

# Corporate Presentation

## April 2011

Panoro Energy



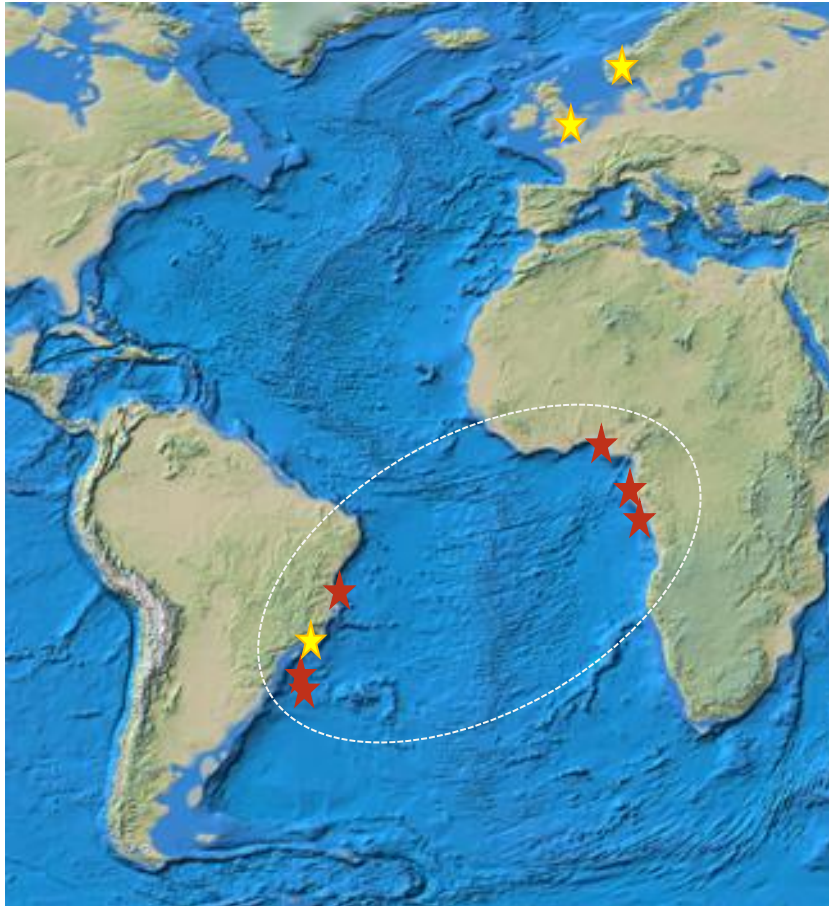
# Disclaimer

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*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, regulatory changes 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*

# Panoro Energy ASA

## Company snapshot



★ Offices: London, Rio, Oslo

★ Panoro license area

## Panoro Energy

ΠΑΝΟΡΟ ΕΝΕΡΓΕΙΑ

Ticker code (Oslo Stock Exchange):	PEN
Shares outstanding:	234.5 million
Market Cap <sup>1</sup> :	~285 USDm
Reserves & Resources (P50):	~175 MMBOE
Unrisked exploration potential:	~160 MMBOE
Production (2010):	~3,900 BOE/d
Largest shareholder:	Sector (~46%)

1) Per March 30, 2011

# Management with a proven track record

Experienced management with local knowledge from both Brazil and West Africa

Dr Phil Vingoe  
Chairman of the Board



- 38 years of oil and gas experience managing assets in Nigeria, Gabon, Congo, Equatorial Guinea, Mozambique, Egypt, Qatar, Pakistan, Oman, Thailand, Laos, Indonesia, Australia, U.S.A, U.K., Norway
- 20 years global career with BP leading to worldwide Chief Geophysicist and then Exploration Manager. Co-led IPO of Novus Petroleum on ASX from start-up to thriving company (1995 -2000), Managing Director of Sasol Petroleum International (2000-2005), Non-Executive Director of Pan-Ocean, sold to Addax Petroleum for C\$1.6 Bn (2005-2006), Director Energy Equity Resources (2005 - 2007) then led the creation of Pan-Petroleum in November 2007
- MSc and PhD from Birmingham University. Studied at Harvard Business School

Kjetil Solbraekke  
Chief Executive Officer



- 20 years of oil and gas experience from the Ministry of Petroleum and Energy in Norway, Hydro and StatoilHydro
- CFO for Hydro Oil&Energy, SVP for International Business Development in Hydro, General Manager in Brazil for Hydro, SVP South Atlantic Region, with responsibility for Latin America and Africa in StatoilHydro prior to joining Norse Energy
- Degree in Economics from the University of Oslo

Executive  
management

Anders Kapstad  
Chief Financial Officer



Nishant Dighe  
Chief Operating Officer



Thor A. Tangen  
EVP Field Development



Richard Morton  
Vice President



Panoro Energy  
LAVOLO FUGRO

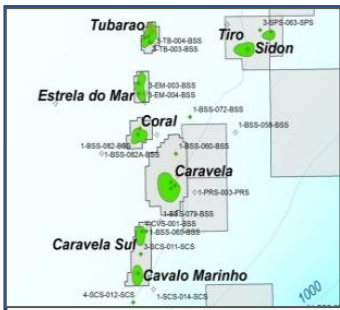


# Attractive and balanced asset portfolio

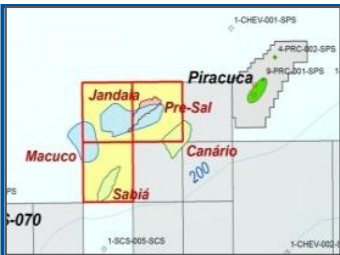
E&P independent with South Atlantic focus



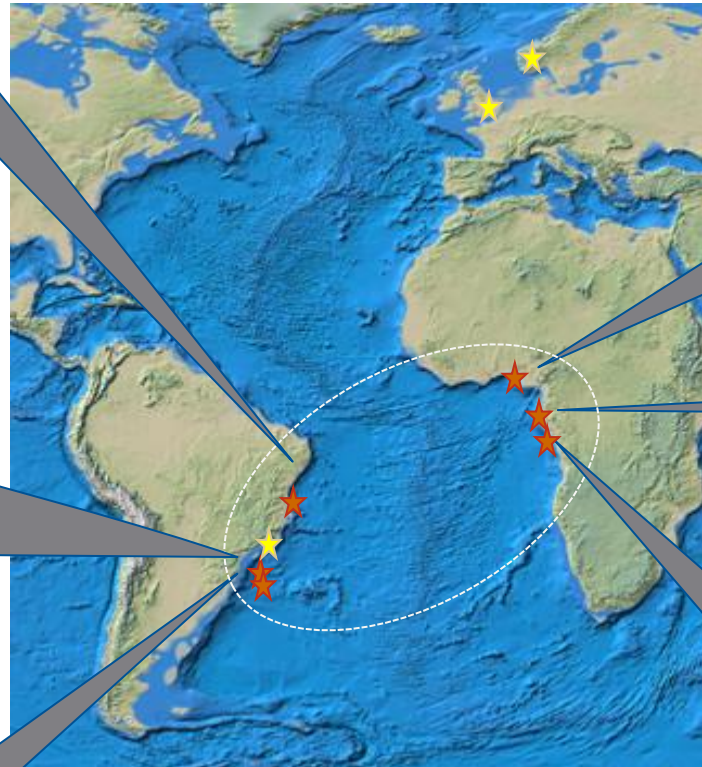
Manati



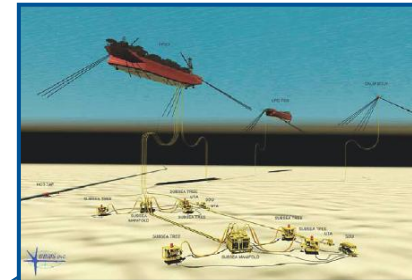
BS-3 (Santos)



