

# Panoro Energy

**Half Year and Second Quarter Report 2017**

August 23, 2017

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# Highlights and events

## Second Quarter 2017 highlights and subsequent events

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### Dussafu

- Completion of the divestment of a 25% working interest in Dussafu for USD 11.0 million in cash and a non-recourse loan of up to USD 12.5 million
- Development planning for two initial wells at Tortue with material operational progress
- Competent Person's Report commissioned to update reserves and resources estimates
- First oil expected in 2H 2018 at an anticipated initial gross rate of 15,000 bopd
- Approval of the development plan submitted by the operator

### Aje

- Legal dispute ongoing with arbitration hearing anticipated in 1Q 2018
- Aje-5 intervention completed with production levels lower than anticipated
- Impairment charge of USD 26.0 million reflecting current circumstances

### Corporate

- Cash and cash equivalents of USD 8.7 million as at June 30, 2017, not including USD 1.5 million held as security of costs in relation to the ongoing dispute on OML 113
- Post period, the Company launched and completed an initial tender offer available to all its shareholders to repurchase up to 1,000,000 shares for approximately USD 510 thousand

# Operational update

## GABON

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### Dussafu Marin: BW Energy (Operator), Panoro Energy (8.333% interest with effect from April 28, 2017)

On July 18, Panoro announced that Pan Petroleum Gabon B.V. (a fully-owned subsidiary of Panoro) had approved the operator's proposed work program and budget to move forward at full speed with the development of the Dussafu oilfields, offshore Gabon. The development plan consists of two initial wells at Tortue in the Gamba and Dentale reservoirs. An appraisal side-track will also be drilled in the northwest of the Tortue field. The two production wells will be tied back to a leased FPSO, to be provided by BW Offshore, via subsea trees and flowlines. The wells will be completed as horizontal oil production wells with provision for gas lift, the well design being similar to the one used at the Etame field located north of Dussafu. Contracting and procurement for the project equipment and services is underway. Fabrication of subsea trees and wellheads is being carried out, and letters of intent have been placed for other subsea equipment. The BWO owned FPSO Azurite fits well with the approved field development plan specifications. The FPSO has been well maintained and can be deployed on the Dussafu field with only minor investments required. The FPSO has been moved to the Keppel yard where the necessary upgrades can be undertaken. The FPSO is capable of handling up to 40,000 barrels of oil per day with gas compression capacity of 18 million scf of gas per day. A letter of intent has been delivered for provision of a jack-up rig for the drilling campaign which is intended to start in Q1 2018. Following the drilling and completion, the installation of the FPSO and subsea equipment will be carried out, with first oil production being on track to be achieved in 2018.

Panoro and the operator have commissioned an independent reserves report to update reserves and resources estimates at Dussafu.

## NIGERIA

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### OML 113 Aje field: YFP (Operator), Panoro Energy (12.1913% entitlement to revenue stream, 16.255% paying interest and 6.5% participating interest)

Panoro continues to be excluded from some Aje JV information due to the ongoing legal dispute, and therefore some of the following information is qualified by lack of full knowledge. Following the re-entry of the Aje-5 well during Q1 2017 during which 2 side-tracks were drilled, we understand that the Aje-5 well was put back on-stream. Production from the Aje field has continued from the Aje-4 and Aje-5 wells. A lifting of Aje crude was completed in early July, 2017. On average, Panoro estimates that the Aje field produced approximately 350 barrels of oil per day net to Panoro during the quarter, with the re-introduction of Aje 5 production only occurring towards the end of the quarter. We also understand that material opex reductions are being implemented. Meanwhile the JV continues to work on and refine detailed plans for the Turonian gas project, which aims to commercialise the approximately 163 Mmboe Turonian gas resources.

## CORPORATE

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In accordance with the resolution approved by its shareholders at the Company's Annual General Meeting on May 24, 2017, the Board of Directors authorized on August 9th the immediate implementation of a share repurchase program of up to a maximum of 2,100,000 shares, corresponding to approximately 5% of the outstanding common shares. The Company, at its sole discretion, may decide to purchase less than, or to increase, this maximum amount, but not exceeding 4,250,000 shares in total. The share buyback program is effective from August 9, 2017 until June 30, 2018. As part of the repurchase program, the Company also announced the launch of an initial tender offer available to all its shareholders to repurchase up to 1,000,000 shares, at an offer price of NOK 4.05 per share which represented a premium of approximately 4% to the closing price for Panoro Energy on August 9, 2017. The tender was successful, and Panoro purchased 1,000,000 shares as set out in the Offer representing 2.35% of the total issued share capital.

As previously disclosed Panoro is in disagreement with its joint venture partners in OML 113 in Nigeria and has initiated arbitration and legal proceedings to protect its interests. Further disclosures can be found in the Company's 2016 Annual Report.

Panoro is in discussion with potential buyers for the sale of all or a portion of its interest in OML 113. However there can be no assurances that any transaction contemplated under these discussions will be consummated. Panoro will bring the case to arbitration should no commercial solution be forthcoming. The arbitration is scheduled for Q1 2018.

