

Panoro Energy

Fourth Quarter Report 2018

February 25, 2019

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Highlights and events

Fourth Quarter 2018 highlights and subsequent events

Highlights

- Completion of transactions in Tunisia and first oil at Dussafu have materially transformed Panoro
- 6-fold increase in net production from January 2018 to January 2019. Current net group production of approximately 2,500 bopd (prior to royalty and tax)
- 4-fold increase in net 2P oil reserves (24% increase in total net 2P reserves) compared to Q3 and after taking into account 2018 net production

Tunisia

- Completed the acquisition of OMV Tunisia Upstream GmbH in December 2018
- Agreement with Tunisian authorities in relation to drilling at Sfax Offshore Exploration Permit, with Salloum West prospect proposed to be drilled during 2019
- Near-term opportunities identified to increase production by 15-20% during Q3 2019

Dussafu

- Tortue field gross 2P reserves increased by approximately 50% to 35.1 MMbbls
- 1.1 million gross barrels produced during the quarter from Tortue field, at an average gross rate of 11,800 bopd
- Phase 2 planning activities are underway with drilling of development and exploration wells due to commence during 2H 2019

Aje

- Current oil production operations continue with stable production at 368 bopd net to Panoro during Q4 2018
- JV partners continue to focus on advancing the Turonian development plan

Corporate

- Cash balance as at December 31, 2018 of USD 23.1 million
- Successfully completed an Equity Private Placement in December, 2018, raising USD 30 million in gross proceeds
- Closed a USD 35 million Secured Loan Facility agreement with Mercuria to finance the acquisition of OMV Tunisia Upstream GmbH (Net to Panoro USD 21 million)
- Entered into a joint arrangement through a shareholder agreement with Beender Petroleum Tunisia Limited (“Beender”), whereby Panoro and Beender jointly own and control 60% and 40% respectively of Sfax Petroleum Corporation AS

Operational update

TUNISIA

During the quarter, the Company entered into a shareholder agreement with Beender Petroleum Tunisia Limited (“Beender”), whereby Panoro and Beender jointly own and control 60% and 40% respectively of Sfax Petroleum Corporation AS (“Sfax Corp”). Sfax Corp, through its subsidiaries holds 100% shares of Panoro Tunisia Production AS (“PTP”) and Panoro Tunisia Exploration AS (“PTE”). As such, all numbers and volume information relating to the Company’s Tunisian operations and transactions represents the Company’s 60% interest, unless otherwise stated.

Sfax Offshore Exploration Permit (“SOEP”): Panoro Energy (Operator, 52.5% interest)

During the quarter Panoro Tunisia Exploration AS (“PTE”, previously DNO Tunisia AS) reached mutually acceptable arrangements with the Tunisian Directorate General of Hydrocarbons (“DGH”) regarding the permit renewal terms for SOEP.

Panoro has been in extensive discussions with the Tunisian Authorities regarding the terms and timing of drilling the well committed by the previous ultimate owner, DNO, under the current first renewal period. As a precondition to the entry into a second renewal period for an additional three-year period, Panoro has agreed to fulfil the outstanding drilling obligation as soon as practically possible.

Consequently, Panoro is proposing to drill the Salloum West-1 well (“SAMW-1”) in order to fully satisfy the commitment well. Panoro is currently working closely with its partner Entreprise Tunisienne D’ Activites Petrolieres (ETAP) regarding the technical program and the formalisation of drilling plans including, but not limited to, the well planning, location and approvals for drilling and testing.

The primary target of the SAMW-1 well is the Bireno formation, at approximately 3,200 vertical metres depth, where Panoro has identified, on 2D and 3D seismic data, what it believes to be an independent block located west of the Salloum-1 discovery. The SAMW-1 well will target an independent fault compartment up-dip from the Salloum-1 well, which was drilled by British Gas in 1992 and tested the Bireno formation at a rate of 1,846 bopd.

The objective of the SAMW-1 well is to prove up additional resources in the vicinity of the Salloum-1 well and to aggregate them in order to fast-track the development of Salloum through a tie-in to existing adjacent oil infrastructure. Therefore, following successful drilling, options are now being considered for bringing the SAMW-1 well on stream as an extended well test.

The DGH has also advised that the Tunisian Consultative Hydrocarbons Committee (the “CCH”) has required PTE to post a bank guarantee in relation to the drilling operations on SOEP, which will be released at successive operational stages commencing with the spudding of the well, on track during 2019. Accordingly, PTE has procured a bank guarantee for the amount of USD 16.6 million (USD 10.0 million net to Panoro).

Hammamet Offshore Exploration Permit: Medco (Operator), Panoro Energy (27.6% interest)

The Hammamet Offshore Exploration Permit expired in September 2018 and is in the process of being formally relinquished with associated costs of approximately USD 2 million as previously indicated (USD 1.2 million net to Panoro).

Thyna Petroleum Services S.A. (“TPS”) Assets: ETAP (51% interest), Panoro Energy (29.4% interest)

Panoro completed the acquisition of Panoro TPS Production GmbH (“Panoro TPS”, previously OMV Tunisia Upstream GmbH) and its Tunisian assets on December 21, 2018. Following the acquisition Panoro now has interests in five producing concessions in Tunisia, namely El Hajeb/Guebiba, Gremda/El Ain, Rhemoura, Cercina and Cercina South.

Gross average production during December 2018 was approximately 3,900 bopd. Production in January 2019 averaged approximately 3,700 bopd gross, as during January one of the wells was temporarily shut-in for a pump replacement and is now back online.

Highly experienced members of the expanded Panoro team have been appointed and seconded to perform the Deputy General Manager and Development Manager roles within TPS, the long-standing Tunisian based operating company for the five oil producing concessions.

Initial focus has been on successful transition, integration and prioritisation of both near and medium-term production growth opportunities. The highest impact near term opportunity is the resumption of production at the El Ain field. The El Ain field is located in the Gremda concession, which legally expired in December 2018, and where the wells have been shut in for over a year. Panoro and ETAP are in the process of being granted a new concession and are currently planning the resumption of production from the two existing wells immediately after formal authorisation from the Tunisian Authorities to continue operations.

Other initiatives include production improvements on individual wells and facility upgrades to remove potential bottlenecks and improve recovery efficiency. Medium term initiatives include side tracks and an enhanced water injection programme at the Guebiba field, where Panoro believes reserves and production could be materially increased. Panoro believes the near-term opportunities

could provide a significant production uplift of up to 15-20% by Q3 2019 compared to the recent approximately 3,900 bopd gross averaged during December 2018.

The first lifting from TPS for the Company is expected towards the end of March, 2019 with an expected 90,000 barrels of oil net to Panoro.

GABON

Dussafu Marin: BW Energy (Operator), Panoro Energy (8.3333% interest)

Production from the Tortue field continued from the DTM-2H and DTM-3H wells during the quarter at an average gross rate of 11,800 bopd. Total production net to Panoro during the quarter was approximately 90,000 barrels. During this period, the wells were temporarily shut-in for pressure build up tests. Average opex per barrel for the period was USD 23 per barrel including various one-off costs associated with the field start-up. The first cargo of oil from Dussafu was successfully offloaded from the BW Adolo FPSO on December 2, 2018. A total of 550,000 bbls were transferred from the FPSO and the achieved price was approximately USD 56 per barrel. A second lifting of 310,000 bbls for the Government of Gabon was completed later in December.

Post period end, production during January 2019 has continued strongly, with the monthly average of 12,977 bopd. To date there has been no occurrence of wax detected and no water produced from the field. A third lifting of 650,000 bbls was achieved at the beginning of February, with a sales price of approximately USD 59 per barrel. We anticipate a further lifting will take place at the end of March, 2019. Given the largely fixed operating cost base of the FPSO development, opex per barrel is highly dependent on production rates. Panoro estimates that opex per barrel will optimise once Phase 2 production is on line.