Santos Exploration



★ Offices: London, Rio, Oslo  
★ Panoro license area



Aje



Dussafu

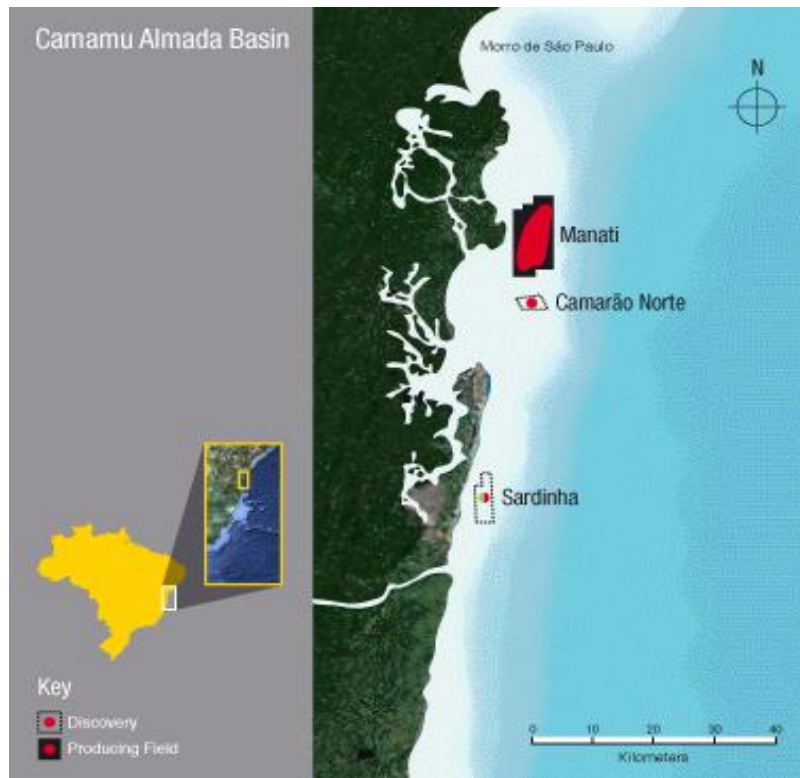


Congo MKB

# Manati (10%)

## Long-term guaranteed cash flow

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



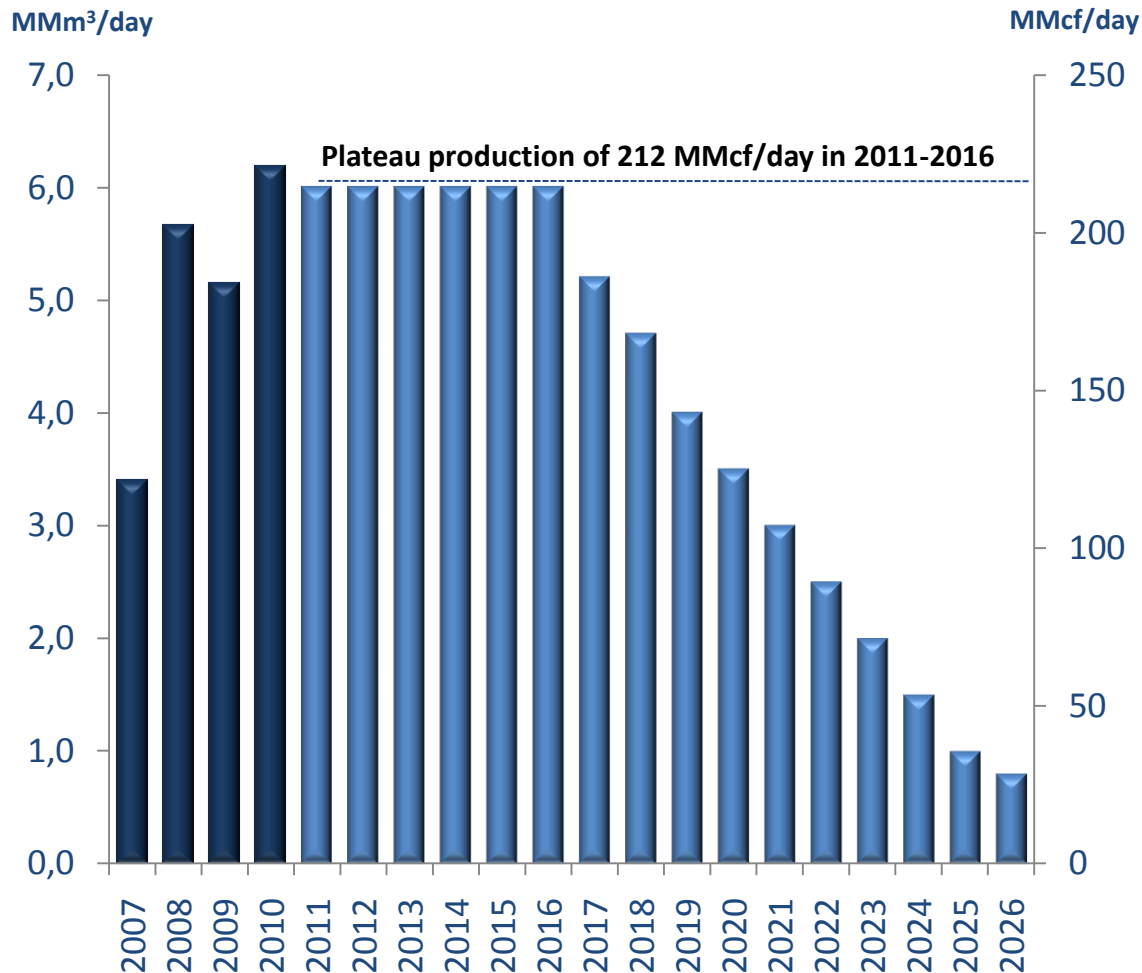
**Gross production MMm<sup>3</sup>/day**



- Average production of 6.19 MMm<sup>3</sup>/day in 2010 (3,900 boe/day net to PEN) and 6.68 MMm<sup>3</sup>/day in Q4-2010 (4,200 boe/day net to PEN)
- Inflation adjusted fixed gas price, fixed in Brazilian Reais; USD 8.2 per MMBtu in Q4-2010
  - Price increase of 11.5% for 2011
- Take-or-pay contract for 23 Bcm (0.8 Tcf) with Petrobras secures long-term cash flow
- Ongoing inspection/maintenance of risers
- 2011 production expected to average 6 MMm<sup>3</sup>/day

# Manati – 2P Production Profile

Manati 2P production profile (gross)



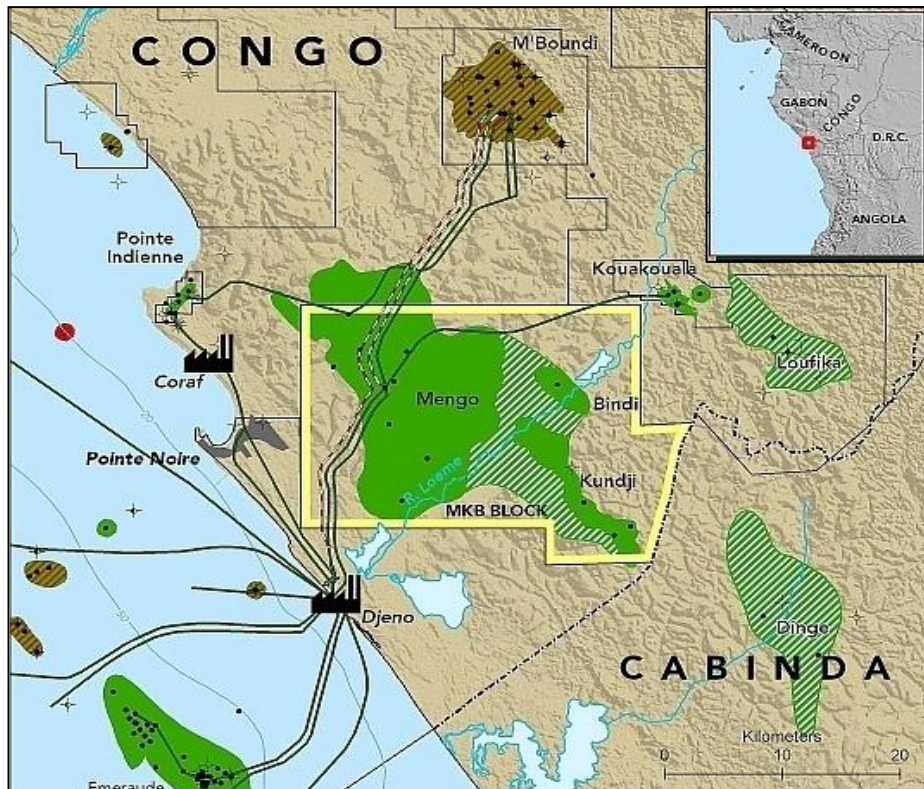
- 2P production profile based on license figures provided by Petrobras
- No further wells needed to produce 2P reserve estimate
- Contract amendment covering all uncontracted volumes completed, awaiting final signature
  - Estimated to be 7 Bcm (0.25 Tcf)
- Additional volume potential identified



