



Panoro Energy: 2021 Half Year Results

Oslo, 25 August 2021 - Panoro Energy ASA ("Panoro" or the "Company" with OSE Ticker: PEN) today announced that, on a pro-forma basis, revenues for the first half stood at USD 105.8 million and EBITDA USD 65.9 million. Working interest production on a pro-forma basis was approximately 7,700 bopd.

On an IFRS Reporting Basis, gross revenues were USD 34.9 million, EBITDA USD 28.2 million and working interest production approximately 4,500 bopd in the first half.

At 30 June 2021, cash at bank was USD 93.1 million (including USD 10 million cash held for bank guarantee) and gross debt USD 104.3 million, resulting in a net debt position of USD 11.2 million.

In Equatorial Guinea the first of three planned infill wells at the Okume Complex was completed, encountering good quality oil saturated reservoir sands. Drilling of the second well is underway and all three wells are expected onstream in the fourth quarter.

In Gabon, completion and tie-in of the DTM-6H and DTM-7H production wells is underway with production start-up expected in the fourth quarter. The DHBNM-1 Hibiscus North exploration well has made an oil discovery in the Upper Gamba sandstone.

In Tunisia current gross production is above the 5,000 bopd level with a number of well operations planned at El Ain and Cercina.

In South Africa the operator of Block 2B plans to spud the Gazania-1 exploration well before year end.

Panoro continues to make progress towards the sale of its interest in OML 113 and the Aje field to PetroNor E&P. Due to Covid related delays the long stop date was extended to allow additional time for the statutory approvals process to complete. Upon completion Panoro will dividend shares in PetroNor E&P received as consideration to shareholders.

Panoro expects working interest production to climb to a level of approximately 9,500 bopd by year end as the five new production wells in Equatorial Guinea and Gabon start to contribute. Full year average working interest production on a pro-forma basis is expected to be 7,900 to 8,400 bopd. Capital expenditures for 2021 (excluding acquisition costs) are expected to be USD 45 million, of which USD 6.9 million was spent in the first half.

John Hamilton, CEO of Panoro, commented:

"The first half of 2021 will be seen as an inflection point for Panoro as the step-change in production and financial contribution derived from our recent acquisitions, together with the higher year-on-year oil prices, translates into results. We are on a solid financial footing and are fully funded through an organic growth programme that offers line of sight on achieving net production of around 9,500 bopd by year end, as five new production wells come onstream in Equatorial Guinea and Gabon, and an 18 to 24 month trajectory leading to net production in excess of 12,000 bopd and the payment of cash dividends for shareholders."

Live Presentation Webcast Dial in Details

The Company will hold a live presentation at 09:00 a.m. CEST today, during which management will discuss the results and operations of the period. After conclusion of the discussion, participants will be invited to ask questions on the results update.

The presentation can be accessed through registering at the link below and the online access to the event will be equipped with features to ask live questions. The audio Q&A feature will only be available for attendees who join online. Joining instructions for participating online or through using local dial-in numbers will be available upon completion of registration. The presentation details are as follows:

Date and Time:	25 August 2021, 09:00 .a.m. CEST
Registration:	https://attendee.gotowebinar.com/register/1866634710239287054 <i>After registering, participants will receive a confirmation email containing information about joining the results presentation.</i> <i>Participants can use their telephone or computer microphone and speakers (VoIP).</i>

Please join the event at least five minutes before the scheduled start time.

A replay of the webinar presentation will be available shortly after the event is finished and will remain on our website (www.panoroenergy.com) for approximately 7 days.

Enquiries

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About Panoro Energy

Panoro Energy ASA is an independent exploration and production company based in London and listed on the main board of the Oslo Stock Exchange with the ticker PEN. Panoro holds production, exploration and development assets in Africa, namely a producing interest in Block-G, offshore Equatorial Guinea, the Dussafu License offshore southern Gabon, OML 113 offshore western Nigeria (held-for-sale, subject to completion), the TPS operated assets, Sfax Offshore Exploration Permit and Ras El Besh Concession, offshore Tunisia and participation interest in an exploration Block 2B, offshore South Africa.

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Financial Highlights and Key Metrics for Half Year 2021

Metric	IFRS Reporting Basis	Pro forma basis
Net Production (approximate)	4,500 bopd	7,700 bopd
Gross revenue	USD 34.9 million	USD 105.8 million
Number of liftings	5 International 4 Domestic	6 International 4 Domestic
EBITDA	USD 28.2 million <i>(Includes overlift reversal to income of USD 25 million)</i>	USD 65.9 million
EBIT	USD 66.6 million <i>(Gain on acquisition of additional 10% working interest in Dussafu Permit contributed to USD 48.5 million of income recognised under IFRS 3)</i>	USD 100 million <i>(after DD&A on a historical basis. Following completion of acquisitions, DD&A will be higher due to depletion of sizeable fair value uplift adjustments made on the purchase price allocation of business combinations)</i>
Cash balance <i>(including USD 10 million held for bank guarantee)</i>	USD 93.1 million	-
Receivables from crude oil sales	USD 21.9 million <i>(Almost USD 19.4 million realised in 3Q)</i>	-
Gross Debt	USD 104.3 million	-

In February 2021, Panoro announced two transformational acquisitions of assets in West Africa. On 31 March 2021, the acquisition of Tullow Equatorial Guinea Limited (“TEGL”) (the “EG Transaction”) was completed and has been recognised in the balance sheet of the Group in accordance with IFRS 3. The results of TEGL up to 31 March 2021 have not been consolidated and have only been included from the date of completion.