In July, Panoro noted that one of Pan Petroleum's joint venture partners, EER (Colobus) Nigeria Limited ("EER"), applied for and, on July 13, 2017, was granted an order by the Federal High Court of Nigeria (the "Court"). Subsequently, Pan Petroleum was also granted a similar order by the Court. The Court's order restrains the non-defaulting joint venture partners from exercising any purported rights under the default provisions of the JOA. The Court's order restrains any of the non-defaulting joint venture partners from issuing a notice under the JOA requiring defaulting partners to withdraw from and transfer all its interests and rights in the OML 113 Licence and the JOA to all the non-defaulting parties. Under the JOA, the potential consequence of a joint venture partner not making payment of its share of a cash call on or before the expiry of the 45-day grace period is that two or more of the other JV partners, who are not themselves in default and who represent a majority of the interests not in default, have the option to require the defaulting party to withdraw from the OML 113 License and the JOA by issuing a notice of withdrawal. However, any such action may currently be prevented by the Nigerian injunction referred to above. Pan Petroleum's current view is that any withdrawal notice would constitute a penalty under the laws of Nigeria and be unenforceable as a matter of public policy. Should Pan Petroleum in the future be issued with a withdrawal notice, it will vigorously dispute its forced withdrawal from the OML 113 License and the JOA, and will explore all legal and diplomatic avenues to ensure the notice is withdrawn or the withdrawal is held to be unenforceable. Pan Petroleum will seek to recover all losses, costs, expenses and damages in law and equity caused directly or indirectly by any joint venture partner's breach of its contractual and equitable obligations caused by such an event. Although Panoro has sufficient funds available, Pan Petroleum has at this time not paid its share of certain cash calls under the JOA. The 45-day grace period permitted under the JOA has now expired and Pan Petroleum continues to be in payment default. Pan Petroleum's share of these unpaid cash calls currently stands at approximately USD 6.8 million net of crude entitlements. The default of Pan Petroleum in respect of these cash calls is not protected from action by the non-defaulting joint venture partners by the injunction granted by the English court, but is currently protected through the Nigerian injunction. Panoro's Board and Management remain strongly committed to taking all necessary action to preserve shareholder value and act in the best interest of the Company.

The Company's formal exit from its historical Brazilian business is still ongoing with slow progress towards the approval of abandonment and license relinquishment 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 will be subject to necessary approvals by the Brazilian Regulator ANP.

# Financial information

## Income statement review

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### Second quarter 2017 versus first quarter 2017

Panoro Energy reported an EBITDA of negative USD 1.2 million for the second quarter 2017, compared to negative USD 2.5 million in the first quarter 2017.

Second quarter EBITDA includes the effect of the gain on the sale of the 25% stake in Dussafu and lower Aje field operating costs.

Oil and gas revenue in the second quarter 2017 was nil as there was no Aje lifting during the period, whereas the first quarter revenue was USD 1.3 million, generated from the sale of the Company's net entitlement barrels of 26,210 bbls. Other Income in the quarter of USD 0.5 million represents the net gain on disposal of the 25% working interest in Dussafu.

Costs attributed to operations were USD 0.2 million at Aje for the second quarter compared to the Company's estimated costs of USD 2.5 million in the previous quarter. The USD 0.2 million in the current quarter represents true-up of costs up to the sale previous cargo. All opex costs since the last lifting are capitalized in the cost of inventory and will be expensed in the third quarter. It is worth noting here that due to the ongoing legal dispute at Aje, 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 28.0 million from continuing operations for the second quarter 2017, an increase in loss of USD 24.6 million, compared to a loss of USD 3.4 million in the first quarter 2017; the increase in loss is predominantly the effect of an impairment charge on Aje during the second quarter 2017. The impairment charge is a reflection of the current circumstances surrounding the license after taking into account the risk profile, less than anticipated production rates and the license renewal.

Operator G&A and related overheads were USD 0.2 million for the second quarter compared to USD 0.1 million in the previous quarter, as work on Dussafu continues in preparation towards field development.

General and Administration (G&A) costs from continuing activities of USD 0.9 million for the second quarter, compared to USD 1.0 million in the first quarter. For both quarters, the costs relating to the ongoing Aje dispute have been separately reported as non-recurring dispute costs of USD 0.4 million in the second quarter and USD 0.2 million for the previous quarter. These numbers are net of an award of USD 0.3 million reimbursement of costs pursuant to Court orders.

Depreciation remained at USD 0.8 million for both quarters which is in line with production.

EBIT from continuing operations was thus a negative USD 28.0 million in the second quarter 2017, compared to a negative USD 3.3 million in the first quarter 2017.

Net financial items amounted to a net expense of USD 18 thousand in the second quarter 2017 compared to an expense of USD 32 thousand in the first quarter 2017.