# 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	2011 pilot program	
Current stage	Pilot project commenced	



## A proven producer

- Three fields produced by Elf from 1980-92
- Significant oil in place (>1 billion bbl) with significant STOOIP upside
- Modern hydraulic fracturing technology has resulted in a step change in production performance

## Pilot project commenced in Kundji

- Two wells drilled in 2009, successfully fracked
- 6 additional wells to be drilled in 2011 as part of the pilot project
- Next phase of development for Kundji, as well as Mengo and Bindi areas to be based on the pilot project



# Mengo-Kundji-Bindi (20%)

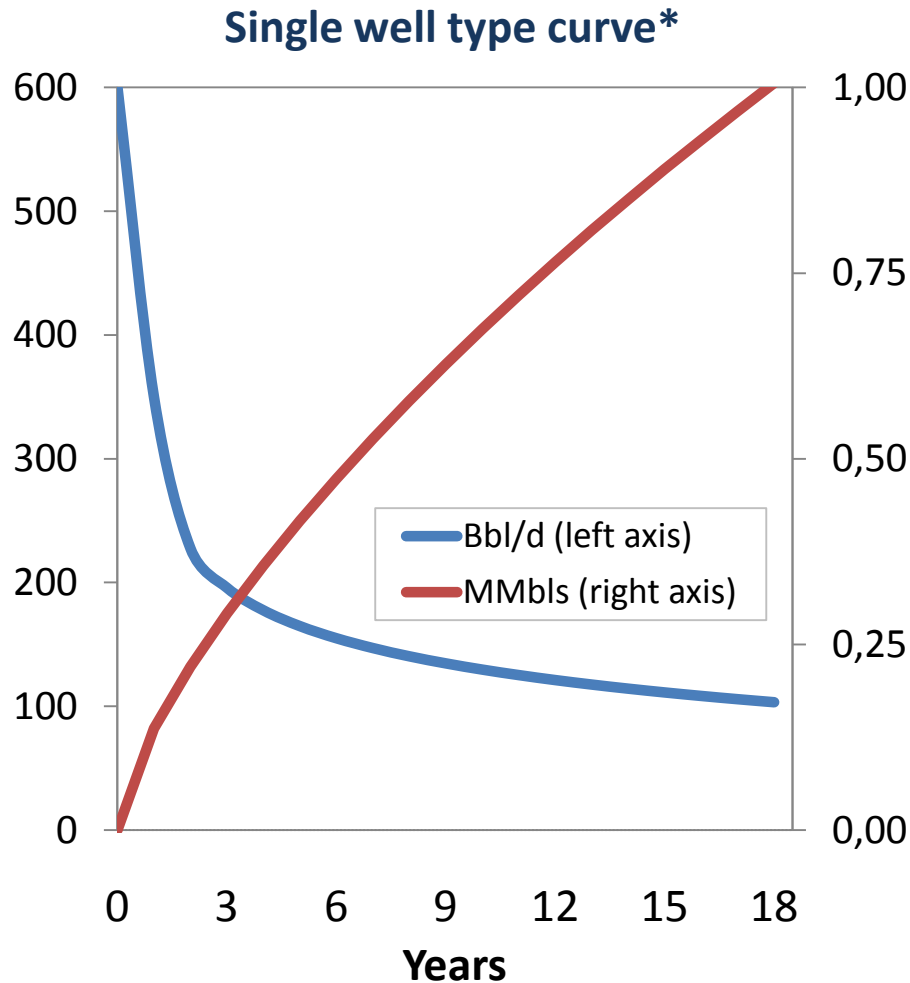
## Positive production tests



- Well testing to date have confirmed:
  - Sufficient permeability
  - Good results from fracking
  - Oil flow without formation water
  - Reservoir recharge
- Established combined production capacity of approximately 900 bopd from KUN-4bis and KUN-5
- Wells expected to be opened for commercial production H2 2011
- Drilling to resume late in Q2 2011
  - Optimizing well design
  - Improve execution

# MKB Business case

## Preliminary assumptions



### Base assumptions

- Field Oil-in-Place of ~1 billion barrels
- ~10% recovery factor
- Reserves per well of ~1 million barrels
- Cost per well of USD 8 million for pilot program, USD 6 million thereafter
- Facilities and pipeline cost of USD ~3 million per well
- OPEX of 5-7 USD per boe
- PSC with approx. government take of 50%

### Upsides:

- Oil-in-Place
- Cost efficiency - learning curve and economies of scale
- Recovery factor
- Water injection

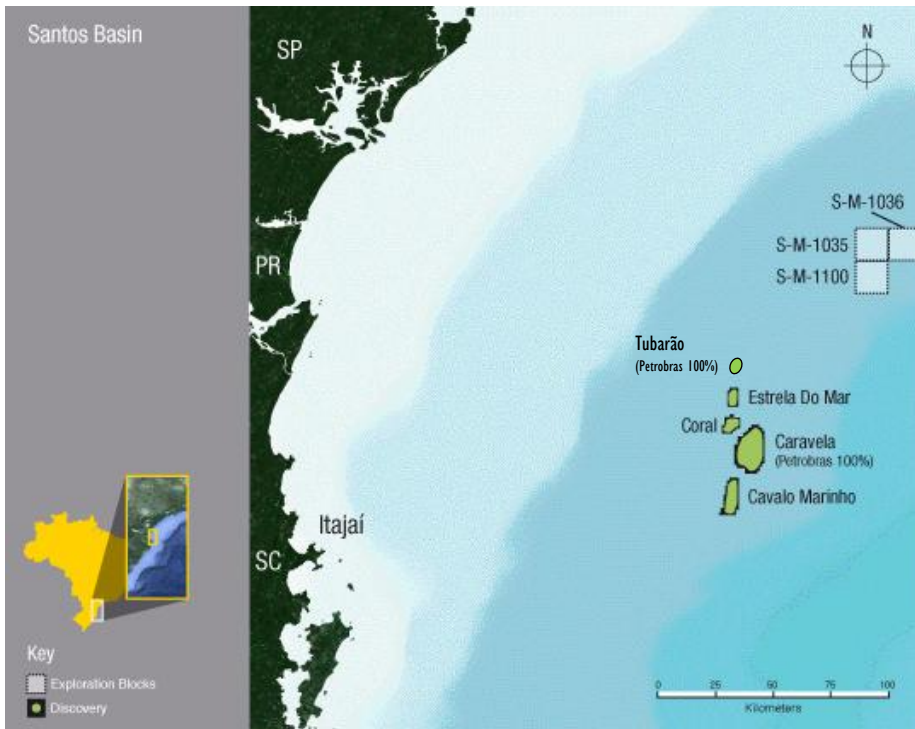
\* Based on historical production from Elf and two recent wells

# BS-3 area

## Significant development projects

### BS-3 area (Brazil)

Operator	Petrobras (35-100%)
Other Partners	Queiroz Galvão (0-15%), Brasoil (0-15%)
1st Prod	2015
Current stage	Concept selection ongoing