Phase 2 planning activities are underway with drilling due to commence in the second half of 2019. In this second phase of Tortue, up to four development wells will be drilled in the Gamba and Dentale reservoirs with production start-up of the phase 2 wells in the first half of 2020. Once all the Phase 1 and Phase 2 wells at Tortue are in production, targeted initial rates are anticipated to be over 20,000 bopd from the field. Phase 2 drilling will also comprise of at least 2 exploration wells in the Dussafu PSC.

As a result of the successful 2018 development drilling campaign at Tortue, previously reported Contingent Resources from the western flank of the field have now been re-categorized as reserves. Consequently, the 2P gross remaining reserves at Tortue have substantially increased by 11.6 million barrels, approximately 50% higher as compared to year end 2017. The remaining reserves are calculated after deducting 1.2 million barrels produced during 2018. The Netherland, Sewell & Associates Inc. (“NSAI”) estimates are based on a total of 6 wells at Tortue. The NSAI reserves review does not yet include volumetric estimates for the other 4 discovered fields in the Exclusive Exploitation Area (Ruche, Ruche North East, Moubenga and Walt Whitman), the estimates for which will be updated in due course. In addition, the independent reserves review also does not include prospective resources associated with the numerous prospects and leads already identified within the EEA.

NSAI has calculated the following estimates for the total gross economically recoverable oil reserves as at December 31, 2018, derived from the assumed production from six oil wells at the Tortue field (compared to four wells previously):

- Proved (1P) reserves of 25.9 MMbbls
- Proved + Probable (2P) reserves of 35.1 MMbbls
- Proved + Probable + Possible (3P) reserves of 48.3 MMbbls

Finally, Tullow has confirmed their intent to exercise the 10% back-in right into the Dussafu license as stipulated in the production sharing contract (PSC). Tullow will be required to pay a portion of past costs and, following completion of this back-in, Panoro's interest in the Dussafu Marin license will be 7.5%.

NIGERIA

OML 113 Aje field: Yinka Folawiyo Petroleum (Operator), Panoro Energy (12.1913% entitlement to revenue stream, 16.255% paying interest and 6.502% participating interest)

The Aje field produced an average of 368 bopd net to Panoro during the quarter, and this compares to 386 bopd net in Q3 2018. Production from the Aje field continued to be from the Aje-4 and Aje-5 wells, with the Aje-4 well producing from the Cenomanian oil reservoir and the Aje-5 well producing from the oil rim of the Turonian reservoir. A crude lifting was carried out in November 2018 and the next lifting is scheduled for March 2019. Proceeds from crude sales are being applied by the JV towards operating expenses and the reduction of historical payables. The Joint Venture partners are continuing to discuss the next phase of activity at the field based around the Turonian gas Field Development Plan (“FDP”) and possible exploitation of the Turonian oil rim. The Operator has received Ministerial consent for OML 113 license renewal for an additional 20 years, subject to the satisfaction of customary financial conditions and a commitment to exploit the Turonian gas potential. The license renewal fee was paid during the quarter from crude oil proceeds.

During the quarter, the Company has entered into a joint arrangement through a shareholder agreement with Beender Petroleum Tunisia Limited (“Beender”), whereby Panoro and Beender jointly own and control 60% and 40% respectively of Sfax Petroleum Corporation AS (“Sfax Corp”). Sfax Corp, through its subsidiaries holds 100% shares of Panoro Tunisia Production AS (“PTP”) and Panoro Tunisia Exploration AS (“PTE”). As such, all numbers and volume information relating to the Company’s Tunisian operations and transactions represents the Company’s 60% interest, unless otherwise stated. Details are referred to in Note 7.

During the quarter, PTP signed an agreement with OMV Exploration & Production GmbH and acquired 100% of the shares of OMV Tunisia Upstream GmbH (now renamed Panoro TPS Production GmbH “Panoro TPS”), which holds a 49% interest in five oil production concessions in Tunisia and 50% of TPS which serves as the operating company for the concessions and employs approximately 180 employees including a number of contractors. This transformational acquisition adds high quality oil producing assets with existing infrastructure, well managed operations and substantial upside potential. In addition, it further establishes Tunisia as a new core area for the Company and is an important step towards the Company becoming a material, full-cycle African focused Exploration and Production (“E&P”) independent. The purchase consideration towards OMV Exploration & Production GmbH in cash was USD 39 million based on an effective date of January 1, 2018. After taking into account the completion and working capital adjustments USD 34.2 million was paid by Panoro.

Panoro TPS has a 49% interest in five oil and gas concessions alongside ETAP at 51%. In addition, Panoro TPS owns 50% of the shares in TPS which operates the five oil and gas concessions. TPS being a joint operating company, is not considered a subsidiary of Panoro TPS. The 49% interest in the five oil and gas concessions are managed through an operating agreement between Panoro TPS and ETAP which requires unanimity in most of the operational decision making. Panoro TPS has rights to the assets, and obligations for the liabilities, relating to the arrangement.

In conjunction with this acquisition, the Company successfully completed an Equity Private Placement of USD 30 million (equivalent to approximately NOK 250 million) on order to fund the Tunisian acquisitions and ongoing requirements for Dussafu, with the support of new and existing shareholders. The Private Placement was multiple times covered and the price in the book-building was set at NOK 16.10 per share. As a result, 15,580,000 shares were issued. In addition, 166,162 shares were procured through a share buy-back program and paid to Mercuria Energy as the consideration for arrangement fee towards the Junior Loan facility.

On December 13, 2018 the Company entered into an agreement with Mercuria Assets Holdings (Hong Kong) Ltd (“Mercuria”), whereby Mercuria provided PTP (60% owned by Panoro) an acquisition loan facility comprising: i) a Senior Secured Loan facility of USD 27 million (“Senior Loan”), and ii) an additional Junior Loan facility for a further USD 8 million (“Junior Loan”). The net borrowing to Panoro at 60% ownership is USD 16.2 million in the Senior Secured Loan facility. The Junior Loan facility still remains undrawn at USD 4.8 million net to Panoro. Please also see Note 11, Loans and borrowings.

The Company has reassessed its risk management policies and has initiated a commodity hedging program, whereby approximately 600 bopd, representing approximately 25% of current production, have been hedged over a three-year period using “zero cost collars” to protect the downside in oil price of below USD 55 per bbl. The hedging program will continue to be closely monitored and adjusted according to the Company’s risk management policies and cashflow requirements. Part of the hedging strategy has been executed in December 2018 and some in January 2019. Please also see Note 8, Fair Value of Commodity Hedges.

In Brazil, as previously updated, termination agreements for the surrender of Coral and Cavalho Marinho licenses have been signed between the JV partners and Brazilian Regulator ANP. The next steps involve various regulatory clearances before dissolution of JV operations. The Company’s formal exit from its historical Brazilian business is still ongoing with slow progress towards the approval of abandonment by the Brazilian regulators and resolution of pending historical corporate items including taxes. Management is working actively with advisors and where relevant, 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 is uncertain at this stage.

Financial information

Income statement review

As noted on page 6, following the shareholder agreement with Beender, Panoro's investment in Sfax Corp is now 60%. The two major companies under Sfax Corp structure are Panoro TPS Production GmbH and Panoro Tunisia Exploration AS. As such, only 60% of the account balances and transactions of the Tunisian acquisitions have been included on a line by line basis in Panoro's financial statements from their respective completion dates by proportionally consolidating the results and balances of Sfax Corp and its subsidiaries.

Fourth quarter 2018 versus third quarter 2018

Panoro Energy reported an EBITDA of negative USD 13 thousand for the fourth quarter, 2018, compared to negative USD 2.0 million in the third quarter, 2018.

Improvement in EBITDA in the fourth quarter reflects two liftings in the period, one from Aje and one from Dussafu. In addition, a reduction in operating costs of USD 0.2 million has been recognised, reflecting underlift position at Dussafu at the period end. There are also the effects of the lower exploration related costs and lower non-recurring transaction costs in the quarter.

