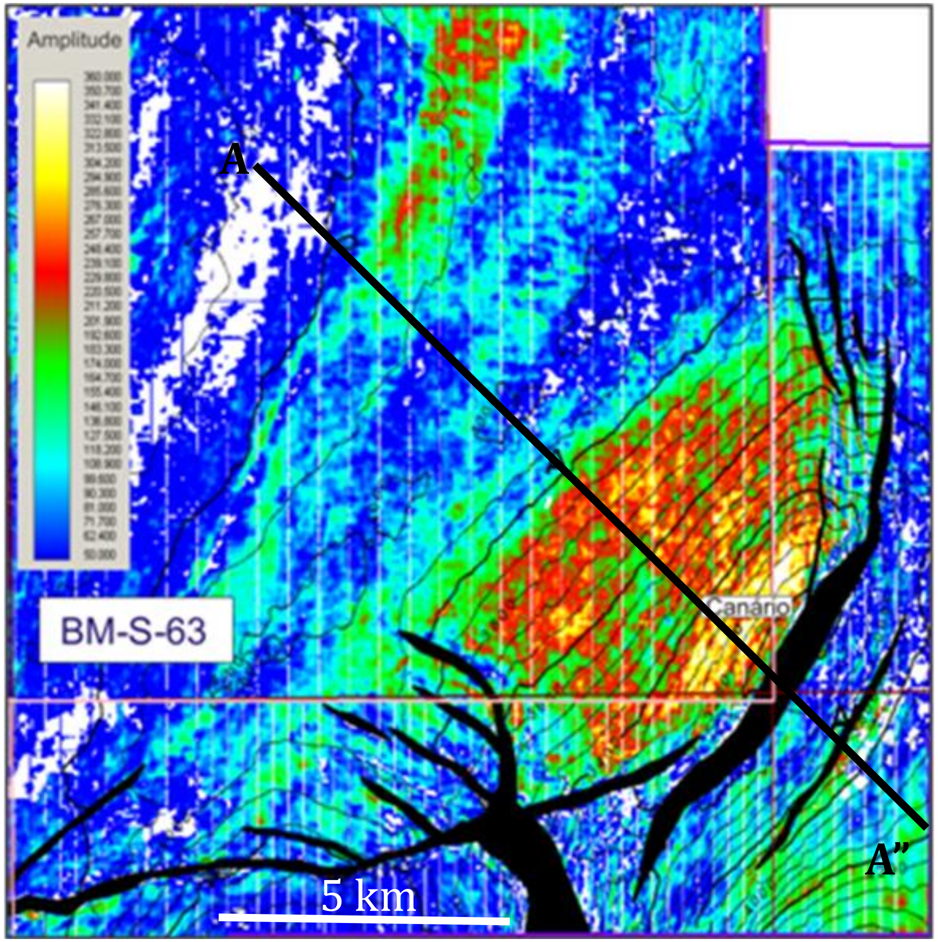
Structural and seismic amplitude maps

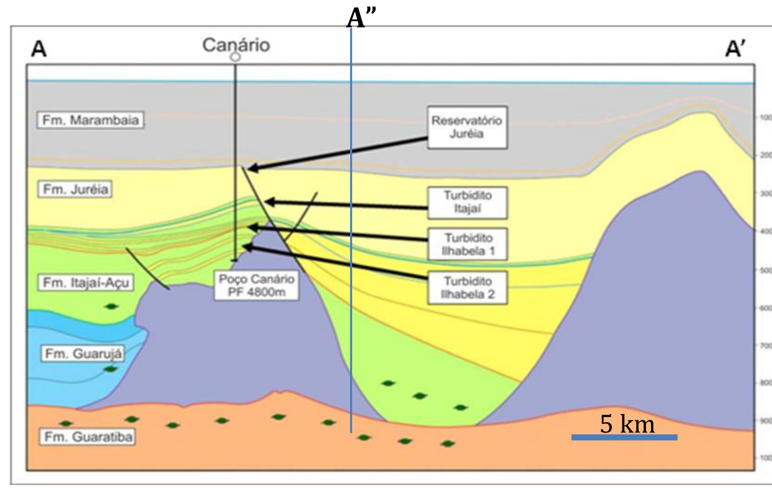


Reservoir: Santonian siliciclastic sandstones
Expected Hydrocarbons: Light oil
Unrisked recoverable volume : 142 MMBOE
Chance of Commercial Success: 15%