Loss before tax from continuing activities was USD 28.0 million in the second quarter 2017 which was lower by USD 24.6 million compared to the previous quarter loss of USD 3.4 million.

Net loss for the period from discontinued operations in Brazil was USD 86 thousand for the current quarter, a decrease in loss of USD 16 thousand from the previous quarter.

The total net loss was USD 28.1 million, compared to a net loss of USD 3.5 million in the previous quarter.

Minor movement in other comprehensive income was a result of currency translation adjustments for reporting purposes in both quarters.

## **Year to date 2017 versus year to date 2016**

Panoro Energy reported an EBITDA of negative USD 3.7 million for the first half of 2017, compared to negative USD 2.4 million in the same period in 2016.

First half 2017 EBITDA includes the oil and gas revenue from the third lifting from the Aje field and the associated operating costs and the gain on the sale of a 25% stake in Dussafu.

Oil and gas revenue in the first half 2017 was USD 1.3 million and is based on the Company's entitlement barrels; the revenue was generated by the sale of the net entitlement volume of 26,210 bbls. Other Income in the first half of USD 0.5 million represents the net gain on disposal of the 25% working interest in Dussafu. There was no recorded revenue in the same period of 2016.

Panoro Energy reported a net loss of USD 31.4 million from continuing operations for the first half 2017, an increase in loss of USD 11.9 million, compared to a loss of USD 19.4 million in the same period in 2016. The increase in loss was a direct result of the inclusion of Aje impairment charges in 2017.

Operator G&A and related overheads decreased to USD 0.3 million in the first half of 2017, down from USD 0.4 million in same period in 2016. This is consistent with the majority of the Aje operator general and administrative costs since first oil being classified as operating costs.

General and Administration costs from continuing operations of USD 1.9 million for the first half of 2017, marginally down from USD 2.0 million for the previous period. In 2017, USD 0.6 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 0.3 million reimbursement of costs pursuant to Court orders.

Depreciation for the first half 2017 was USD 1.6 million increasing from USD 57 thousand 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 31.3 million for the first half 2017, compared to a negative USD 19.4 million in the same period of 2016.

Net financial items amounted to an expense of USD 50 thousand in the current period compared to an expense of USD 4 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 31.4 million for the first half 2017 compared to the loss of USD 19.4 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 188 thousand for the first half 2017, compared to a net loss of USD 26 thousand for the same period in 2016.

The total net loss for the first half 2017 was USD 31.6 million, compared to a net loss of USD 19.5 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**

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### **Movements to June 30, 2017 from March 31, 2017**

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

#### Non-current assets

Non-current assets amounted to USD 20.4 million at June 30, 2017, a decrease of USD 34.2 million from March 31, 2017.

The overall movement in total non-current assets was a result of the sale of 25% stake in Dussafu during the quarter and the impairment provision on Aje, offset by capital additions for both assets. Property, furniture, fixtures and equipment remained largely unchanged.

Other non-current assets remained unchanged at USD 0.1 million for both quarters and relates to the tenancy deposit for office premises and the capitalised interest relating to the non-recourse loan relating to the funding of the Dussafu development.

#### Current assets

Current assets amounted to USD 12.7 million as of June 30, 2017, compared to USD 4.4 million at March 31, 2017.

Trade and other receivables stood at USD 1.2 million, a decrease from USD 2.0 million at the end of March 2017. The movement is due to the realisation of sale proceeds due for Aje's third lifting during the quarter. In addition, there is the receivable balance of USD 1.0 million relating to the sale of 25% of the Dussafu asset, which will be paid by year-end 2017. USD 1.3 million has been accumulated and held on the balance sheet as the cash cost of Aje crude oil inventory prior to being expensed in the third quarter of 2017.

Cash and cash equivalents stood at USD 8.7 million at June 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. This represents an increase in cash balances from USD 0.7 million at March 31, 2017. The increase is mainly attributed to the collection of the sale proceeds relating to the disposal of 25% stake in Dussafu during the quarter, offset by the payment of Aje cash calls of USD 2.0 million. USD 1.5 million of collateral cash supporting our legal case at Aje remains as restricted cash in the current quarter.

#### Equity

Equity amounted to USD 22.8 million as of June 30, 2017, compared to USD 50.9 million at the end of March 2017. The change reflects the loss for the period.

#### Non-current liabilities

Total non-current liabilities of USD 2.3 million for the second quarter, compared to USD 2.0 million for the previous quarter, predominantly reflecting the decommissioning provision for the Aje field, with the addition of the non-recourse loan from BW Energy in relation to the funding of the Dussafu development.

#### Current liabilities

Current liabilities amounted to USD 8.0 million at June 30, 2017, compared to USD 6.0 million at the end of March 2017.

Accounts payable, accruals and other liabilities amounted to USD 7.9 million, an increase from USD 5.9 million at the end of March 2017. The increase predominantly represents Aje operational accruals as at June 30, 2017. The tax liability of USD 0.1 million remain unchanged and relates to historical tax liability in Brazil.