Oil and gas revenue in the fourth quarter, 2018 was USD 4.8 million, based on the sale of an Aje lifting of USD 2.2 million, and a lifting at Dussafu of USD 2.6 million. Revenue in the third quarter, 2018 was USD 2.6 million, based on the sale of the Company's Aje net volume of 36,928 bbls.

Costs attributed to operations were USD 3.1 million for Aje and Dussafu in the fourth quarter, compared to USD 2.1 million in the previous quarter.

Panoro Energy reported a net loss of USD 1.2 million from continuing operations for the fourth quarter, 2018, a decrease in loss of USD 1.8 million, compared to a loss of USD 3.0 million in the third quarter, 2018. The current quarter loss is lower due to the recognition of two liftings in the current quarter and associated operating costs; further, there were lower exploration related costs, General and Administration (G&A) and non-recurring transaction costs in the current quarter.

Exploration related costs decreased from USD 457 thousand for the third quarter, 2018 to USD 130 thousand in the current quarter.

G&A costs from continuing activities were lower at USD 1.3 million in the fourth quarter, compared to USD 1.5 million in the third quarter. Non-recurring transaction costs of USD 331 thousand primarily relate to acquisition projects which has been expensed as incurred.

Depreciation for the fourth quarter, 2018 was a charge of USD 1.3 million, compared to USD 0.8 million in the previous quarter. The quarter-on-quarter increase predominantly relates to the depreciation of both Aje Cenomanian oil field and Tortue oil field, following first oil at Dussafu in the previous quarter.

EBIT from continuing operations was thus a negative USD 1.4 million in the fourth quarter, 2018, compared to a negative USD 2.9 million in the third quarter.

Net financial items amounted to an expense of USD 117 thousand in the fourth quarter, 2018 compared to USD 134 thousand in the third quarter, 2018. The current quarter also includes USD 756 thousand of an unrealised gain on fair valuation of commodity hedges. Please also see Note 8, Fair Value of Commodity Hedges.

Loss before tax from continuing activities was USD 1.2 million in the fourth quarter, 2018 which was lower by USD 1.8 million compared to the previous quarter loss of USD 3.0 million.

Net loss for the period from discontinued operations in Brazil was USD 27 thousand for both quarters.

The total net loss was USD 1.2 million, compared to a net loss of USD 3.0 million in the previous quarter.

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

Year to date 2018 versus year to date 2017

Panoro Energy reported an EBITDA of negative USD 2.7 million for the year ended December 31, 2018, compared to negative USD 5.3 million in the same period in 2017.

EBITDA includes the oil and gas revenue from three liftings from the Aje field and one lifting from Dussafu during 2018 with the associated operating costs.

Oil and gas revenue in the year ended December 31, 2018 was USD 12.1 million, the revenue was generated by the sale of the net volume of 142,761 bbls at Aje and 45,853 bbls at Dussafu. This compares to revenue of USD 6.0 million in the same period of 2017 from the sale of 113,367 bbls at Aje.

Panoro Energy reported a net loss of USD 6.6 million from continuing operations for the year ended December 31, 2018, a decrease in loss of USD 29.7 million, compared to the same period in 2017. The decrease in loss was mainly due to the inclusion of Aje impairment charges in 2017.

Exploration related costs increased to USD 0.7 million in the year ended December 31, 2018, up from USD 0.3 million for the same period in 2017.

G&A costs from continuing operations were USD 4.9 million in the year ended December 31, 2018, up from USD 3.7 million for the same period in 2017, reflecting the inclusion of new business activities undertaken during 2018. Non-recurring transaction costs of USD 965 thousand primarily relate to acquisition projects which has been expensed as incurred.

Depreciation for the period was USD 3.6 million, increasing from USD 1.9 million in the same period in 2017, predominantly relating to the depreciation of the Aje Cenomanian oil field in both periods. However, 2018 also reflects the depreciation of the Tortue oil field, following first oil in September 2018.

EBIT from continuing operations was thus a negative USD 6.6 million for the year ended December 31, 2018, compared to a negative USD 36.0 million for the same period of 2017. The change predominantly relates to the inclusion of impairment charges on Aje field in 2017.

Net financial items amounted to an expense of USD 488 thousand in the current period compared to an expense of USD 390 thousand in the same period in 2017.

USD 756 thousand of an unrealised gain on the commodity hedges offset by the accretion of notional interest on the Aje and Dussafu Asset Decommissioning Liability and finance charges. See also Note 13, Decommissioning Liability.

Loss before tax from continuing activities was USD 6.6 million for the year ended December 31, 2018, compared to the loss of USD 36.3 million for the same period in 2017. The higher loss in 2017 originated from impairment charges on Aje field.

Net loss for the period from discontinued operations in Brazil was USD 143 thousand for the current period, compared to a net loss of USD 277 thousand for the same period in 2017.

The total net loss for the year ended December 31, 2018 was USD 6.8 million, compared to a net loss of USD 36.6 million for the same period in 2017.

Minor movement in respective periods to other comprehensive income was a result of currency translation adjustments for reporting purposes.

Statement of financial position review

As noted on page 6, following the shareholder agreement with Beender, Panoro's investment in Sfax Corp is now 60%. The two major companies under Sfax Corp structure are Panoro TPS Production GmbH and Panoro Tunisia Exploration AS. As such, only 60% of the account balances and transactions of the Tunisian acquisitions have been included on a line by line basis in Panoro's financial statements from their respective completion dates by proportionally consolidating the results and balances of Sfax Corp and its subsidiaries.

Movements to December 31, 2018 from September 30, 2018

Movements in the Group statement of financial position during the fourth quarter of 2018 were a combination of the following:

Non-current assets

Non-current assets amounted to USD 89.9 million at December 31, 2018, an increase of USD 52.6 million from September 30, 2018.

The significant portion of the movement in total non-current assets relates to the assets acquired through the acquisition of OMV Tunisia Upstream GmbH (now renamed to Panoro TPS Production GmbH "Panoro TPS") (see Note 7.3). In addition, capital additions on Dussafu in the quarter of USD 1.9 million and the inclusion of the Aje licence renewal cost of USD 1.6 million are partially offset by the effect of the Dussafu and Aje depreciation charge of USD 1.3 million. Reduction in property, furniture, fixtures and equipment reflects dilution of Tunisian assets to 60% and the depreciation in Tunisia and UK.

Current assets

Current assets amounted to USD 36.2 million as of December 31, 2018, compared to USD 24.3 million at September 30, 2018.

During the quarter, as noted above, the Company completed the acquisition of Panoro TPS and as such, assets across all line items have changed significantly (see also Note 7.3).

During the quarter, an Equity Private Placement of Panoro's share capital was completed, raising gross proceeds of approximately USD 30 million.

In addition, trade and other receivables stood at USD 5.9 million, an increase from USD 1.6 million at the end of September 2018. This increase includes USD 2.6 million of a receivable from BW Energy from the first lifting at Dussafu, USD 0.2 million due to an underlift position at Dussafu at year end and USD 2.3 million acquired as noted in Note 7.3. USD 2.3 million has been accumulated and held on the balance sheet as the cash cost of Dussafu and Aje crude oil inventory, also including USD 0.3 million for TPS concessions. Materials inventory of USD 4.1 million includes inventory of USD 0.9 million acquired as part of the acquisition of DNO Tunisia AS (Note 7.2) and USD 2.7 million acquired as part of the OMV Tunisia Upstream GmbH acquisition (Note 7.3), with USD 0.5 million being materials inventory held at Dussafu. As at December 31, 2018 USD 0.8 million was recognised in the Statement of Financial Position for fair value of the commodity hedges.

Consequently, cash and cash equivalents stood at USD 23.1 million at December 31, 2018, compared to USD 19.4 million at September 30, 2018.

Equity

Equity amounted to USD 46.6 million as of December 31, 2018, compared to USD 19.5 million at the end of September 2018. The change reflects completion of the Equity Private Placement and the loss for the period.

Non-current liabilities

Total non-current liabilities of USD 55.9 million as at December 30, 2018, compared to USD 26.0 million as at September 30, 2018.