Canário prospect

Block BM-S-63



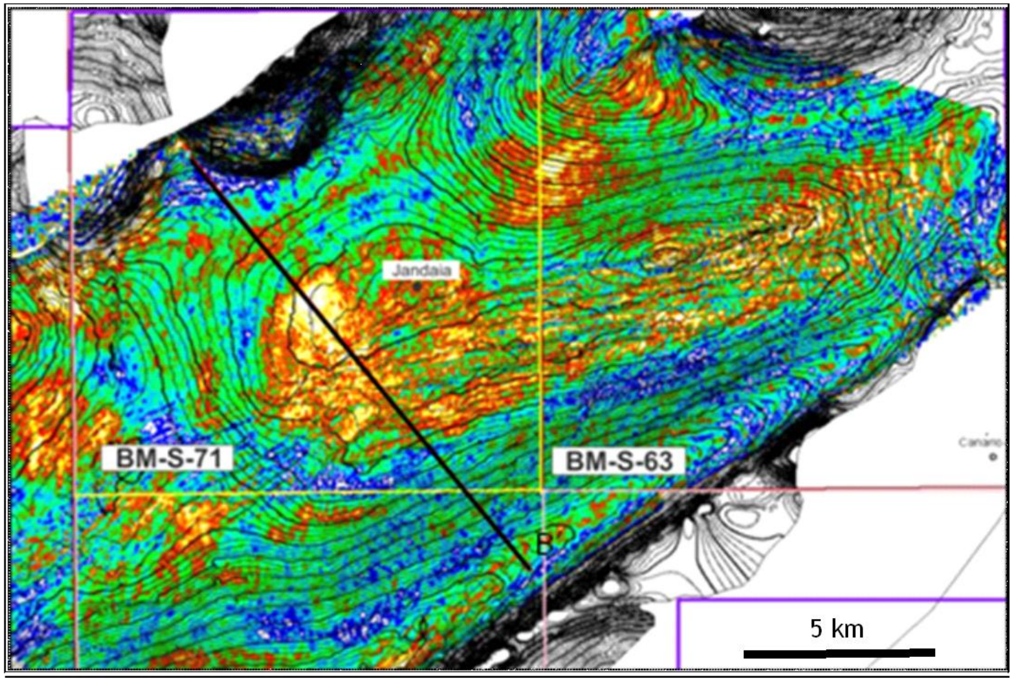


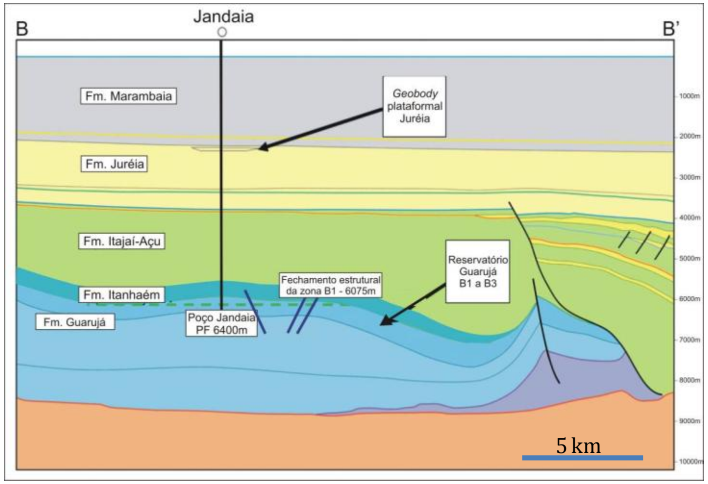
Structural and seismic amplitude maps for Turbidito Itajaí