### **Movements to June 30, 2017 from December 31, 2016**

Movements in the Group statement of financial position during the first half of 2017 were a combination of the following:

#### Non-current assets

Non-current assets amounted to USD 20.4 million at June 30, 2017, a decrease of USD 31.2 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.

Other non-current assets remained unchanged at USD 0.1 million for both periods and relates to the tenancy deposit for office premises with the inclusion of the capitalised interest relating to the non-recourse loan relating to the funding of the Dussafu development.

#### Current assets

Current assets amounted to USD 12.7 million as of June 30, 2017, compared to USD 7.2 million at December 31, 2016.

Trade and other receivables stood at USD 1.2 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. In addition, there is the receivable balance of USD 1.0 million relating to the sale of 25% of the Dussafu asset, which will be paid by year-end 2017. USD 1.3 million has been accumulated and held on the balance sheet as the cash cost of Aje crude oil inventory prior to being

expensed in the third quarter.

Cash and cash equivalents stood at USD 8.7 million at June 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. 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, offset by the payment of Aje cash calls of USD 4.0 million. USD 1.5 million of collateral cash supporting our legal case at Aje remains as restricted cash during the period.

#### Equity

Equity amounted to USD 22.8 million as of June 30, 2017, compared to USD 54.3 million at the end of December 2016. The change reflects the loss for the period.

#### Non-current liabilities

Total non-current liabilities of USD 2.3 million for the period, compared to USD 2.0 million at the end of 2016, with the movement reflecting the decommissioning provision for the Aje field, with the addition of the non-recourse loan from BW Energy relating to the funding of the Dussafu field development.

#### Current liabilities

Current liabilities amounted to USD 8.0 million at June 30, 2017, compared to USD 2.4 million at the end of December 2016.

Accounts payable, accruals and other liabilities amounted to USD 7.9 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 June 30, 2017. The tax liability of USD 0.1 million is in relation to historical tax liability in Brazil.

# Risks & uncertainties

## Investment in Panoro Energy ASA

Investment in Panoro Energy involves risks and uncertainties as described in Company's Annual Report for 2016.

As an oil and gas company operating in multiple jurisdictions in West Africa, exploration results, reserve and resource estimates and estimates for capital and operating expenditures are associated with uncertainty. The field's production performance may be uncertain over time.

The company is exposed to various forms of financial risks, including, but not limited to, fluctuation in oil prices, exchange rates, interest rates and capital requirements; these are described in the company's 2016 annual report and accounts, and in note 2.1 to the half year financial statements. The company is also exposed to uncertainties relating to the international capital markets and access to capital and this may influence the speed with which development projects can be accomplished.

## Operational risks & uncertainties

The development of oil and gas fields in which the Company is involved is associated with technical risk, reservoir performance, alignment in the consortiums with regards to development plans and on obtaining the necessary licenses and approvals from the authorities. Such operations might occasionally lead to cost overruns and production disruptions, as well as delays compared to the plans laid out by the operator of these fields. Furthermore, the Company has limited influence on operational risk related to exploration success and development of industry cost.

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.

# Outlook

- Progression on Dussafu oil development
- Competent Person's Report on Dussafu
- Continue to seek to preserve value at OML 113
- Actively reviewing growth opportunities