Significant increases include the Mercuria Senior Loan facility USD 13.2 million (Note 11), the addition of Tunisian Decommissioning liability of USD 17.0 million (Note 7.3), increase in the non-current portion of the non-recourse loan from BW Energy on Dussafu, to USD 9.4 million from USD 7.6 million. As of December 31, 2018, Panoro's drawdown on the non-recourse loan was at the loan facility's ceiling of USD 12.5 million, with additionally USD 0.6 million of accumulated interest, compared to USD 12.9 million as at September 30, 2018.

Licence obligations have reduced, as noted above and reflect the Company's 60% share of the obligation.

Decommissioning provisions for both the Aje and Dussafu fields have been recognised for USD 3.7 million, following the oil production start-up at Dussafu, during the quarter.

Other non-current liabilities include USD 6.8 million associated with historic cash calls on Aje, which will be settled from surplus funds, where available, from Aje crude sales after paying for current costs and JV liabilities.

Current liabilities

Current liabilities amounted to USD 23.5 million at December 31, 2018, compared to USD 16.2 million at the end of September 2018.

USD 3.7 million reflects the current portion of the Dussafu non-recourse loan, USD 2.5 million is the current portion of the Mercuria Senior Loan facility (Note 11), USD 2.5 million of other current liabilities and USD 5.4 million of corporation tax liabilities

were both acquired as part of the OMV Tunisia GmbH acquisition (Note 7.3). Accruals and other liabilities amounted to USD 7.6 million, a decrease from USD 7.8 million at the end of September 2018. This is due to a reduction in the Dussafu operational accrual of USD 1.0 million, offset by an overall increase in current Aje operational payables of USD 1.2 million.

Since the settlement of the Aje dispute (as described in Q4 2017 report), the Company has performed a review of historical costs incurred and recognised the liabilities associated with such expenditures in the balance sheet. The proportionate joint venture liabilities resulting from the workover and side-tracks at Aje-5 had been higher than anticipated and in combination with the operation accruals and the inclusion of the cost of the OML 113 20-year licence renewal have resulted in proportional liabilities of USD 5.8 million as of December 31, 2018, compared to USD 4.6 million as of September 30, 2018. The increase in liability is mainly due to the renewal fees of USD 1.6 million that was paid during the quarter from Aje field cashflows but such payment has resulted in an increase in other operational payables as operations are funded in entirety by field cash flows. The underlying liabilities, (excluding the one-off effect of the license renewal) continue to reduce through the allocation of excess funds from Aje liftings. Such liabilities continue to be current in nature and are expected to be repaid within 12 months.

Movements to December 31, 2018 from December 31, 2017

Movements in the Group statement of financial position during the year ended December 31, 2018 were a combination of the following:

Non-current assets

Non-current assets amounted to USD 89.9 million at December 31, 2018, an increase of USD 64.5 million from December 31, 2017.

The significant portion of the movement in total non-current assets relates to the assets acquired through the acquisition of Panoro TPS (see Note 7.3). In addition, capital additions on Dussafu in the period of USD 17.8 million and the inclusion of the Aje licence renewal cost of USD 1.6 million are partially offset by the effect of the Dussafu and Aje depreciation charge of USD 3.5 million.

Other non-current assets increased to USD 0.2 from USD 0.1 million mainly relates to the tenancy deposit for UK office premises and the addition of Tunisian assets through acquisition.

Current assets

Current assets amounted to USD 36.2 million as of December 31, 2018, compared to USD 9.8 million at December 31, 2017.

During the period, the Company completed the acquisitions of Panoro TPS (Note 7.3) and PTE (Note 7.2) and as such, assets across all line items have changed significantly.

During the year, two Equity Private Placements of Panoro's share capital were completed, raising gross proceeds of approximately USD 38 million, including the sale of the Company's treasury shares.

In addition, trade and other receivables stood at USD 5.9 million, an increase from USD 0.6 million at the end of December, 2017. This increase includes USD 2.6 million of a receivable from BW Energy from the first lifting at Dussafu, USD 0.2 million due to an underlift position at Dussafu at year end and USD 2.3 million of trade receivables acquired as noted in Note 7.3. USD 2.3 million has been accumulated and held as the cash cost of Dussafu and Aje crude oil inventory, also including USD 0.3 million for TPS concessions (Note 7.3). Materials inventory of USD 4.1 million comprises inventory of USD 0.9 million acquired as part of the acquisition of DNO Tunisia AS (Note 7.2) and USD 2.7 million acquired as part of the OMV Tunisia Upstream GmbH acquisition (Note 7.3), with USD 0.5 million being materials inventory held at Dussafu. As at December 31, 2018 USD 0.8 million was recognised in the Statement of Financial Position for fair value of the commodity hedges; there were no equivalent balances at December 31, 2017.

Consequently, cash and cash equivalents stood at USD 23.1 million at December 31, 2018, compared to USD 6.3 million at December 31, 2017.

Equity

Equity amounted to USD 46.6 million as of December 31, 2018, compared to USD 17.3 million at the end of December 2017. The change reflects completion of two Private Placements, the sale of the Company's treasury shares and the loss for the period.

Non-current liabilities

Total non-current liabilities of USD 55.9 million as at December 31, 2018, compared to USD 11.1 million as at December 31, 2017.

The increase includes the non-recourse loan from BW Energy on Dussafu, which has now been split and reclassified into non-current (USD 9.4 million) and current (USD 3.7 million). As of December 31, 2018, Panoro's drawdown on the non-recourse loan was at the loan facility's ceiling of USD 12.5 million, with additionally USD 0.6 million of accumulated interest, compared to USD 2.2 million as at December 31, 2017. The non-recourse loan became repayable through Panoro's allocation of the cost oil in accordance with the Dussafu PSC, after paying for the proportionate field operating expenses, following First Oil on Dussafu, achieved during the period. During the repayment phase, Panoro will still be entitled to its share of profit oil, as defined in the PSC, from the Dussafu operations.

Licence obligations, as noted above and reflect the Company's 60% share of the obligation.

In addition, increases reflect the inclusion of the Mercuria Senior Loan facility USD 13.2 million (Note 11), the addition of Tunisian Decommissioning liability of USD 17.0 million (Note 7.3).

The remainder of the Decommissioning provisions is for both the Aje and Dussafu fields, amounting to USD 3.6 million, following the oil production start-up at Dussafu during the period.

Other non-current liabilities include USD 6.8 million associated with historic cash calls on Aje, which will be settled from surplus funds, and where available, from Aje crude sales after paying for current costs and JV liabilities.

Current liabilities

Current liabilities amounted to USD 23.5 million at December 31, 2018, compared to USD 6.8 million at the end of December 2017.

USD 3.7 million reflects the current portion of the Dussafu non-recourse loan, USD 2.5 million is the current portion of the Mercuria Senior Loan facility (Note 11), USD 2.6 million of other current liabilities and USD 5.4 million of corporation tax liabilities were both acquired as per Note 7.3. Accruals and other liabilities amounted to USD 7.6 million, compared to USD 6.7 million at the end of December 2017. This is due to a reduction in the operational accruals, offset by an increase in corporate accruals.