Reservoir: Santonian siliciclastic sandstones
Expected Hydrocarbons: Light oil, high GOR
Unrisked recoverable volume : 231 MMBOE
Chance of Commercial Success: 20%

Jandáia prospect

Block BM-S-71





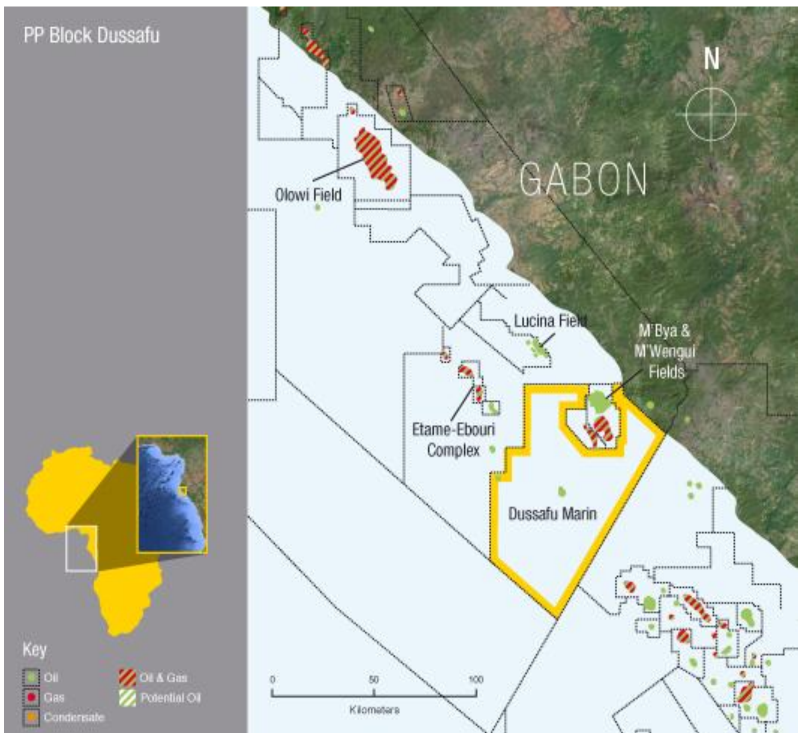
Structural of top Guarujá and seismic amplitude map for B1 zone

Reservoir: Albian carbonate oolite sandstones
Expected Hydrocarbons: Light oil, high GOR
Unrisked recoverable volume : 302 MMBOE
Chance of Commercial Success: 24%

Exploration asset – Dussafu (33.33%)

Large exploration license with multiple prospects

Dussafu (Gabon)	Exploration portfolio
Operator	Harvest Natural Resources (66.67%)
Working Interest	33.33%
Other Partners	No others
Net resources (MMboe)	Under evaluation
Current stage	Exploration



- Ruche-Marine-1 development concept is marginal on its own
- Studies continue to assess potential of a cluster development of Ruche-Marine-1 discovery with existing discoveries
- Processing of the new infill 3D seismic data acquired in Q4 2011 is underway
- Tortue prospect to be drilled within the next 12 months