The Board of Directors

Panoro Energy ASA

August 23, 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 JUNE 30, 2017

Q2 2016	Q1 2017	Q2 2017	<i>Amounts in USD 000</i>	Note	YTD 2017	YTD 2016
<i>(Unaudited)</i>				<i>(Unaudited)</i>		
<u>Continuing Operations</u>						
-	1,327	-	Oil and gas revenue		1,327	-
-	-	497	Other Income	9	497	-
-	<b>1,327</b>	<b>497</b>	<b>Total revenues</b>		<b>1,824</b>	-
-	(2,542)	(159)	Operating costs		(2,701)	-
(204)	(81)	(228)	Operator G&A and related overheads		(309)	(439)
-	(205)	(415)	Non-recurring dispute costs		(620)	-
(1,028)	(1,043)	(886)	General and administrative costs		(1,929)	(1,972)
<b>(1,232)</b>	<b>(2,544)</b>	<b>(1,191)</b>	<b>EBITDA</b>		<b>(3,735)</b>	<b>(2,411)</b>
(26)	(776)	(830)	Depreciation, depletion and amortisation		(1,606)	(57)
-	-	(25,970)	Impairment of Assets	6.1	(25,970)	(16,960)
(6)	(20)	(17)	Share based payments		(37)	(6)
<b>(1,264)</b>	<b>(3,340)</b>	<b>(28,008)</b>	<b>EBIT - Operating income/(loss)</b>		<b>(31,348)</b>	<b>(19,434)</b>
11	(1)	7	Interest costs net of income		6	14
(3)	(38)	(31)	Other financial costs net of income		(69)	(8)
(30)	7	6	Net foreign exchange gain/(loss)		13	(10)
<b>(1,286)</b>	<b>(3,372)</b>	<b>(28,026)</b>	<b>Income/(loss) before tax</b>		<b>(31,398)</b>	<b>(19,438)</b>
-	18	-	Income tax benefit/(expense)		18	-
<b>(1,286)</b>	<b>(3,354)</b>	<b>(28,026)</b>	<b>Net income/(loss) for the period from continuing operations</b>		<b>(31,380)</b>	<b>(19,438)</b>
<u>Discontinued operations</u>						
(20)	(102)	(86)	Net income / (loss) for the period from discontinued operations	4	(188)	(26)
<b>(1,306)</b>	<b>(3,456)</b>	<b>(28,112)</b>	<b>Net income / (loss) for the period</b>		<b>(31,568)</b>	<b>(19,464)</b>
(9)	(2)	-	Exchange differences arising from translation of foreign operations		(2)	(7)
<b>(9)</b>	<b>(2)</b>	<b>-</b>	<b>Other comprehensive income/(loss) for the period (net of tax)</b>		<b>(2)</b>	<b>(7)</b>
<b>(1,315)</b>	<b>(3,458)</b>	<b>(28,112)</b>	<b>Total comprehensive income/(loss) for the period (net of tax)</b>		<b>(31,570)</b>	<b>(19,471)</b>
<b>Net income / (loss) for the period attributable to:</b>						
(1,306)	(3,456)	(28,112)	Equity holders of the parent		(31,568)	(19,464)
<b>Total comprehensive income / (loss) for the period attributable to:</b>						
(1,315)	(3,458)	(28,112)	Equity holders of the parent		(31,570)	(19,471)
<b>Earnings per share</b>						
(0.03)	(0.08)	(0.66)	(USD) – Basic and diluted for income/(loss) for the period attributable to equity holders of the parent - Total		(0.74)	(0.55)
(0.03)	(0.08)	(0.66)	(USD) – Basic and diluted for income/(loss) for the period attributable to equity holders of the parent - Continuing operations		(0.74)	(0.55)

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

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

<i>Amounts in USD 000</i>	<i>Note</i>	<i>June 30, 2017</i>	<i>March 31, 2017</i>	<i>December 31, 2016</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>	
<b>Non-current assets</b>				
Licenses and exploration assets	6/6.1	3,750	26,579	25,971
Development assets	6/9	4,308	-	-
Production assets and equipment	6/6.1	12,046	27,674	25,285
Property, furniture, fixtures and office equipment		134	152	169
Other non-current assets		126	124	122
<b>Total Non-current assets</b>		<b>20,364</b>	<b>54,529</b>	<b>51,547</b>
<b>Current assets</b>				
Crude Oil Inventory		1,328	165	163
Trade and other receivables		1,158	2,037	1,724
Cash and cash equivalents		8,680	710	4,768
Restricted Cash and Collateral		1,500	1,500	520
<b>Total current assets</b>		<b>12,666</b>	<b>4,412</b>	<b>7,175</b>
<b>Total Assets</b>		<b>33,030</b>	<b>58,941</b>	<b>58,722</b>
<b>Equity</b>				
Share capital	7	305	305	305
Other equity		22,446	50,587	54,023
<b>Total Equity attributable to equity holders of the parent</b>		<b>22,751</b>	<b>50,892</b>	<b>54,328</b>
<b>Non-current liabilities</b>				
Decommissioning liability		1,981	1,953	1,925
Long-term liabilities	9	220	-	-
Other long-term liabilities		61	78	88
<b>Total Non-current liabilities</b>		<b>2,262</b>	<b>2,031</b>	<b>2,013</b>
<b>Current liabilities</b>				
Accounts payable, accruals and other liabilities		7,920	5,919	2,287
Corporation tax liability		97	99	94
<b>Total current liabilities</b>		<b>8,017</b>	<b>6,018</b>	<b>2,381</b>
<b>Total Liabilities</b>		<b>10,279</b>	<b>8,049</b>	<b>4,394</b>
<b>Total Equity and Liabilities</b>		<b>33,030</b>	<b>58,941</b>	<b>58,722</b>