Outlook

- At least 6 new wells to be drilled in the next 15 months
- Progress Dussafu Phase 2 and exploration drilling
- Identify and implement production enhancing activities on the Tunisian portfolio of Assets, including the drilling of Salloum prospect
- Continue to consider forward path for Aje
- Continue to review growth opportunities

The Board of Directors

Panoro Energy ASA

February 25, 2019

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 DECEMBER 31, 2018

Q4 2017	Q3 2018	Q4 2018	<i>Amounts in USD 000</i>	Note	YTD 2018	YTD 2017
<i>(Unaudited)</i>					<i>(Unaudited)</i>	
			<u>Continuing Operations</u>			
1,577	2,642	4,823	Oil and gas revenue		12,090	6,021
-	-	-	Other Income		-	497
1,577	2,642	4,823	Total revenues		12,090	6,518
(2,224)	(2,104)	(3,096)	Operating costs		(8,272)	(6,858)
(18)	(457)	(130)	Exploration related costs		(661)	(343)
(829)	(1,509)	(1,279)	General and administrative costs	4	(4,852)	(3,655)
(45)	(539)	(331)	Non-recurring costs	4	(965)	(995)
(1,539)	(1,967)	(13)	EBITDA		(2,660)	(5,333)
112	(822)	(1,259)	Depreciation, depletion and amortisation		(3,568)	(1,898)
(2,606)	-	-	Impairment of assets		-	(28,576)
(52)	(66)	(168)	Share based payments		(331)	(149)
(4,085)	(2,855)	(1,440)	EBIT - Operating loss		(6,559)	(35,956)
(272)	(96)	(59)	Interest costs net of income		(322)	(254)
-	-	756	Unrealised gain / (loss) on commodity hedges	9	756	-
(33)	(38)	(58)	Other financial costs net of income		(166)	(136)
19	19	(358)	Net foreign exchange gain / (loss)		(350)	30
(4,371)	(2,970)	(1,159)	Net income/(loss) before tax		(6,641)	(36,316)
(14)	-	-	Income tax benefit/(expense)		-	4
(4,385)	(2,970)	(1,159)	Net loss for the period from continuing operations		(6,641)	(36,312)
			<u>Discontinued operations</u>			
(60)	(27)	(27)	Net loss for the period from discontinued operations		(143)	(277)
(4,445)	(2,997)	(1,186)	Net loss for the period		(6,784)	(36,589)
			Exchange differences arising from translation of foreign operations			
-	-	-	Other comprehensive loss for the period (net of tax)		(3)	(3)
(4,445)	(2,997)	(1,186)	Total comprehensive loss for the period (net of tax)		(6,787)	(36,592)
			Net loss for the period attributable to:			
(4,445)	(2,997)	(1,186)	Equity holders of the parent		(6,784)	(36,589)
			Total comprehensive loss for the period attributable to:			
(4,445)	(2,997)	(1,186)	Equity holders of the parent		(6,787)	(36,592)
			Earnings per share	5		
(0.10)	(0.07)	(0.02)	(USD) – Basic and diluted for income/(loss) for the period attributable to equity holders of the parent - Total		(0.15)	(0.86)
(0.10)	(0.07)	(0.02)	(USD) – Basic and diluted for income/(loss) for the period attributable to equity holders of the parent - Continuing operations		(0.15)	(0.86)

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018**

<i>Amounts in USD 000</i>		December 31,	September 30,	December 31,
		2018	2018	2017
		<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
Non-current assets				
License interest, exploration and evaluation assets	6	15,197	13,596	13,596
Production rights	6/7	31,610	-	-
Development assets	6/7	632	-	1,694
Production assets and equipment	6/7	42,037	23,407	9,902
Property, furniture, fixtures and office equipment		134	241	102
Investment in associates and joint ventures		38	-	-
Other non-current assets		245	129	134
Total Non-current assets		89,893	37,373	25,428
Current assets				
Crude Oil Inventory		2,313	1,736	1,398
Materials Inventory		4,124	1,470	-
Trade and other receivables		5,853	1,574	615
Fair value of Commodity Hedges	8	756	-	-
Cash and cash equivalents	9	23,076	19,441	6,317
Restricted cash		76	127	1,500
Total current assets		36,198	24,348	9,830
Total Assets		126,091	61,721	35,258
Equity				
Share capital	10	423	331	299
Treasury Shares	10	-	-	(503)
Other equity		46,212	19,173	17,524
Total Equity attributable to equity holders of the parent		46,635	19,504	17,320
Non-current liabilities				
Decommissioning liability	13	20,739	3,637	2,039
Senior Secured Loan	11	13,191	-	-
Non-Recourse Loan	12	9,392	7,600	2,197
Licence Obligations	7	4,726	7,956	-
Other non-current liabilities	14	7,877	6,847	6,892
Total Non-current liabilities		55,925	26,040	11,128
Current liabilities				
Accounts payable, accruals and other liabilities	14	7,551	7,816	6,737
Non-Recourse Loan – Current portion	12	3,751	5,306	-
Licence Obligations – Current portion	7	1,507	-	-
Senior Secured Loan – Current portion	11	2,539	-	-
Other current liabilities	7	2,637	3,000	-
Other current financial liabilities		66	-	-
Corporation tax liability	7	5,480	55	73
Total current liabilities		23,531	16,177	6,810
Total Liabilities		79,456	42,217	17,938
Total Equity and Liabilities		126,091	61,721	35,258

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

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE PERIOD ENDED DECEMBER 31, 2018

Q4 2017 <i>(Unaudited)</i>	Q3 2018	Q4 2018 <i>Amounts in USD 000</i>	YTD 2018 <i>(Unaudited)</i>	YTD 2017 <i>(Audited)</i>
Cash flows from operating activities				
(4,371)	(2,970)	(1,159)	(6,641)	(36,316)
(42)	(27)	14	(102)	(203)
(4,413)	(2,997)	(1,145)	(6,743)	(36,519)
Adjusted for:				
(112)	822	1,259	3,568	1,898
2,606	-	-	-	28,576
18	457	130	661	343
-	-	(756)	(756)	-
305	134	117	488	390
52	66	168	331	149
(19)	(19)	358	350	(30)
253	1,591	(546)	496	4,084
286	365	(3,185)	(2,894)	463
(459)	(810)	1,167	(641)	(1,235)
(31)	(9)	(14)	(59)	(71)
(1,514)	(400)	(2,447)	(5,199)	(1,952)
Cash flows from investing activities				
-	(1,250)	(32,351)	(33,601)	-
-	8,271	505	8,776	-
-	(6,302)	(5,900)	(19,924)	(7,685)
1,000	-	-	-	12,737
-	5,183	238	13,143	-
1,000	5,902	(37,508)	(31,606)	5,052
Cash flows from financing activities				
-	-	16,200	16,200	-
-	-	(471)	(471)	-
-	8,830	29,580	38,410	(509)
-	(250)	(1,670)	(1,920)	-
(2)	4	3	26	(65)
-	(127)	(51)	1,322	(980)
(2)	8,457	43,591	53,567	(1,554)
-	1	(1)	(3)	3
(516)	13,960	3,635	16,759	1,549
6,833	5,481	19,441	6,317	4,768
6,317	19,441	23,076	23,076	6,317