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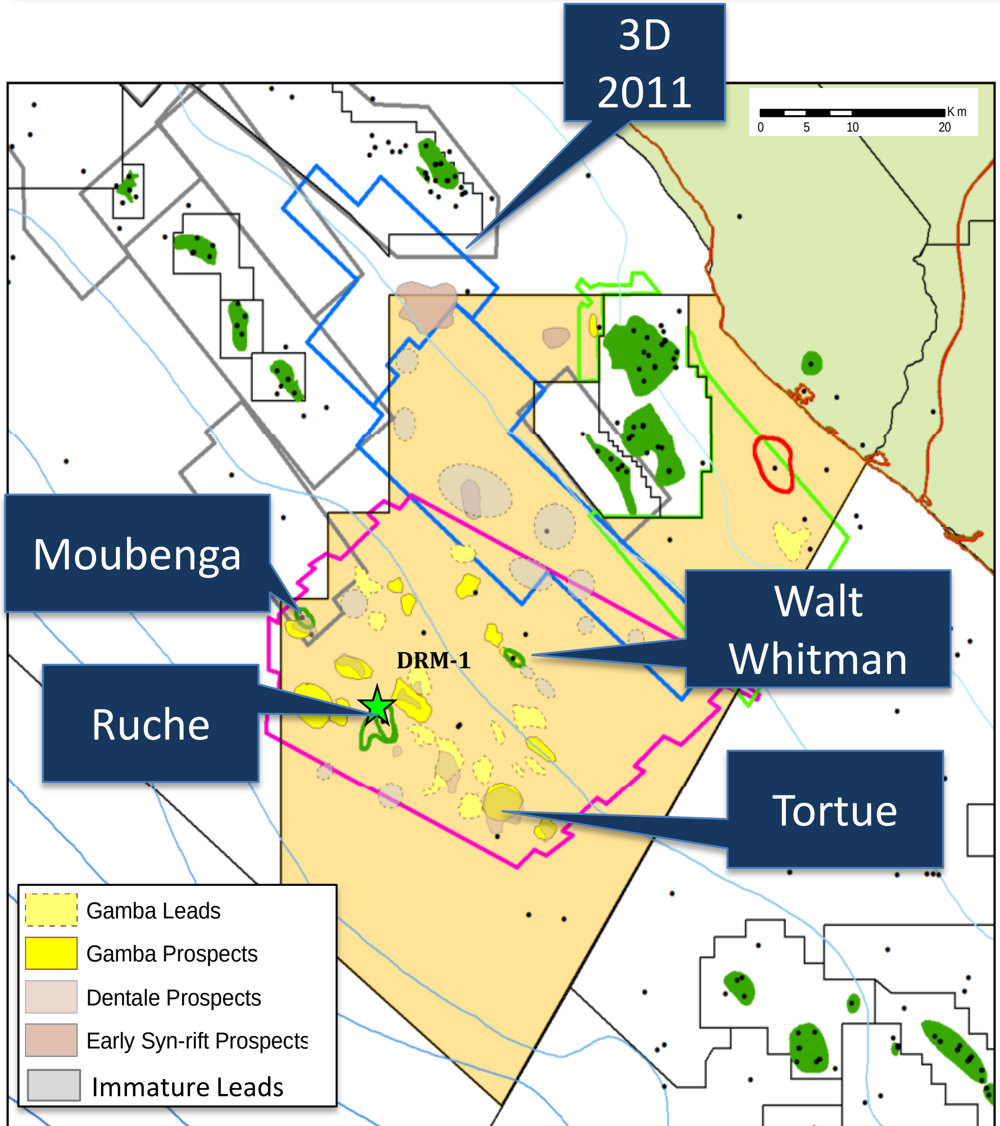
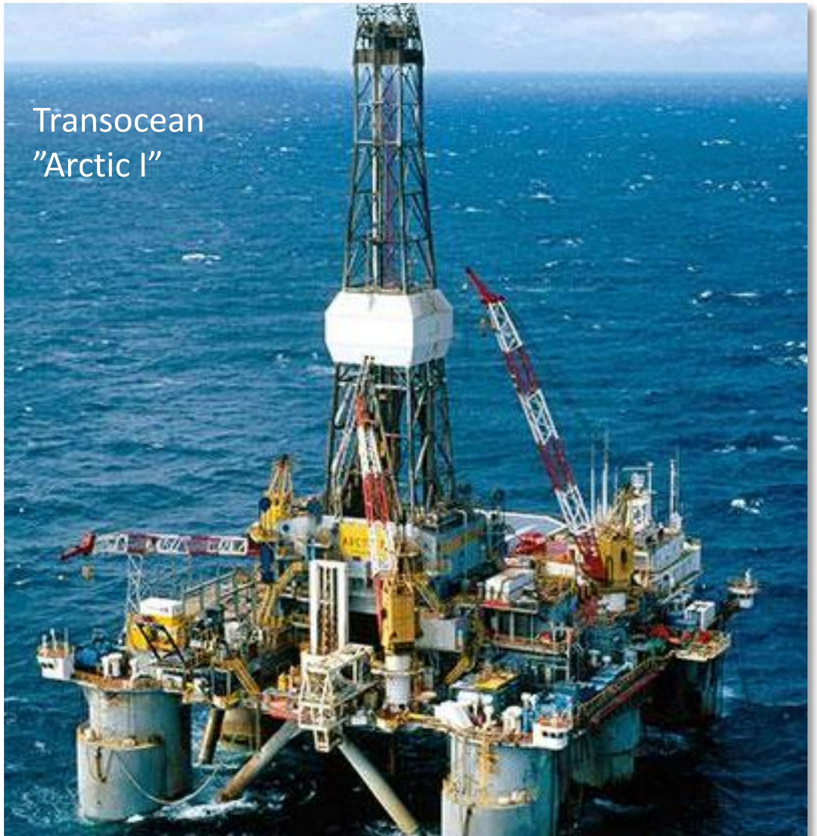
Dussafu (33.33%) block – Gabon