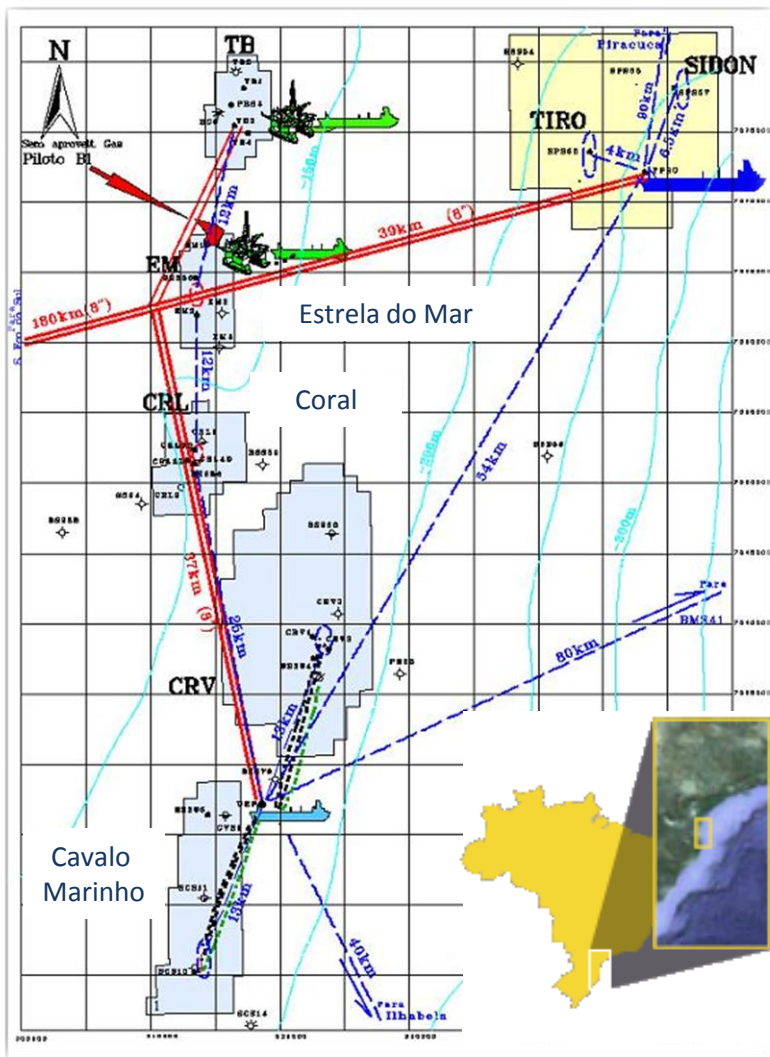


- Cluster of five oil & gas discoveries in the southern Santos Basin, whereof Panoro has ownership in three
  - Cavalão Marinho (50%), Estrela do Mar (65%), Coral (35%)
- Total recoverable resources from high permeability B2/B3 reservoirs of approximately 100 MMBOE (~37 MMBOE net to Panoro)
- Low permeability B1 reservoirs containing up to 1 billion boe Oil-in-Place in Estrela do Mar and Cavalão Marinho
- A proven producer
  - Coral (35%) produced ~12 MMBOE from 2003-2008
  - Caravela (100% Petrobras) produced ~20 MMBOE from 1994-2002



# BS-3 area – New development plans filed Jan 13, 2011

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



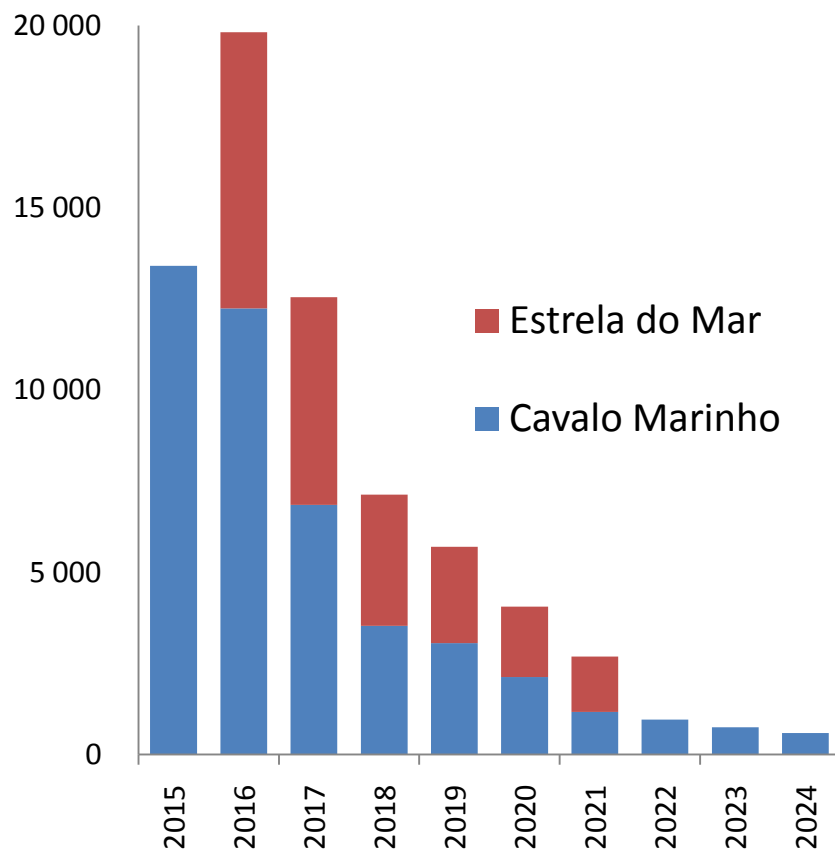
- Shared gas export system, also with other fields in the area (e.g Tiro and Sidon)
- Pilot production in low permeability B1 reservoir in Estrela do Mar
- Final concept selection expected Q3-2011, FID expected in H1 2012
  - Integration of Estrela do Mar as a satellite connection to a common FPSO will be evaluated
  - Studies planned to decide when/how to integrate redevelopment of Coral (35%)