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2018 <i>Amounts in USD 000</i>	Attributable to equity holders of the parent							Total
	Issued capital	Share premium	Treasury Shares	Additional paid-in capital	Retained earnings	Other reserves	Currency translation reserve	
At January 1, 2018 - (Audited)	299	297,490	(503)	122,206	(358,766)	(37,647)	(5,758)	17,320
Net income/(loss) for the period-Continuing Operations	-	-	-	-	(2,226)	-	-	(2,226)
Net income/(loss) for the period-Discontinued Operations	-	-	-	-	(44)	-	-	(44)
Other comprehensive income/(loss)	-	-	-	-	-	-	-	-
Total comprehensive income/(loss)	-	-	-	-	(2,270)	-	-	(2,270)
Employee share options charge/(benefit)	-	-	-	52	-	-	-	52
At March 31, 2018 - (Unaudited)	299	297,490	(503)	122,258	(361,036)	(37,647)	(5,758)	15,102
Net income/(loss) for the period-Continuing Operations	-	-	-	-	(286)	-	-	(286)
Net income/(loss) for the period-Discontinued Operations	-	-	-	-	(45)	-	-	(45)
Other comprehensive income/(loss)	-	-	-	-	-	-	(3)	(3)
Total comprehensive income/(loss)	-	-	-	-	(331)	-	(3)	(334)
Employee share options charge/(benefit)	-	-	-	46	-	-	-	46
At June 30, 2018 - (Unaudited)	299	297,490	(503)	122,304	(361,367)	(37,647)	(5,761)	14,814
Net income/(loss) for the period-Continuing Operations	-	-	-	-	(2,970)	-	-	(2,970)
Net income/(loss) for the period-Discontinued Operations	-	-	-	-	(27)	-	-	(27)
Other comprehensive income/(loss)	-	-	-	-	-	-	-	-
Total comprehensive income/(loss)	-	-	-	-	(2,997)	-	-	(2,997)
Sale of own shares	6	(503)	503	-	-	-	-	6
Share issue for cash	26	8,295	-	-	-	-	-	8,321
Transaction costs on share issue	-	(250)	-	-	-	-	-	(250)
Employee share options charge/(benefit)	-	-	-	66	-	-	-	66
Settlement of Restricted Share Units	-	-	-	(458)	-	-	-	(458)
At September 30, 2018 - (Unaudited)	331	305,032	-	121,910	(364,364)	(37,647)	(5,761)	19,504
Net income/(loss) for the period-Continuing Operations	-	-	-	-	(1,159)	-	-	(1,159)
Net income/(loss) for the period-Discontinued Operations	-	-	-	-	(27)	-	-	(27)
Other comprehensive income/(loss)	-	-	-	-	-	-	-	-
Total comprehensive income/(loss)	-	-	-	-	(1,186)	-	-	(1,186)
Buy-back of own shares	-	-	(240)	-	-	-	-	(240)
Re-issue of own shares	-	-	240	-	-	-	-	240
Share issue for cash	92	29,488	-	-	-	-	-	29,580
Transaction costs on share issue	-	(1,430)	-	-	-	-	-	(1,430)
Employee share options charge/(benefit)	-	-	-	168	-	-	-	168
At December 31, 2018 - (Unaudited)	423	333,090	-	122,078	(365,552)	(37,647)	(5,761)	46,635

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2017 <i>Amounts in USD 000</i>	Attributable to equity holders of the parent							Total
	Issued capital	Share premium	Treasury Shares	Additional paid-in capital	Retained earnings	Other reserves	Currency translation reserve	
At January 1, 2017 - (Audited)	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)	-	-	-	-	-	-	-	-
Total comprehensive income/(loss)	-	-	-	-	(3,456)	-	-	(3,456)
Employee share options charge/(benefit)	-	-	-	20	-	-	-	20
At March 31, 2017 - (Unaudited)	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)	-	-	-	-	-	-	-	-
Total comprehensive income/(loss)	-	-	-	-	(28,112)	-	-	(28,112)
Employee share options charge/(benefit)	-	-	-	17	-	-	-	17
Settlement of Restricted Share Units	-	-	-	(44)	-	-	-	(44)
At June 30, 2017 - (Unaudited)	305	297,503	-	122,094	(353,745)	(37,647)	(5,758)	22,751
Net income/(loss) for the period-Continuing Operations	-	-	-	-	(547)	-	-	(547)
Net income/(loss) for the period-Discontinued Operations	-	-	-	-	(29)	-	-	(29)
Other comprehensive income/(loss)	-	-	-	-	-	-	-	-
Total comprehensive income/(loss)	-	-	-	-	(576)	-	-	(576)
Purchase of own shares	(6)	-	(503)	-	-	-	-	(509)
Employee share options charge/(benefit)	-	-	-	60	-	-	-	60
At September 30, 2017 - (Unaudited)	299	297,503	(503)	122,154	(354,321)	(37,647)	(5,758)	21,726
Net income/(loss) for the period-Continuing Operations	-	-	-	-	(4,385)	-	-	(4,385)
Net income/(loss) for the period-Discontinued Operations	-	-	-	-	(60)	-	-	(60)
Other comprehensive income/(loss)	-	-	-	-	-	-	-	-
Total comprehensive income/(loss)	-	-	-	-	(4,445)	-	-	(4,445)
Transaction costs on purchase of own shares	-	(13)	-	-	-	-	-	(13)
Employee share options charge/(benefit)	-	-	-	52	-	-	-	52
At December 31, 2017 - (Audited)	299	297,490	(503)	122,206	(358,766)	(37,647)	(5,758)	17,320

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 Advokatfirmaet Schjødt AS, Ruseløkkveien 14 0251 Oslo, Norway.

The Company and its subsidiaries are engaged in exploration and production of oil and gas resources in Africa. The condensed consolidated financial statements of the Group for the period ended December 31, 2018, were authorised for issue by the Board of Directors on February 25, 2019.

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 2017 Annual Report and the Company's Prospectus, published in December 2018. A copy of the 2017 Annual Report and the listing prospectus are available on the Company's website 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 2017 Annual Report.

The Company had USD 23.1 million in cash and cash equivalents as of December 31, 2018 and debt of USD 28.9 million. In addition to Dussafu capex, the Company is committed to a drilling obligation of one well on SOEP in Tunisia. In support of this obligation, Panoro Tunisia Exploration AS has issued a bank guarantee of USD 16.6 million (Panoro's net share is USD 10 million). Although the Company is well funded to undertake upcoming Capex, there is risk that additional funding may be required to conclude such activities. Should additional funding be required in the future for additional capital expenditure for new development phases or working capital requirements, the Company has various alternatives available which it can explore to fulfil such additional requirements. Options include, amongst others, offtake prepayment structures, utilization of undrawn financing facility and the issuance of shares. As a result, these interim financial statements have been prepared under the assumption of going concern and realization of assets and settlement of debt in normal operations.

Following the OMV Transaction, a review of key accounting policies has been made, in order to identify policies that could be applicable to the Company and need to be adopted for the purpose of preparing the financial information. Based on this review, the following key accounting policy has been adopted for the purpose of the preparation of the consolidated financial statements for the year ended December 31, 2018.

Associated companies and joint arrangements

Panoro entered into a joint arrangement through a shareholder agreement with Beender, whereby Panoro and Beender jointly own and control 60% and 40% respectively of Sfax Petroleum Corporation AS ("Sfax Corp"). Sfax Corp, through its subsidiaries holds 100% shares of OMV Tunisia Upstream GmbH (now renamed Panoro TPS Production GmbH "Panoro TPS") and DNO Tunisia AS (now renamed to PTE).

Associated companies are those entities in which the Company has significant influence, but not control or joint control over the financial and operating policies. Joint arrangements, which are arrangements of which the Company has joint control together with one or more parties, are classified into joint ventures and joint operations. Joint ventures are joint arrangements in which the parties that share control have rights to the net assets of the arrangement. Joint operations are joint arrangements in which the parties that share joint control have rights to the assets, and obligations for the liabilities, relating to the arrangement.

For joint operations, the Company's share of all assets, liabilities, income and expenses is included in the consolidated financial statements. Acquisitions of interests in a joint operation, in which the activity of the joint operation constitutes a business, are accounted for according to the relevant IFRS 3 principles of accounting for business combinations.

Panoro TPS has a 49% interest in five oil and gas concessions alongside ETAP at 51%. In addition, Panoro TPS owns 50% of the shares in Thyna Petroleum Services SA ("TPS") which operates the five oil and gas concessions. TPS being a joint operating

company, is not considered a subsidiary of Panoro TPS. The 49% interest in the five oil and gas concessions are managed through an operating agreement between Panoro TPS and ETAP which requires unanimity in most of the operational decision making. Panoro TPS has rights to the assets, and obligations for the liabilities, relating to the arrangement. The five oil concessions are therefore considered a joint operation.

TPS operates on a cost basis and bills all the spending back to the JV partners. The sole purpose of existence of TPS is to manage the named concessions and it does not generate any meaningful income or results. Panoro TPS has no rights to the assets, or obligations for the liabilities, in the joint arrangement. The investment in TPS is therefore considered a joint venture and accounted for using the equity method.

Panoro's investment in Sfax Corp is 60%, which is governed by a shareholder agreement with Beender and requires unanimity of both parties in all major decision making. Panoro has a right to the assets, and obligation for the liabilities, relating to the arrangement. As a result, on application of this accounting policy, Panoro will only include 60% of the account balances and transactions on a line by line basis in its financial statements by proportionally consolidating the results and balances of Sfax Corp and its subsidiaries and excludes TPS (which is accounted for using equity method).