Tortue prospect



- 56% geological chance of success with consolidated mean of 28 MMbbls
- When combined with the Ruche discovery the minimum commercial threshold for Tortue is estimated at ~10 MMbbls
- Rig options under review

Outlook



Source: Transocean

- Expect strong gas demand and high production on Manati
- Commence drilling of 3 high impact wells in Santos Basin in June/July
- Clarification on BS-3
- Complete the MKB pilot program with drilling and testing of KUN-204, KUN-205 and KUN-206
- Evaluate asset monetization

Financial Review

Anders Kapstad, CFO

Financial highlights

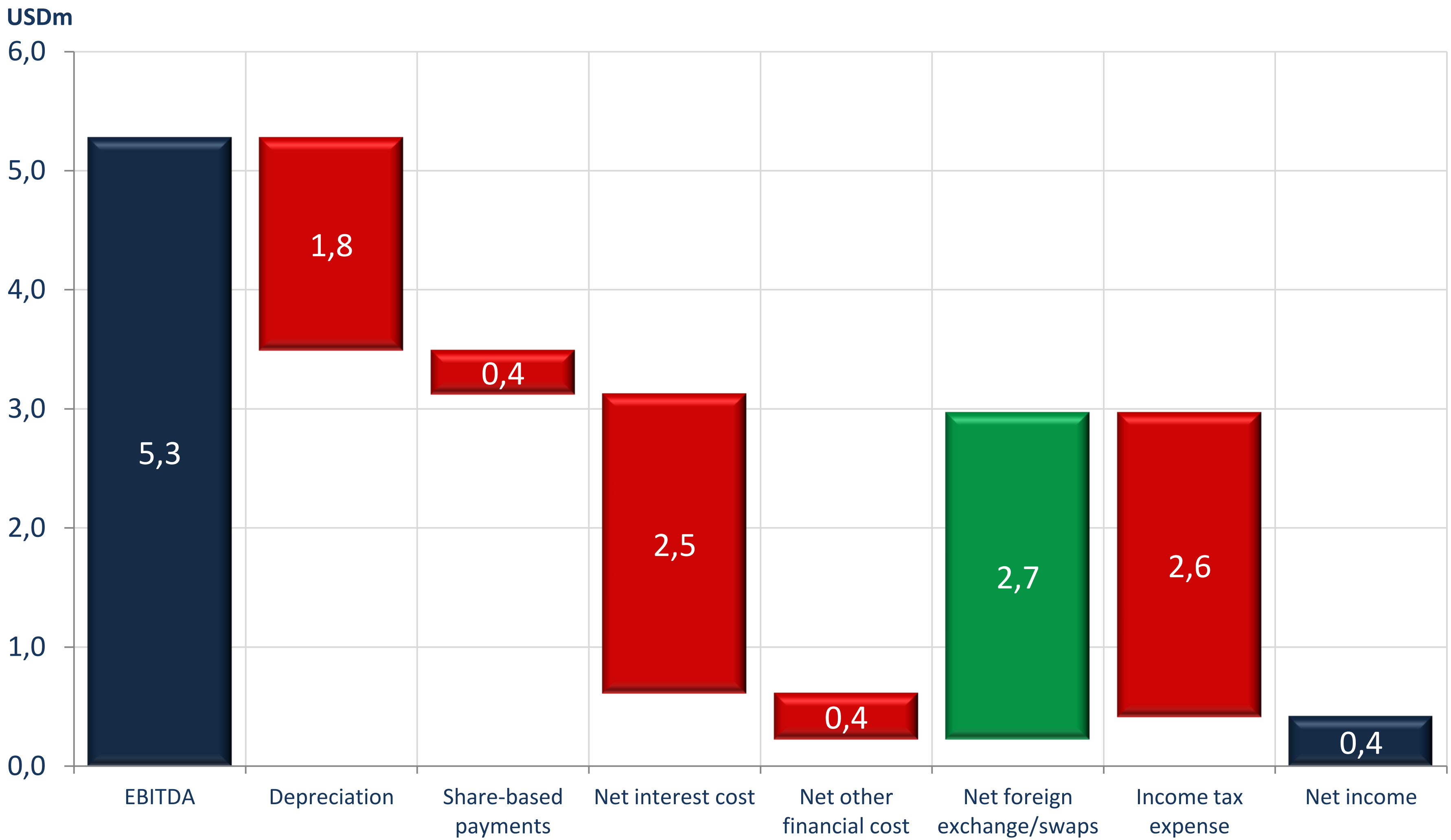
Q1-2012 and subsequent events

- EBITDA of USD 5.3 million
- Positive cash flow from operations of USD 3.7 million
- Strong financial position
  - Total assets of USD 445 million, equity ratio of 59%
  - Cash position of USD 107 million
  - Net interest-bearing debt of USD 38 million

Profit & Loss Statement (USD '000)

Condensed consolidated statement of comprehensive income (USD '000)	Q4-2011	Q1-2012
Oil and Gas revenue	9,284	10,949
Other income	1,721	-
Total revenues and other income	**11,005**	**10,949**
Production costs	(2,822)	(1,222)
Exploration and dry-hole costs	(1,077)	(351)
General and administrative costs	(4,588)	(4,102)
EBITDA	**2,518**	**5,274**
Depreciation	(1,511)	(1,783)
Impairment	(82)	-