Source: Development plan

# BS-3 area – New development plans filed Jan 13, 2011

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

Production (BOE/day) net to Panoro



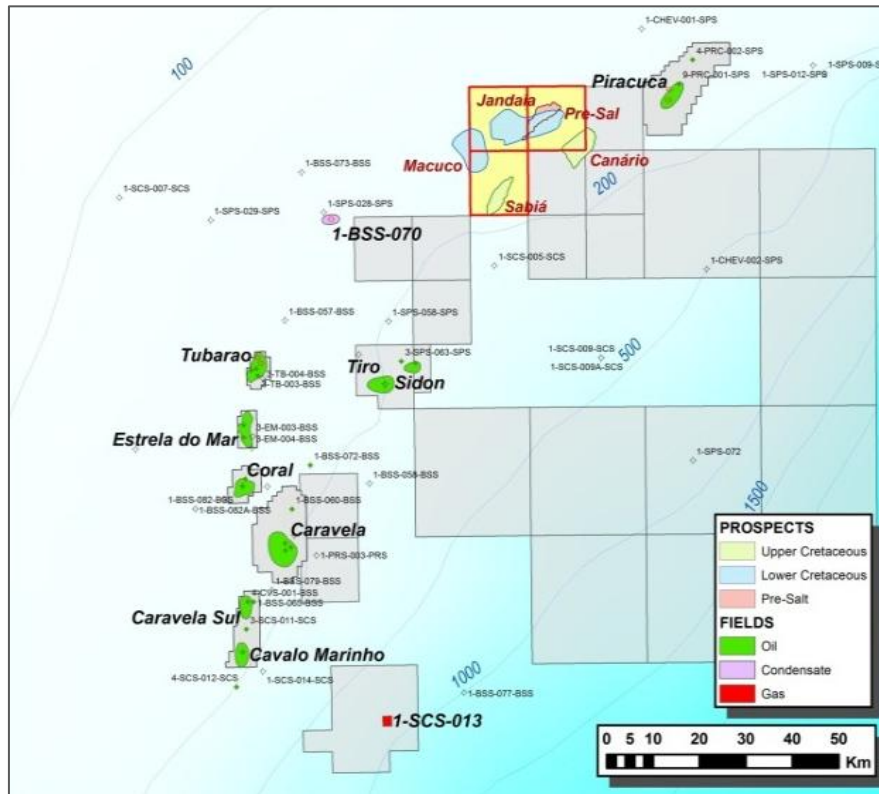
\* At 10% discount rate

## According to plans of development;

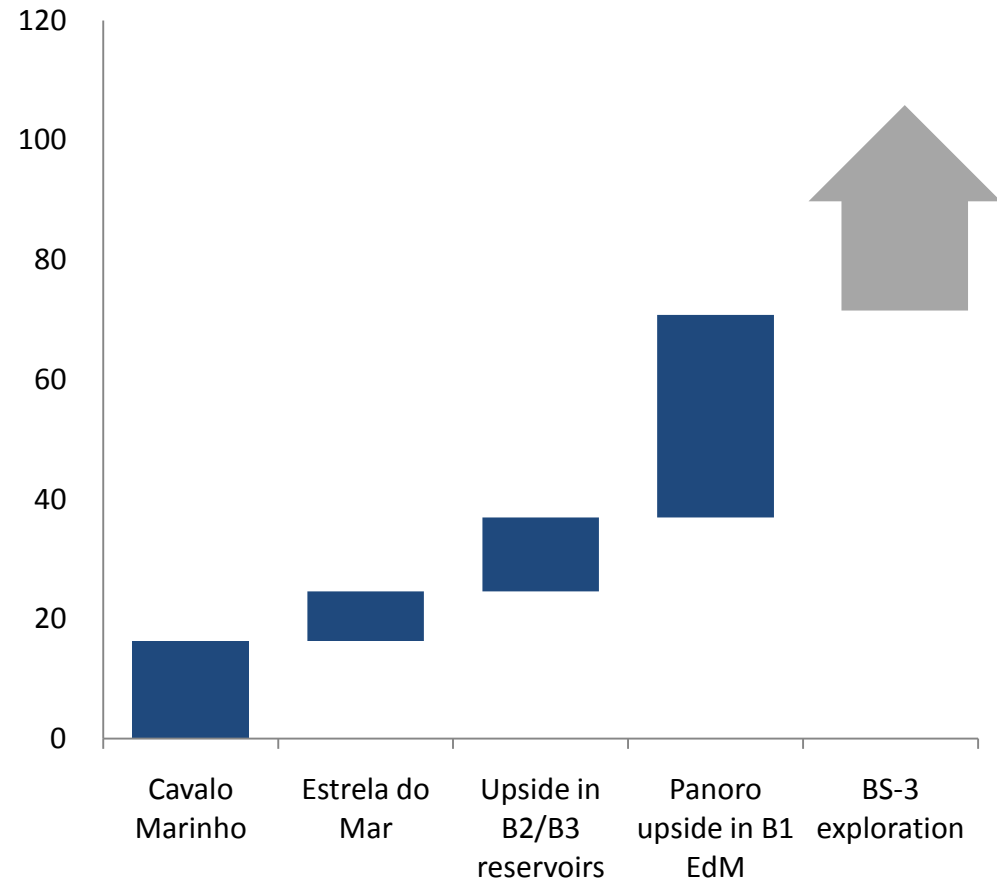
- Production start-up Q1-2015
- Break-even\* oil price of USD ~50 per barrel
- Total CAPEX net to Panoro USD 220 million for Cavalo Marinho
  - Mainly in 2014
- Total CAPEX net to Panoro USD 230 million for Estrela do Mar
  - Mainly in 2015
- P50 volumes of 25 MMBOE net to Panoro

# BS-3 area – Further upside potential

Cavalo Marinho (50%), Estrela do Mar (65%), Coral (35%)



Volumes (MMBOE) net to Panoro

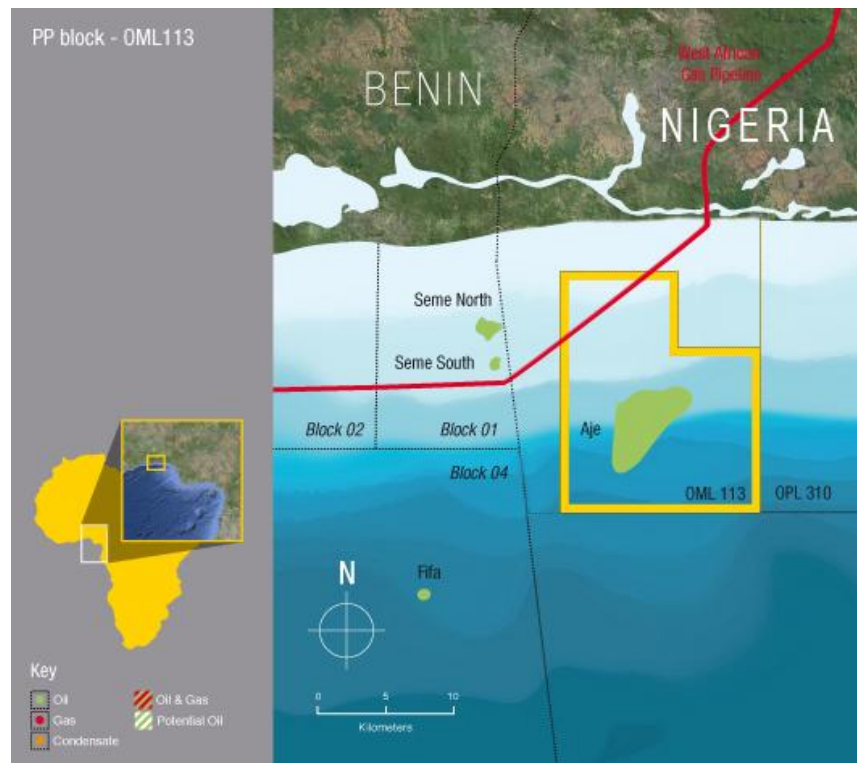




# Development Asset – Aje

Large gas, condensate and oil discovery

Aje (Nigeria)		OML 113
Operator	YFP , Chevron Tech Adv	
Participating Interest	6.502%*	
Other Partners	Vitol, Providence	
1st Production	TBD	
Current stage	Field Development Planning	



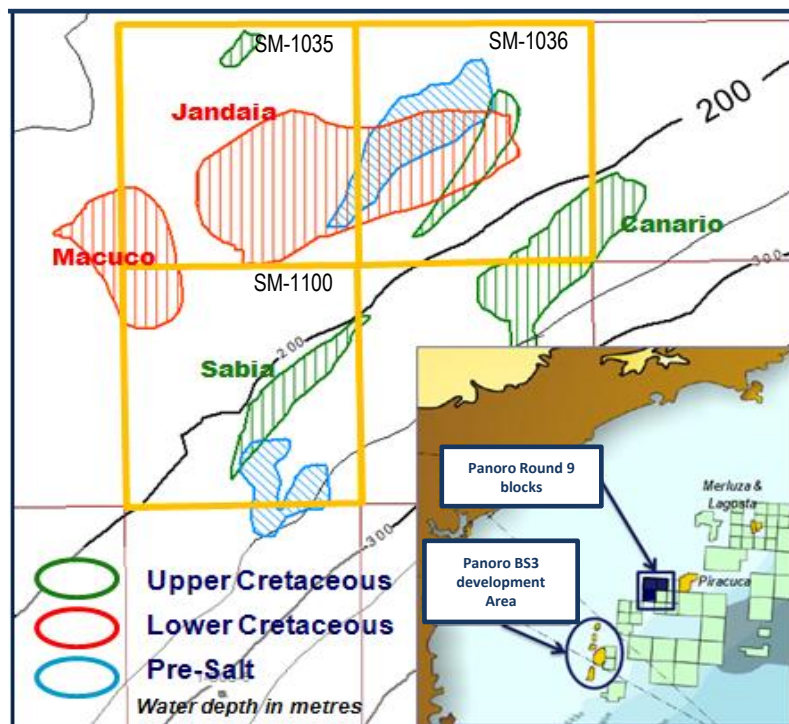
- Chevron as Technical Advisor, YFP a reputable Nigerian Operator
- The OML113 partners are continuing to progress the development of the Aje field
- Further work is needed to ensure the project's commercial aspects following resource downgrade
- JV partners are evaluating this before commencing Front End Engineering and Design (FEED)

\* 16.255% paying interest, 12.19% revenue interest

# Exploration asset - Round 9 blocks

## Successful farm-out

Round 9 (Brazil)		SM-1035, SM-1036, SM-1100
Operator	Vanco (70%)*	
Working Interest	15%*	
Other Partners	Brasão 15%*	
Net resources (MMboe)	130-165 (unrisked prospects)	
Current stage	Well planning	