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

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

Q2 2016 <i>(Unaudited)</i>	Q1 2017 <i>(Unaudited)</i>	Q2 2017 <i>Amounts in USD 000</i>	YTD 2017 <i>(Unaudited)</i>	YTD 2016 <i>(Unaudited)</i>
<b>Cash flows from operating activities</b>				
(1,286)	(3,372)	(28,026) Net (loss)/ income from continuing operations	(31,398)	(19,438)
(20)	(102)	(86) Net (loss)/ income from discontinued operations	(188)	(26)
(1,306)	(3,474)	(28,112) <b>Net (loss)/ income for the period before tax</b>	(31,586)	(19,464)
Adjusted for:				
26	776	830 Depreciation	1,606	57
-	-	25,970 Impairment and asset write-off	25,970	16,969
380	81	228 Exploration related costs and operator G&A	309	439
(8)	39	24 Net finance costs	63	(6)
6	21	16 Share-based payments	37	6
30	(7)	(6) Foreign exchange gains/losses	(13)	10
(420)	3,643	1,916 Increase/(decrease) in trade and other payables	5,559	(144)
263	(452)	593 (Increase)/decrease in trade and other receivables	141	36
-	(2)	(1,161) (Increase)/decrease in crude oil inventory	(1,163)	-
-	4	(23) Taxes paid	(19)	-
<b>(1,029)</b>	<b>629</b>	<b>275 Net cash flows from operating activities</b>	<b>904</b>	<b>(2,097)</b>
<b>Cash flows from investing activities</b>				
-	-	11,737 Proceeds from disposal of Assets	11,737	-
(2,005)	(3,698)	(3,987) Investment in exploration, production and other assets	(7,685)	(11,792)
813	-	- Movement in related non-current assets	-	813
<b>(1,192)</b>	<b>(3,698)</b>	<b>7,750 Net cash flows from investing activities</b>	<b>4,052</b>	<b>(10,979)</b>
<b>Cash flows from financing activities</b>				
1,219	-	- Net proceeds from Equity Private Placement	-	8,774
8	(8)	(55) Net financial income (net of charges paid)	(63)	6
-	(980)	- Movement in restricted cash balance	(980)	-
<b>1,227</b>	<b>(988)</b>	<b>(55) Net cash flows from financing activities</b>	<b>(1,043)</b>	<b>8,780</b>
(5)	(1)	- Effect of foreign currency translation adjustment on cash balances	(1)	(12)
<b>(999)</b>	<b>(4,058)</b>	<b>7,970 Change in cash and cash equivalents during the period</b>	<b>3,912</b>	<b>(4,308)</b>
7,639	4,768	710 Cash and cash equivalents at the beginning of the period	4,768	10,948
<b>6,640</b>	<b>710</b>	<b>8,680 Cash and cash equivalents at the end of the period</b>	<b>8,680</b>	<b>6,640</b>

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

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2017 <i>Amounts in USD 000</i>	Attributable to equity holders of the parent						
	Issued capital	Share premium	Additional paid-in capital	Retained earnings	Other reserves	Currency translation reserve	Total
<b>At January 1, 2017 - (Audited)</b>	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)	-	-	-	-	-	-	-
<b>Total comprehensive income/(loss)</b>	-	-	-	(3,456)	-	-	(3,456)
Employee share options charge/(benefit)	-	-	20	-	-	-	20
<b>At March 31, 2017 - (Unaudited)</b>	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)	-	-	-	-	-	-	-
<b>Total comprehensive income/(loss)</b>	-	-	-	(28,112)	-	-	(28,112)
Employee share options charge/(benefit)	-	-	17	-	-	-	17
Settlement of Restricted Share Units	-	-	(44)	-	-	-	(44)
<b>At June 30, 2017 - (Unaudited)</b>	305	297,503	122,094	(353,745)	(37,647)	(5,758)	22,751

For the six months ended June 30, 2016 <i>Amounts in USD 000</i>	Attributable to equity holders of the parent						
	Issued capital	Share premium	Additional paid-in capital	Retained earnings	Other reserves	Currency translation reserve	Total
<b>At January 1, 2016 - (Audited)</b>	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
<b>Total comprehensive income/(loss)</b>	-	-	-	(18,158)	-	2	(18,156)
Share Issue for cash	97	8,090	-	-	-	-	8,187
Transaction costs on Share Issue	-	(632)	-	-	-	-	(632)
<b>At March 31, 2016 - (Unaudited)</b>	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)
<b>Total comprehensive income/(loss)</b>	-	-	-	(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
<b>At June 30, 2016 - (Unaudited)</b>	305	297,520	122,059	(279,005)	(37,647)	(5,754)	97,478

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, Gründingen 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 June 30, 2017, were authorised for issue by the Board of Directors on August 23, 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 8.7 million in cash and cash equivalents as of June 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. During the period, the Company has received USD 11.0 million at closing of the BWO transaction, plus some working capital adjustments. A further USD 1.0 million of remaining consideration will be paid by year-end 2017.

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.

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.