Share-based payments	(60)	(369)
EBIT - Operating income/(loss)	**865**	**3,122**
Net interest income/(costs)	(2,399)	(2,512)
Net other financial income /(costs)	(2,122)	(386)
Net foreign exchange gain/(loss)	(1,549)	2,740
Income/(loss) before tax	**(5,205)**	**2,964**
Income tax benefit/(expense)	143	(2,553)
Net income/(loss) for the period	**(5,062)**	**411**

Group P&L items Q1-2012



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Group balance sheet

Per March 31, 2012

Balance sheet (USD '000)	Dec 31, 2011	Mar 31, 2012
Licenses and production assets	300 645	307 413
Other non-current assets	13 651	11 662
Total non-current assets	**314 296**	**319 075**
Trade and other receivables	19 539	18 648
Cash and bank balances	110 919	106 641
Other current assets	844	222
Total current assets	**131 302**	**125 511**
Total Assets	**445 598**	**444 586**
Equity	**257 165**	**261 134**
Non-current interest-bearing debt	122 017	123 776
Other non-current liabilities	26 608	26 607
Total non-current liabilities	**148 625**	**150 383**
Current interest-bearing debt	15 676	20 305
Accounts payable, accruals, other liabilities	24 132	12 764
Total current liabilities	**39 808**	**33 069**
Total Equity and liabilities	**445 598**	**444 586**

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Q&A

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