\*Pending approval from ANP, Brazilian Petroleum Agency

### SM-1035, SM-1036, SM-1100 (50%), Brazil

- Gross unrisked resources of 880-1,100 MMBOE identified in three prospects
- 200 meter water depth
- 3,500-5,000 meter reservoir depth

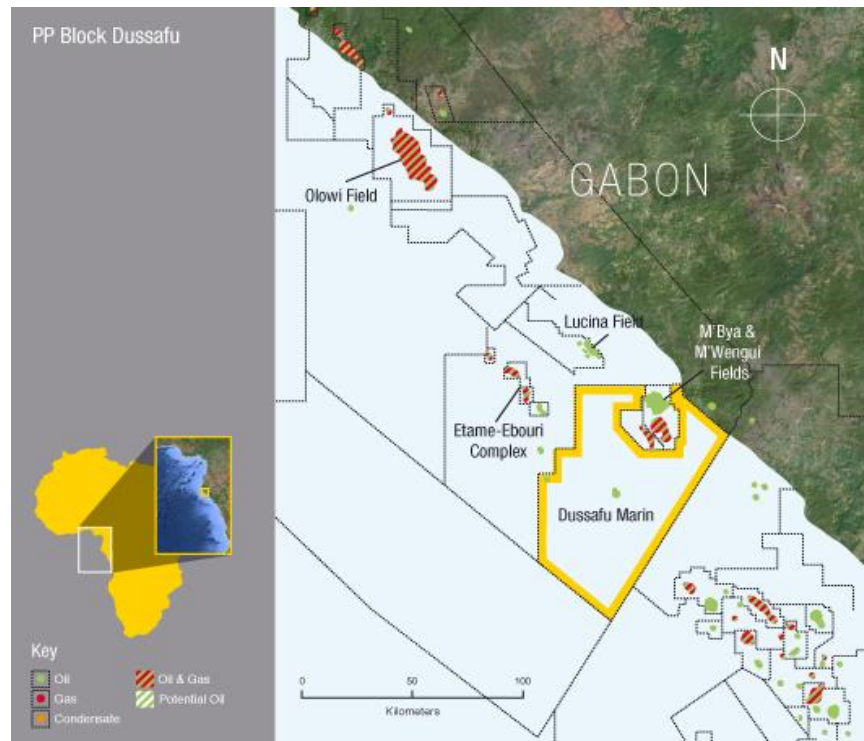
### Panoro farmed-out 35% of its 50% to Vanco

- Net proceeds of USD 15 million to Panoro
- Vanco to finance drilling of 3 exploration wells
- Vanco entitled to partially recover drilling costs from future production
- Option for Panoro to increase working interest to 20% prior to drilling
- Transaction pending approval from Brazilian Petroleum Agency, ANP

# Exploration asset - Dussafu

## Exploration adjacent to infrastructure

Dussafu (Gabon)		Exploration portfolio
Operator	Harvest Natural Resources (66.67%)	
Working Interest	33.33%	
Other Partners	No others	
Net resources (MMboe)	30 MMboe (unrisked)	
Exploration well	Q2 2011	
Current stage	Drilling preparations	



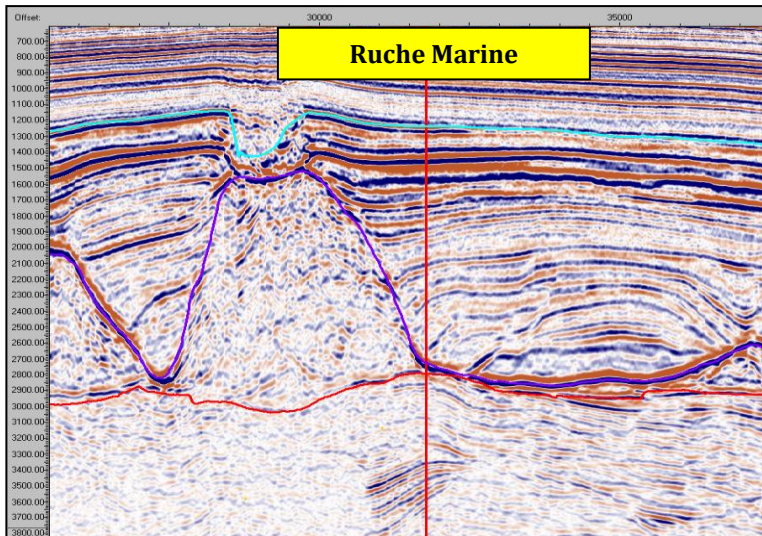
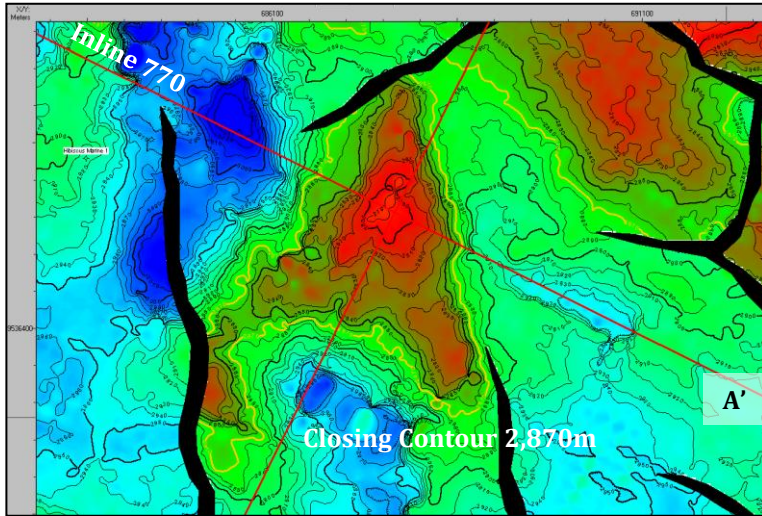
### Dussafu Marin (33.33%), Gabon

- 2,775 km<sup>2</sup> license Southern Gabon basin
- Primary prospects in the Gamba pre-salt fairway
- Drilling of Panoro's first exploration well is expected in Q2-2011
- Pre-drill P50 resource estimate of 30 MMBOE (100%) from first prospect, 90 MMBOE (100%) including additional prospects
- Four small existing discoveries (3 oil, 1 gas) with upside/appraisal potential
- Rig tendering underway



# Ruche-Marine-1 prospect, Dussafu (33.33%)

Q2-2011 drilling in Gabon



- Primary prospects in the Gamba pre-salt fairway at 2,820 meter depth
- Three contingent secondary targets in the Dentale (max TD at 3,700 meters)
- Water depth of 116 meters