	Q2 2016	Q1 2017	Q2 2017		YTD 2017	YTD 2016
<b>OPERATING SEGMENTS - GROUP NET SALES</b>				<b>(Unaudited)</b>		
-	248		350 Net average estimated daily production - Aje ( <i>bopd</i> )		299	-
-	26,210		- Oil sales ( <i>bbls</i> ) - <i>Net to Panoro</i>		26,210	-
<b>(Unaudited)</b>	<b>OPERATING SEGMENT - WEST AFRICA</b>				<b>(Unaudited)</b>	
	<i>in USD 000</i>					
(189)	(2,099)		(488) <b>EBITDA</b>		(2,587)	(502)
-	-		25,970 Impairment of E&E Assets		25,970	17,147
-	759		812 Depreciation and amortisation		1,571	-
-	57,915		- Segment assets		24,032	97,183
<b>CORPORATE</b>						
	<i>in USD 000</i>					
(1,042)	(445)		(703) <b>EBITDA</b>		(1,148)	(1,724)
26	17		18 Depreciation and amortisation		35	57
-	974		- Segment assets		8,812	7,242
<b>DISCONTINUED OPERATIONS</b>						
	<i>in USD 000</i>					
(20)	(102)		(86) Income / (Loss) for the period from discontinued operations		(188)	(26)
-	52		- Segment assets		186	60
<b>CONSOLIDATED</b>						
	<i>in USD 000</i>					
(1,231)	(2,544)		(1,191) <b>EBITDA</b>		(3,735)	(2,226)
(20)	(102)		(86) Income / (loss) for the period from discontinued operations		(188)	(26)
26	776		830 Depreciation and amortisation		1,606	57
-	-		25,970 Impairment of E&E Assets		25,970	17,147
-	58,941		- Segment assets		33,030	104,485

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.

Q2 2016	Q1 2017	Q2 2017		YTD 2017	YTD 2016
<i>USD 000 - (Unaudited)</i>				<i>USD 000 - (Unaudited)</i>	
-	-	-	Oil and gas revenue	-	-
-	-	-	<b>Total revenues and other income</b>	-	-
-	-	-	Production costs	-	-
-	-	-	Redundancies and restructuring costs	-	-
(20)	(15)	(19)	General and administration costs	(34)	(31)
<b>(20)</b>	<b>(15)</b>	<b>(19)</b>	<b>EBITDA</b>	<b>(34)</b>	<b>(31)</b>
-	-	-	Depreciation	-	-
-	(68)	(49)	Impairment	(117)	-
-	-	-	Share based payments	-	-
-	-	-	Gain/(loss) on sale of subsidiary	-	-
<b>(20)</b>	<b>(83)</b>	<b>(68)</b>	<b>EBIT - Operating income / (loss)</b>	<b>(151)</b>	<b>(31)</b>
1	-	1	Interest costs net of income	1	7
-	-	(1)	Other financial costs net of income	(1)	-
(1)	-	-	Net foreign exchange gain / (loss)	-	(2)
<b>(20)</b>	<b>(83)</b>	<b>(68)</b>	<b>Income / (loss) before tax</b>	<b>(151)</b>	<b>(26)</b>
-	(19)	(18)	Income tax benefit / (expense)	(37)	-
<b>Net income/(loss) for the period from discontinued operations</b>				<b>(188)</b>	<b>(26)</b>
Earning per share – basic and diluted (USD) for the period from discontinued operations					
(0.00)	(0.00)	(0.00)		(0.00)	(0.00)

## 5. Earnings per share

Q2 2016	Q1 2017	Q2 2017		YTD 2017	YTD 2016
<i>(Unaudited)</i>			<i>Amounts in USD 000, unless otherwise stated</i>	<i>(Unaudited)</i>	
(1,306)	(3,456)	(28,112)	Net profit / (loss) attributable to equity holders of the parent - <b>Total</b>	(31,568)	(19,464)
(1,286)	(3,354)	(28,026)	Net profit / (loss) attributable to equity holders of the parent - <b>Continuing operations</b>	(31,380)	(19,438)
42,319	42,502	42,502	Weighted average number of shares outstanding - in thousands	42,502	35,085
(0.03)	(0.08)	(0.66)	Basic and diluted earnings per share (USD) - Total	(0.74)	(0.55)
(0.03)	(0.08)	(0.66)	Basic and diluted earnings per share (USD) - Continuing operations	(0.74)	(0.55)

### 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 <i>USD 000</i>	Production and Development Assets <i>USD 000</i>
<b>Net book value</b>		
At January 1, 2017 (Audited)	25,971	25,285
Exploration and Evaluation Asset Additions	1,182	-
Production Asset Additions	-	7,263
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	-	(1,574)
<b>At June 30, 2017 (Unaudited)</b>	<b>3,750</b>	<b>16,354</b>

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 1H 2017 interim financial statements.

### 6.1. Provision for impairment

During the quarter, an addition was made to the overall impairment provision with a charge of USD 26.0 million recorded in relation to investment in OML 113 (Aje). The Aje impairment is a result of conservative application of accounting principles to determine the recoverable amount of the asset as of the balance sheet date. It has been considered following triggers and factors that include amongst others, the recent Aje well performance, rationalisation of historically high exploration costs and a reflection of risks associated with the asset in the current environment. In order to make such determinations, qualitative and quantitative factors were considered; the recognition of such provision was in line with the relevant accounting guidance.

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 June 30, 2017, March 31, 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.