Under/over lift

Petroleum products Revenue from the sale of crude oil is recognised when a customer obtains control ("sales" or "lifting" method), normally this is when title passes at point of delivery. Revenues from production of oil properties are recognised based on actual volumes lifted and sold to customers during the period. Where the Company has lifted and sold more than the ownership interest, an accrual is recognised for the cost of the overlift. Where the Company has lifted and sold less than the ownership interest, costs are deferred for the underlift. Overlift and underlift on the Consolidated statement of financial position date are valued at production costs. Lifting imbalances are a part of the operating cycle and as such classified as other current liabilities/assets.

3. Segment information

The Group operated predominantly in two business segments being the exploration and production of oil and gas in West Africa (Nigeria & Gabon) and North Africa (Tunisia). 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 8.3333% 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 6.502% participating interest) in the OML113-Aje exploration licence in Nigeria.
- The North African segment holds the following assets:
 - Sfax Offshore Exploration Permit: Panoro Energy (Operator, 87.5% interest)
 - The Hammamet Offshore Exploration Permit: Medco (Operator), Panoro Energy (46% interest) – under relinquishment
 - TPS Assets: ETAP (51% interest), Panoro Energy (49% interest)
- The 'Corporate and others' category consists of head office and service company operations that are not directly attributable to the other segments. 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.

Q4 2017	Q3 2018	Q4 2018		YTD 2018	YTD 2017
<i>(Unaudited)</i>			OPERATING SEGMENTS - GROUP NET SALES	<i>(Unaudited)</i>	
285	386	368	Net average estimated daily production - Aje (bopd)	358	307
-	755	986	Net average estimated daily production - Dussafu (bopd)	928	-
25,978	36,923	37,632	Oil sales (bbls) - Net to Panoro - Aje, Nigeria	142,761	113,367
-	-	45,853	Oil sales (bbls) - Net to Panoro - Dussafu, Gabon	45,853	-
<i>(Unaudited)</i>			OPERATING SEGMENT - WEST AFRICA	<i>(Unaudited)</i>	
<i>in USD 000</i>					
1,423	(2,383)	1,240	EBITDA	239	(790)
2,606	-	-	Impairment of E&E Assets	-	28,576
(130)	762	1,245	Depreciation and amortisation	3,458	1,828
-	40,518	-	Segment assets	47,741	29,675
<i>(Unaudited)</i>			OPERATING SEGMENT - NORTH AFRICA	<i>(Unaudited)</i>	
<i>in USD 000</i>					
-	(775)	(627)	EBITDA	(1,402)	-
-	54	11	Depreciation and amortisation	65	-
-	11,404	-	Segment assets	66,192	-
CORPORATE					
<i>in USD 000</i>					
(2,962)	1,191	(626)	EBITDA	(1,497)	(4,543)
18	6	3	Depreciation and amortisation	45	70
-	9,783	-	Segment assets	12,149	5,452
DISCONTINUED OPERATIONS					
<i>in USD 000</i>					
(60)	(27)	(27)	Income / (Loss) for the period from discontinued operations	(143)	(277)
-	16	-	Segment assets	9	131
CONSOLIDATED					
<i>in USD 000</i>					
(1,539)	(1,967)	(13)	EBITDA	(2,660)	(5,333)
(60)	(27)	(27)	Income / (loss) for the period from discontinued operations	(143)	(277)
(112)	822	1,259	Depreciation and amortisation	3,568	1,898
2,606	-	-	Impairment of E&E Assets	-	28,576
-	61,721	-	Segment assets	126,091	35,258

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. General and Administrative (G&A) Costs

Q4 2017	Q3 2018	Q4 2018		YTD 2018	YTD 2017
<i>(Unaudited)</i>			<i>Amounts in USD 000, unless otherwise stated</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
829	1,125	1,098	Corporate – core costs	4,287	3,655
-	384	181	Panoro Tunisia (Note 4.1)	565	-
45	539	331	Non-Recurring Transaction Costs (Note 4.2)	965	995
874	2,048	1,610	Total General and Administrative Related Costs	5,817	4,650

- 4.1 Panoro Tunisia G&A costs relate to Panoro's portion of PTE expenses since the acquisition date of July 31, 2018. The costs do not include Panoro TPS which will only start accumulating from 2019 onwards since the operations have been consolidated from December 21, 2018.
- 4.2 Non-recurring transaction costs primarily relate to acquisition projects which has been expensed as incurred and are reported separately from recurring G&A costs for comparative purposes. These costs mainly include transaction related advisory, legal and business integration costs. In addition, the year to date costs also include USD 0.1 million relating to the Aje dispute costs.

5. Earnings per share

Q4 2017	Q3 2018	Q4 2018		YTD 2018	YTD 2017
<i>(Unaudited)</i>			<i>Amounts in USD 000, unless otherwise stated</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
(4,445)	(2,997)	(1,186)	Net loss attributable to equity holders of the parent - Total	(6,784)	(36,589)
(4,385)	(2,970)	(1,159)	Net loss attributable to equity holders of the parent - Continuing operations	(6,641)	(36,312)
42,502	45,435	51,211	Weighted average number of shares outstanding - in thousands	45,437	42,502
(0.10)	(0.07)	(0.02)	Basic and diluted earnings per share (USD) - Total	(0.15)	(0.86)
(0.10)	(0.07)	(0.02)	Basic and diluted earnings per share (USD) - Continuing operations	(0.15)	(0.85)

As of December 31, 2018 and September 30, 2018, there were 708,723 (December 31, 2017: 553,333) potentially dilutive Restricted Share Units which are not included in the calculation of diluted earnings per share because they were anti-dilutive as their conversion to ordinary shares would decrease the loss per share.

6. Licence interests, exploration and evaluation, development and production assets

	Licence Interest, Exploration and Evaluation Assets	Production Rights	Development Assets	Production Assets
	USD 000	USD 000	USD 000	USD 000
Net book value				
At January 1, 2018 (Audited)	13,596	-	1,694	9,902
Development Asset Additions	-	-	14,024	-
Transfer from Development to Production Assets	-	-	(15,718)	15,718
Exploration & Evaluation Asset Additions	1,601	-	-	-
Production Asset Additions	-	-	-	2,083
Assets Acquired through Acquisition (Note 7.3)	-	31,610	632	17,809
Depreciation	-	-	-	(3,475)
At December 31, 2018 (Unaudited)	15,197	31,610	632	42,037

Upon commencement of commercial production from the Aje field, offshore Nigeria, 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 (“E&E”) assets and Production Assets. E&E asset additions in the fourth quarter include the costs associated with the OML 113 licence renewal at Aje.

The commencement of the Dussafu development led to a review of the Dussafu capitalised costs; this resulted in the bifurcation of costs being rationalised and categorised between E&E and Development activities. Following the commencement of commercial production from Dussafu during the third quarter, costs incurred post-Final Investment Decision of USD 15.7 million have been reclassified as Production Assets which are depreciable in nature.

7. Tunisian Acquisitions

The details of the acquisition transactions in Tunisia during 2018 are summarised below.

7.1. Strategic joint agreement with Beender Petroleum Tunisia Limited

On December 11, 2018, Panoro entered into a strategic agreement with Beender Petroleum Limited (“Beender”), a privately held oil and gas company focused on proven oil fields with upside. The strategic agreement documents Panoro and Beender’s participation in Tunisian growth opportunities on a 60/40 basis through a holding company, Sfax Petroleum Corporation AS (hereafter referred to as “Sfax Corp”) with an effective date of July 1, 2018. Panoro contributed all shares in PTE to Sfax Corp and consequently, Panoro and Beender respectively hold 60% and 40% of the shares in Sfax Corp. As a result, Panoro’s effective participation in the acquired assets, liabilities and work obligations in DNO Tunisia AS has reduced to 60% through ownership in Sfax Corp. The details of the acquisition of DNO Tunisia AS are covered in Note 7.2.

