

Panoro Energy

ANNUAL STATEMENT OF RESERVES **APRIL 2015**

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 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.

ANNUAL STATEMENT OF RESERVES 2014

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.

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 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.

PANORO ASSETS PORTFOLIO

As of year-end 2014, 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 2014 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 a large exploration block with several small oil fields, the most recent being the Ruche and Tortue discoveries.

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 of 850.5 km² 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 Fawale 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.

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 amount to 23.4 MMbbls. Panoro's net entitlement 1P Proven Reserves is 1.8 MMbbls and net entitlement 2P Proven and Probable Reserves is 3.2 MMbbls.

ANNUAL STATEMENT OF RESERVES 2014

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 29.5 MMboe. The July 2014 AGR TRACS report upgraded an earlier December 2013 AGR TRACS reported 2C Contingent Resources from 26.6 MMboe to 29.5 MMboe.

A Field Development Plan (FDP) for Aje was approved by the Nigerian Government in March 2014. The first phase of the FDP comprises two production wells tied back to an FPSO and these wells will 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 the project is currently being executed. The second phase of the FDP will comprise two additional production wells to access the remaining Cenomanian age gross 2C Contingent Resources of 15.7 MMbbls.

BS-3: offshore Brazil, operator Petrobras, Panoro 50- 65%

In 2014 all the Joint Venture partners decided to relinquish the BS-3 blocks. The relinquishment process is expected to conclude in 2015.

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 2014 ASR:

- **Dussafu:** During 2014 significant steps towards commercialization of the block were taken with a Declaration of Commerciality, award of an Exclusive Exploitation Authorization and approval of a Field Development Plan. Lower oil prices towards the end of 2014 and early 2015 have delayed a Final Investment Decision in the project however, and the consequent reclassification of the Dussafu Contingent Resources to Reserves. It is likely that a an improved oil price environment will be required to progress this development. The possibility of additional drilling to prove additional resources may also be considered. These factors will be important to move the Contingent Resources to Reserves.

- **Aje:** The first phase of the Aje Cenomanian age oil development is well underway with the approval of the development plan and project sanction achieved in 2014. We have now classified a portion of the Contingent Resources previously reported for Aje as Reserves. Once first oil is achieved for phase 1, which is planned for the end of 2015, work will continue on plans for phase 2 drilling to convert further Cenomanian Resources to Reserves. In the meantime we expect concept work on the large Turonian age resource to progress in 2015.

ASSET ACQUISITIONS/DISPOSALS DURING 2014:

Following the relinquishment of Coral in 2013, the remaining BS-3 blocks, Estrela do Mar and Cavalo Marinho, were relinquished in 2014. Furthermore, Panoro's interest in Manati field was sold in a corporate sale during 2014 and as such the reserves have been treated as disposed.

ASSUMPTIONS:

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

2014 – 2P DEVELOPMENT (MMBOE)

<i>2P Reserves Development</i>	<i>(MMBOE)</i>
Balance (previous ASR –December 31, 2013)	10.0
Production 2014	0.0
Acquisitions/disposals since previous ASR	(10.0)
New Developments since previous ASR	3.2
Balance (revised ASR) as of December 31, 2014	3.2

Panoro's total 1P-reserves at end of 2013 amount to 1.8 MMBOE. This reflects a reduction to account for the sale of the Manati asset and a July 2014 reserve report for the Aje field, conducted by AGR TRACS.

Panoro's 2P-reserves after similar adjustment is 3.2 MMBOE. Panoro's contingent Resource base includes discoveries of varying degrees of maturity towards development decisions. By end of 2014, Panoro's assets contain a total 2C volume of 36.3 MMBOE.

April 29, 2015



Nishant Dighe
CEO

ANNEX RESERVES STATEMENT AS OF 31.12.2014

ANNUAL STATEMENT OF RESERVES										
Developed Assets										
As of Dec. 31, 2014	1P/P90					2P/P50				
Panoro Energy	Liquids	Gas	Total	Net		Liquids	Gas	Total	Net	
	MMbbl	Bcf	MMBOE	Interest%	MMBOE	MMbbl	Bcf	MMBOE	Interest%	MMBOE
Total	0.0	0.0	0.0	-	0.0	0.0	0.0	0.0	-	0.0

Under Development Assets										
As of Dec. 31, 2014	1P/P90					2P/P50				
Panoro Energy	Liquids	Gas	Total	Net		Liquids	Gas	Total	Net	
	MMbbl	Bcf	MMBOE	Interest%	MMBOE	MMbbl	Bcf	MMBOE	Interest%	MMBOE
Aje field	11.7	0.0	11.7	12.1913%	1.8	23.4	0.0	23.4	12.1913%	3.2
Total	11.7	0.0	11.7	-	1.8	23.4	0.0	23.4	-	3.2

Non-Development Assets										
As of Dec. 31, 2014	1P/P90					2P/P50				
Panoro Energy	Liquids	Gas	Total	Net		Liquids	Gas	Total	Net	
	MMbbl	Bcf	MMBOE	Interest%	MMBOE	MMbbl	Bcf	MMBOE	Interest%	MMBOE
Total	0.0	0.0	0.0	-	0.0	0.0	0.0	0.0	-	0.0

Totals										
Total assets	11.7	0.0	11.7	-	1.8	23.4	0.0	23.4	-	3.2

Reserves Development:

2P Reserves Development	(MMBOE)
Balance (previous ASR –December 31, 2013)	10.0
Production 2014	0.0
Acquisitions/disposals since previous ASR	(10.0)
Extensions and discoveries since previous ASR	0.0
New developments since previous ASR	3.2
Revisions of previous estimates	0.0
Balance (revised ASR) as of December 31, 2014	3.2

Contingent Resources summary:

Asset	2C MMBOE (as of YE2013)	2C MMBOE (as of this report)
Aje*	26.6	29.5
Dussafu**	11.0	6.8
Totals	37.6	36.3

* Aje 2C increase due to AGR TRACS revision of July 2014

** Dussafu YE2013 2C reported working interest share whilst this report shows net entitlement fraction under the terms of the PSC. Gross field resources have not changed.

COMPANY ADDRESSES

Panoro Energy ASA

P.O. Box 1885 Vikta, 0124 Oslo,
Norway

Panoro Energy Ltd

43-45 Portman Square
London W1H 6LY
United Kingdom

Tel: +44 (0) 20 3405 1060

Fax: +44 (0) 20 3004 1130