In June 2021, the transaction to acquire an additional 10% working interest in Dussafu permit (the “Dussafu Transaction”) was completed. No results up to the completion date of 9 June 2021 have been included in the consolidated income statement of the Company’s Half Year results ending 30 June 2021. The fair value of the acquired assets and liabilities in connection with the Dussafu Transaction have been included as of the acquisition date in Panoro’s statement of financial position. Under the requirements of IFRS 3 “Business Combinations” any excess of fair value of net assets acquired over the consideration paid is recognised in the income statement as gain on acquisition of business, which was USD 48.5 million for this transaction. Such gain has arisen due to significant increase in oil prices between effective date and completion date of the Dussafu Transaction.

In order to provide insights into the performance of the Group’s existing operations combined with the Company’s aforementioned acquisitions in West Africa, certain unaudited key

information has been prepared and included in the highlights on a pro-forma basis after including the results and operations of both transactions from 1 January 2021 and up to the respective completion dates.

The pro-forma information above is prepared for indicative purposes only and should not be construed as past performance of the Group or be seen as a forward-looking guidance. The purpose of this information is solely to provide illustration and highlight the key metrics of the business on an indicative basis after considering potential acquisitions.

Operational Highlights

Equatorial Guinea

- Average first half production of approximately 29,700 bopd gross (4,200 bopd net on a pro forma basis)
- The Okume upgrade project is expected to be completed in the fourth quarter and will contribute additional power, water injection and gas lift capacity necessary for further de-bottlenecking of the facilities and additional electrical submersible pumps (ESPs)
- In April 2021 one ESP conversion was completed with additional ESP conversions planned following completion of the Okume upgrade project
- Drilling of the first of three planned infill wells in the Okume Complex completed, encountering good quality oil saturated reservoir sands. The rig now moved to the second well location. All three wells are expected onstream in the fourth quarter
- The partners are now focussed on defining further production growth activities in 2022 and beyond, comprising additional development drilling and workover activity
- One crude lifting in March of 903,168 barrels sold at USD 65 per barrel

Gabon

- Average first half production of approximately 12,000 bopd gross (2,100 bopd net on a pro forma basis)
- Successful completion of the DTM-7H Tortue production well
- Three crude oil liftings in 1H, sold at an average USD 70 per barrel with operator reported production cost (excluding royalties) of USD 27.50 per barrel
- Post period end the DHBNM-1 Hibiscus North exploration well has made an oil discovery in the Upper Gamba sandstone. Drilling operations will continue to test secondary targets in the deeper Dentale Formation after which logging operations will be undertaken and a side-track drilled to delineate the discovery

Tunisia

- Average first half production In Tunisia of 4,535 bopd gross on average during the quarter (1,333 bopd net)

- The El Ain field is now producing on a continuous basis following an ESP installation in the EL AIN-3SD well. Workovers of CER-3 and GUE-2 to replace failed ESPs were also completed during the quarter
- Two international liftings of 202,000 bbls net to Panoro were completed during the six months ended 30 June 2021, achieving an average price of USD 67 per barrel. Additional domestic liftings also supplemented the revenues for this period
- Joint study in progress with partner ETAP to update subsurface models and plan further development of the Guebiba Field

Corporate Highlights

- Completion of acquisition from Tullow Oil plc of a 14.25% working interest in Block G, offshore Equatorial Guinea (“EG Transaction”) and the acquisition of an additional 10% working interest in Dussafu Marin Permit, offshore Gabon (“Dussafu Transaction”)
- Equity private placement and subsequent offering during the quarter with net proceeds of USD 77.1 million
- USD 90 million debt facility with Trafigura/MCB fully drawn down and used to fund the EG Transaction and the Dussafu Transaction
- Completion of farm-in of 12.5% working interest in Block 2B, offshore South Africa in April 2021

Outlook and Guidance

- Five new production wells to be brought onstream during 2H 2021 (three in Equatorial Guinea and two in Gabon)
- Working interest production expected to climb to approximately 9,500 bopd by year end as new wells start to contribute
- Production growth activity in Tunisia to continue with a number of workovers planned
- Hibiscus North exploration well result expected in Q3
- Drilling of Gazania-1 exploration well in Block 2B expected to commence by end of 2021
- Three international liftings expected in 4Q 2021 (none in 3Q 2021)
- Dividend of PetroNor shares to Panoro shareholders (upon completion of sale of Aje)

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