## Ruche-Marine-1 approved work program:

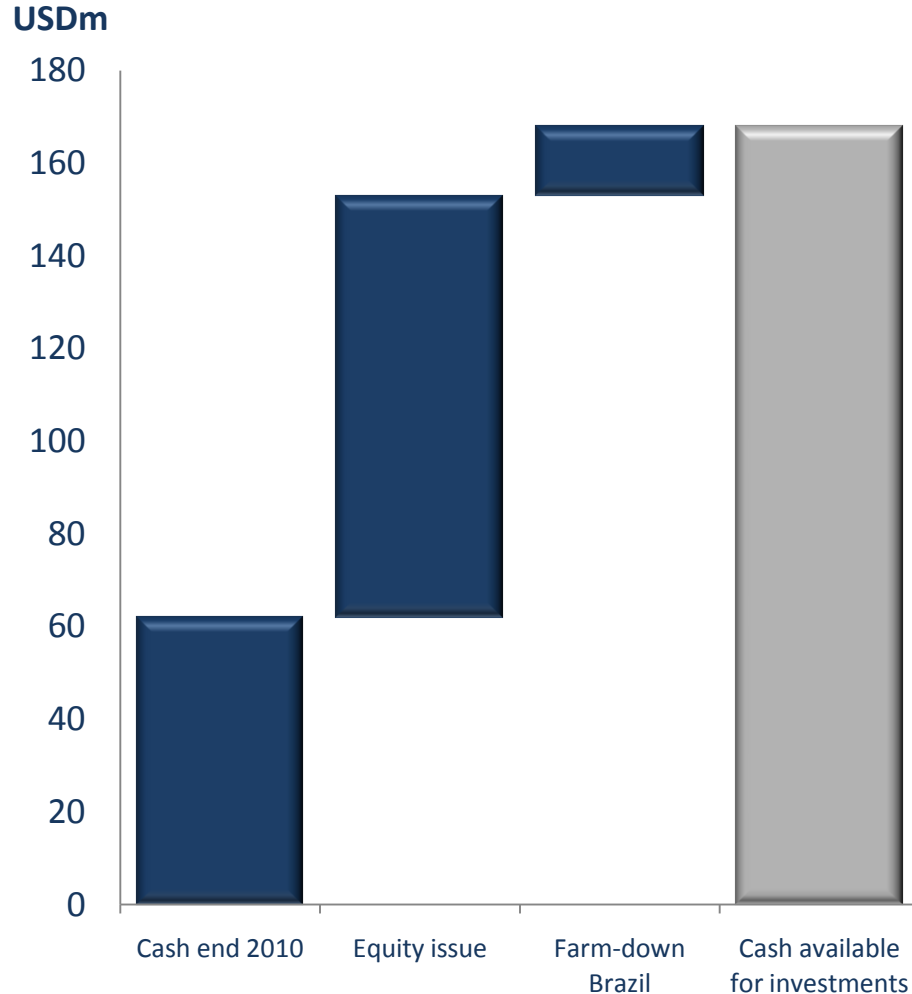
- Ruche-Marine-1 exploration well to test and evaluate Gamba reservoir
- Dry-hole cost of ~8 USDm net to PEN

## Contingent – given success:

1. Drill on to deeper Dentale reservoirs
2. Well test the Gamba
3. Sidetrack well to appraise discovery

# Solid financial position

After recent asset and financial transactions



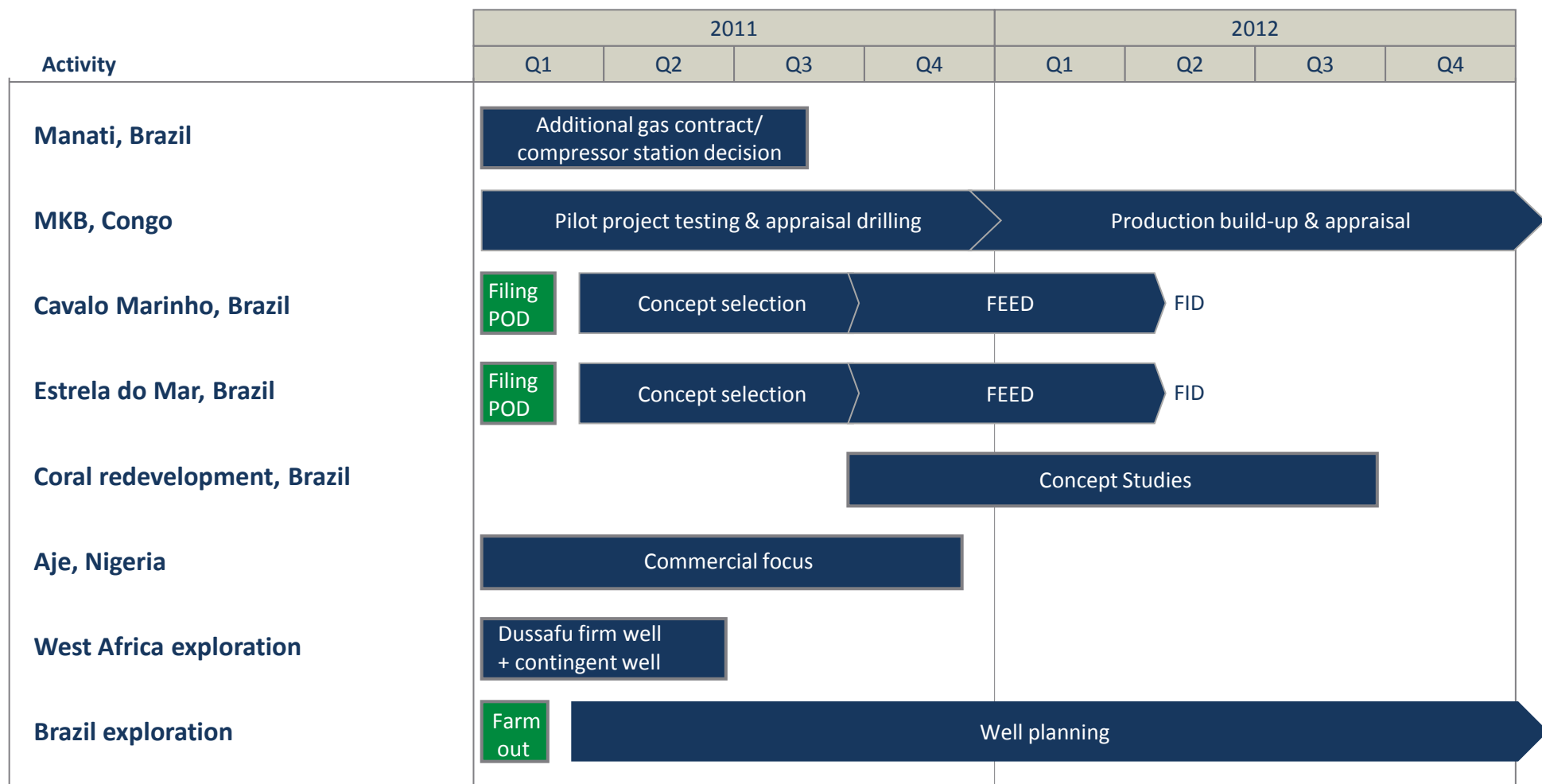
- Cash flow 2011-2013 will cover OPEX, SG&A, principal, interest and taxes
- USD ~170 million available for investments
- CAPEX to enhance value of:
  - Cavalo Marinho
  - Estrela do Mar
  - MKB
  - Dussafu
  - Growth opportunities
- Additional potential funding sources;
  - Reserve-based lending opportunity in Congo
  - Farm-downs

# Delivering on 18 months business plan

Event	Status
Close sale of the Ajapa field offshore Nigeria	✓
Refinance existing debt with long term debt aligned to Manati cash flow	✓
Secure financing for Brazil exploration wells through farm-down	✓
Submit Plan of Development for Cavalo Marinho and Estrela do Mar offshore Brazil	✓
Secure equity financing for development assets	✓
Finalize pilot program and initiate commercial production in Congo	2011 catalyst
Drill Panoro's first exploration well	2011 catalyst
Move Cavalo Marinho and Estrela do Mar to final concept selection	2011 catalyst