## 8. Legal dispute

In early December 2016, Panoro announced that it was in disagreement with its joint venture partners in OML 113 in Nigeria and intended to initiate arbitration and legal proceedings to protect its interests. The dispute concerns the purported passing of resolutions by the joint venture partners with respect to a proposed new well to be drilled at Aje in OML 113 and a related cash call. The Company believes the drilling of any new well is premature at this stage and is of the firm view that the decision to incur such additional capital expenditures at Aje unambiguously requires unanimous consent of joint venture partners. Panoro is still proactively trying to resolve the issue in order to preserve shareholder value. As the cash call and default notice remain in dispute, Panoro has commenced arbitration proceedings pursuant to the JOA. In addition, to protect its rights prior to commencement of the arbitration proceedings, the Company applied to the High Court in London, UK for interim relief in order to protect its rights under the JOA. The Court order was received whereby Panoro has been granted an interim injunction, and awarded its interim costs in seeking the injunction. The other joint venture partners are now temporarily restricted from taking any action related to new well cash calls that would prevent Panoro's continued participation in the JOA and OML 113. Under the terms of the Court order, Panoro is also required to provide a customary security to the benefit of the respondents.

It is further noted that one of Pan Petroleum's joint venture partners, EER (Colobus) Nigeria Limited ("EER"), applied for and, on July 13, 2017, was granted an order by the Federal High Court of Nigeria (the "Court"). Subsequently, Pan Petroleum was also granted a similar order by the Court. The Court's order restrains the non-defaulting joint venture partners from exercising any purported rights under the default provisions of the JOA. The Court's order restrains any of the non-defaulting joint venture partners from issuing a notice under the JOA requiring defaulting partners to withdraw from and transfer all its interests and rights in the OML 113 Licence and the JOA to all the non-defaulting parties. Under the JOA, the potential consequence of a joint venture partner not making payment of its share of a cash call on or before the expiry of the 45-day grace period is that two or more of the other JV partners, who are not themselves in default and who represent a majority of the interests not in default, have the option to require the defaulting party to withdraw from the OML 113 License and the JOA by issuing a notice of withdrawal. The 45-day grace period permitted under the JOA has now expired and Pan Petroleum continues to be in payment default. Pan Petroleum's share of these unpaid cash calls currently stands at approximately USD 6.8 million net of crude entitlements. The default of Pan Petroleum in respect of these cash calls is not protected from action by the non-defaulting joint venture partners by the injunction granted by the English court, but is currently protected through the Nigerian injunction.

## **9. Sale of interest in Dussafu and non-recourse loan**

On April 28, 2017, the Company closed the sale of a 25% working interest in the Dussafu Production Sharing Contract, offshore Gabon to BW Energy Gabon (BWEG), a subsidiary of BW Offshore Limited, for a total cash consideration of USD 12 million. The Company's subsidiary, Pan-Petroleum Gabon B.V. (PPG), has received USD 11 million in cash plus certain transaction date adjustments. As per the terms of the sale purchase agreement with BWEG, the remaining USD 1 million will be paid in cash to PPG no later than 30 December 2017.

Post-completion, PPG now holds an 8.333% working interest in the Dussafu PSC. PPG has also entered into a non-recourse loan facility whereby BWEG will provide up to USD 12.5 million to PPG to fund PPG's share of all expenditures through the development phase to first oil production at Dussafu. A gain of approximately USD 0.5 million was generated on the disposal of the Dussafu working interest, including all transaction related costs.

As of June 30, 2017, Panoro's drawdown on the non-recourse loan was USD 0.2 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.

# Responsibility statement

We confirm to the best of our knowledge that the condensed set of interim consolidated financial statements as of June 30, 2017 has been prepared in accordance with IAS 34 Interim Financial Reporting and gives a true and fair view of the Company's assets, liabilities, financial position and result for the period viewed in their entirety, and that the interim management report in accordance with the Norwegian Securities Trading Act section 5-6 fourth paragraph includes a fair review of any significant events that arose during the six-month period and their effect on the half-yearly financial report, and any significant related parties transactions, and a description of the principal risks and uncertainties for the remaining six months of the year.

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*

# Other information

## Financial calendar

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August 24, 2017	Second quarter 2017 results
November 16, 2017	Third quarter 2017 results

## Glossary and definitions

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<b>Bbl</b>	One barrel of oil, equal to 42 US gallons or 159 liters
<b>Bopd</b>	Barrels of oil per day
<b>Bcf</b>	Billion cubic feet
<b>Bm<sup>3</sup></b>	Billion cubic meter
<b>BOE</b>	Barrel of oil equivalent
<b>Btu</b>	British Thermal Units, the energy content needed to heat one pint of water by one degree Fahrenheit
<b>IP</b>	Initial production
<b>Mcf</b>	Thousand cubic feet
<b>MMcf</b>	Million cubic feet
<b>MMbbl</b>	Million barrels of oil
<b>MMBOE</b>	Million barrels of oil equivalents
<b>MMBtu</b>	Million British thermal units
<b>MMm<sup>3</sup></b>	Million cubic meters
<b>Tcf</b>	Trillion cubic feet
<b>EBITDA</b>	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

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