# Portfolio outlook

## Indicative timelines





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# Appendix

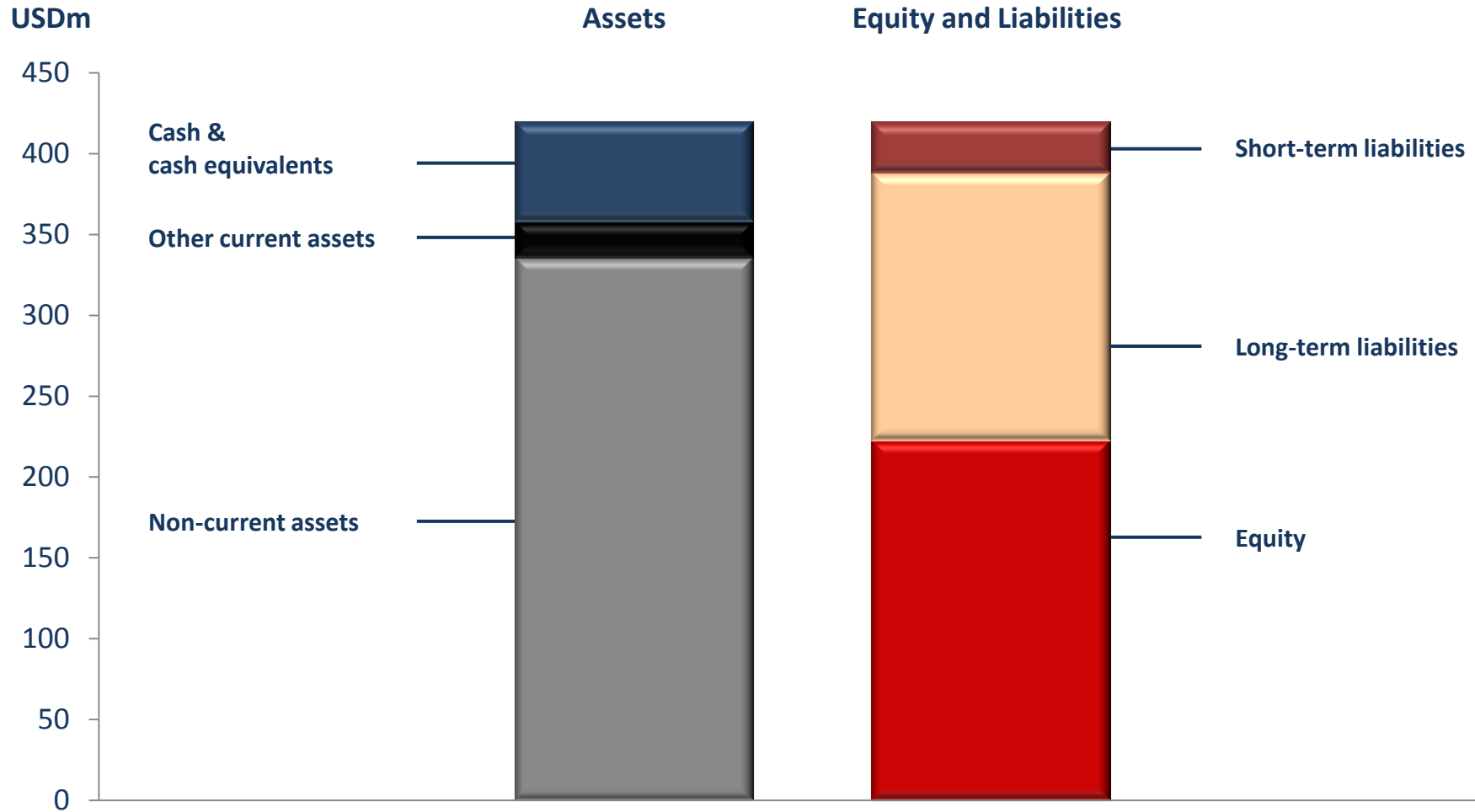
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# Profit & Loss Statement (USD '000)

Condensed consolidated statement of comprehensive income	Q3-2010	Q4-2010
Oil and Gas revenue	11,734	12,438
Other income	-	-
<b>Total revenues and other income</b>	<b>11,734</b>	<b>12,438</b>
Production costs	(1,220)	(1,822)
Exploration and dry-hole costs	(96)	25
General and administrative costs	(3,207)	(4,742)
Merger and restructuring costs	(198)	(561)
<b>EBITDA</b>	<b>7,013</b>	<b>5,338</b>
Depreciation	(2,324)	(2,390)
Impairment	-	(1,685)
Share-based payments	(106)	(459)
<b>EBIT - Operating income/(loss)</b>	<b>4,583</b>	<b>804</b>
Net finance income/(costs)	(4,000)	(11,064)
Net foreign exchange gain/(loss)	1,431	(31)
Warrants effect - gain/(loss)	129	(706)
<b>Income/(loss) before tax</b>	<b>2,143</b>	<b>(10,997)</b>
Income tax benefit/(expense)	(2,871)	5,740
<b>Net income/(loss) for the period</b>	<b>(728)</b>	<b>(5,257)</b>

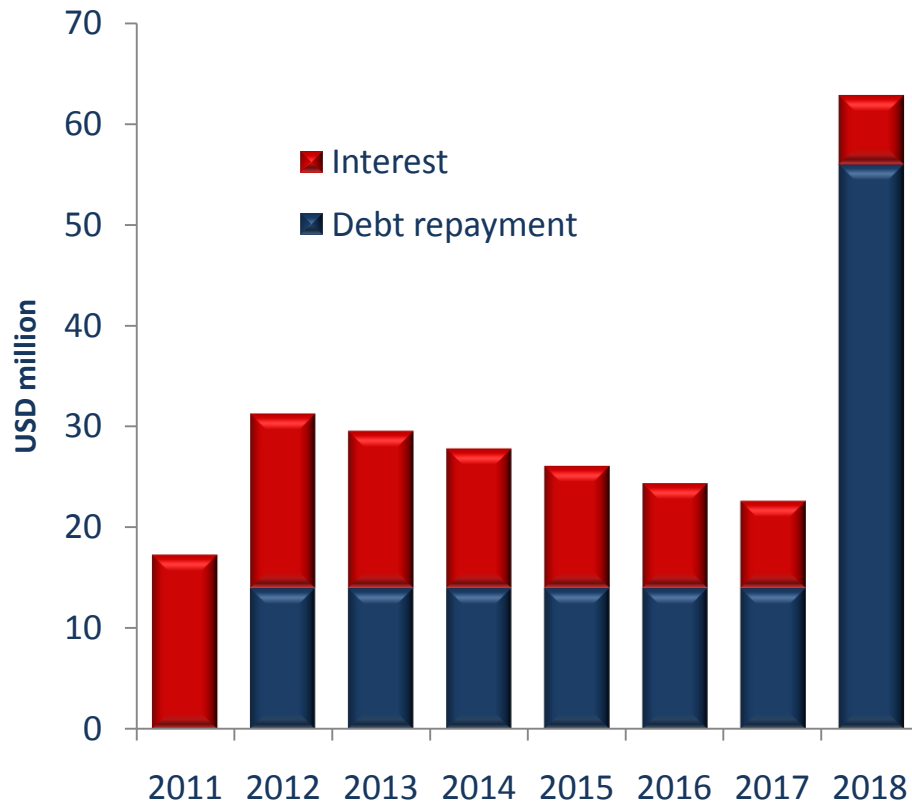
# Balance sheet

Per December 31, 2010



# Debt structure

## Bond repayment schedule



## 8-year secured bond loan:

- USD 105 million @ 12.0% interest
- NOK 205 million @ 13.5% interest
- Total approx. USD 140 million
- Pledged to the Manati field



# Shareholder overview and share price

#	NAME	# OF SHARES	%
1	GOLDMAN SACHS INT. - EQUITY -	59 763 485	25,5 %
2	UBS AG, LONDON BRANCH	41 352 407	17,6 %
3	VARMA MUTUAL PENSION INSURANCE	9 377 551	4,0 %
4	GOLDMAN SACHS & CO - EQUITY	6 696 894	2,9 %
5	DWPBANK AG	5 000 000	2,1 %
6	BNY MELLON INTERNATIONAL BANK LTD	4 780 604	2,0 %
7	BNY MELLON INTERNATIONAL BANK LTD	4 780 604	2,0 %
8	BANK OF NEW YORK MELLON SA/NV	4 009 185	1,7 %
9	CITIGROUP GLOBAL MARKETS INC	3 630 030	1,5 %
10	CREDIT SUISSE SECURITIES	3 600 000	1,5 %
11	BANK OF NEW YORK MELLON SA/NV	2 935 239	1,3 %
12	BANK OF NEW YORK MELLON SA/NV	2 679 000	1,1 %
13	KLP AKSJE NORGE VPF	2 560 000	1,1 %
14	MORGAN STANLEY & CO INTERNAT. PLC	2 514 935	1,1 %
15	MP PENSJON PK	2 408 960	1,0 %
16	STATOIL PENSJON	2 075 500	0,9 %
17	TOLUMA NORDEN AS	2 016 632	0,9 %
18	STATE STREET BANK AND TRUST CO.	1 645 455	0,7 %
19	KOMMUNAL LANDSPENSJONSKASSE	1 500 000	0,6 %
20	OLE KETIL TEIGEN	1 500 000	0,6 %
TOP 20		164 826 481	70,3 %
TOTAL		234 545 786	100,0 %

NOK/share

Volume '000



Shareholders per March 30, 2011