Similarly, the OMV transaction was completed on December 21, 2018 and shares in OMV Tunisia Upstream GmbH was acquired by Panoro Tunisia Production AS, a fully owned subsidiary of Sfax Corp. Details of this acquisition are included in Note 7.3.

As a result, all the assets, liabilities, work obligations and results have been consolidated by Panoro Energy ASA at 60%, on a line by line basis, from the respective dates for:

- DNO Tunisia AS, with effect from July 30, 2018 (Note 7.2); and
- OMV Tunisia Upstream GmbH with effect from December 21, 2018 (Note 7.3)

7.2. Acquisition of DNO Tunisia AS

As noted in the third quarter report for 2018, Panoro completed the acquisition of PTE on July 30, 2018 resulting in the acquisition of interests in two offshore Production Sharing Contracts (PSCs) assets, Sfax Offshore Exploration Permit (“SOEP”), and the Ras El Besh Concession, which is within the SOEP area. The acquisition of shares of DNO Tunisia AS was made at no cash consideration paid upon closing.

Since the arrangement with Beender (Note 7.1) was made after acquisition of DNO Tunisia AS in 3Q 2018, the published Q3 report of Panoro Energy ASA consolidated assets, liabilities and results of operations on a 100% basis. However, following the arrangement with Beender, the consolidation of DNO Tunisia AS as of December 31, 2018 has been included at 60% representing Panoro's as of the acquisition date of July 30, 2018.

The table below identifies Panoro's share at 60% of the provisional fair values of the identifiable assets and liabilities of DNO Tunisia AS (renamed to Panoro Tunisia Exploration AS) at the date of acquisition of July 30, 2018:

	Gross at 100% USD 000	Panoro's share at 60% USD 000
ASSETS		
Cash and cash equivalents	8,735	5,241
Financial assets	72	43
Tangible and intangibles assets	234	140
Inventories	1,470	882
Total Assets	10,511	6,306
LIABILITIES		
Trade and other liabilities	691	414
Licence obligations	9,820	5,892
Total liabilities	10,511	6,306
Net assets acquired with the company	-	-
Net loss since acquisition	(428)	(257)
Cash inflow on acquisition		
Net cash acquired with the transaction	8,735	5,241

7.3. Acquisition of OMV Tunisia Upstream GmbH

On December 21, 2018 Panoro Energy ASA's 60% owned subsidiary PTP, acquired 100% of the shares of OMV Tunisia GmbH (renamed to Panoro TPS Production GmbH "Panoro TPS" following acquisition). Panoro TPS owns 49% interest in five oil producing concessions located near the city of Sfax in Tunisia. In addition, Panoro TPS holds 50% of the issued share capital in an operational company, Thyna Petroleum Services S.A. (TPS) which is a joint operating company managing the operations for these concessions. The remaining stake in TPS is owned by the Tunisian National Oil Company (ETAP) which also holds 51% of the ownership of the five oil field concessions.

The consideration for this acquisition was USD 39 million (USD 65 million gross), paid in cash and adjusted for permitted distributions and other working capital adjustments.

	Gross USD 000 (Unaudited)	Panoro's share at 60% USD 000 (Unaudited)
Cash consideration	65,000	39,000
Less: working capital and completion adjustments	(7,998)	(4,799)
Cost of business combination / Consideration paid	57,002	34,201
Net assets acquired	57,002	34,201

- (i) Purchase Price Allocation of the purchase consideration has been determined based on the values as at December 31, 2018. There were no material changes between closing and the valuation date.

Details of assets acquired and liabilities assumed

The provisional fair values of the identifiable assets and liabilities of Panoro TPS as at the date of acquisition were as follows:

Purchase price allocation

	Gross USD 000 (Unaudited)	Panoro's share at 60% USD 000 (Unaudited)
Assets		
Production rights	52,683	31,610
Production assets and equipment	29,682	17,809
Development assets	1,053	632
Investment in associates / joint venture	63	38
Crude oil inventory	457	274
Materials inventory	4,464	2,678
Trade receivables	601	361
Other current receivables	3,299	1,979
Other non-current assets	194	116
Cash and cash equivalents	5,892	3,535
Total Assets	98,389	59,033
Liabilities		
Decommissioning liability	28,415	17,049
Licence obligations – Current Portion	568	341
Other current liabilities	1,623	974
Other non-current liabilities	1,717	1,030
Corporation tax liability	9,064	5,438
Total liabilities	41,387	24,832
Net assets acquired	57,002	34,201
Cash inflow on acquisition		
Net cash acquired with the transaction	5,892	3,535

- (i) Acquisition related costs included advisory fees which have been recognised in the Company's statement of comprehensive income amounted to USD 0.7 million.
- (ii) The completion date was December 21, 2018, results post acquisition have not been included as there was no material activity in the intervening period to December 31, 2018.
- (iii) The current corporation tax liability USD 5.4 million related to tax on income in Tunisia during the year ended December 31, 2018.

8. Fair Value of Commodity Hedges

During the fourth quarter the Group has initiated a commodity hedging program, whereby approximately 600 bopd, representing approximately 25% of current production, have been hedged over a three-year period using "zero cost collars" to protect the downside in oil price of below USD 55 per bbl. The hedging program will continue to be closely monitored and adjusted according to the Company's risk management policies and cashflow requirements.

During December 2018, the Company entered into a derivative contract in the form of a "zero cost collar" which was initially recognised at Nil fair value. The contract was revalued at December 31, 2018 with changes to fair value recognised as finance income or expense in the statement of comprehensive income.

As at December 31, 2018 the company had one outstanding contract to hedge 360,000 bbls net to Panoro with the volumes spread over approximately three years starting from February 2019 to December 2021. The collar for this outstanding contract is set between USD 55 per bbl and USD 60.65 per bbl. Panoro's net share of the fair value recognised in the Statement of Financial Position on this contract at December 31, 2018 was USD 0.7 million with a corresponding unrealised gain on fair valuation of commodity hedge contract in the statement of comprehensive income. There were no hedging contracts in place during and as of December 31, 2017. The initial hedging programme was part executed in 2018 and remaining in January 2019. The monitoring of

hedging arrangement is a continuous process and will therefore be continued until such time the Company's current hedging strategy objectives are in place.

9. Cash and cash equivalents

Cash and cash equivalents at December 31, 2018 amounted to USD 23.1 million, compared to USD 19.4 million as at September 30, 2018. There are a number of significant factors to explain the net increase of USD 3.7 million in during the quarter. The proceeds from the Private Placement approximated USD 28.2 million after taking into account the issue costs. In addition, a loan facility from Mercuria was secured and USD 16.2 million (USD 27 million gross) Senior Loan drawn down. This was offset by part payment towards OMV acquisition of USD 32.4 million, funding Dussafu operations of USD 5.3 million and effects of G&A payments.

10. Share capital

The Company has successfully completed a Private Placement during the quarter by issuing 15,580,000 new shares each at NOK 16.10 per share to the subscribers. The Private Placement raised NOK 250 million (approximately USD 30 million) in gross proceeds. Following issuance and registration of the new shares the issued and outstanding share capital of the Company was NOK 3,119,380 divided into 62,387,600 shares each having a par value of NOK 0.05. In addition, in December 2018, the Company completed the buy-back of 166,162 shares in order to pay the junior loan fee consideration to Mercuria (more details in Note 11) in accordance with the Secured loan facility agreement. The Company purchased 166,162 shares at an average price of NOK 12.5265 per share and transferred them to Mercuria to settle the fee consideration.

11. Loans and borrowings

On December 13, 2018 the Group entered into an agreement with Mercuria Assets Holdings (Hong Kong) Ltd ("Mercuria"), whereby Mercuria provided PTP (60% owned by Panoro) an acquisition loan facility comprising: i) a Senior Secured Loan facility of USD 16.2 million (USD 27 million gross), and ii) an additional Junior Loan facility for a further USD 4.8 million (USD 8 million gross). The Senior Secured Loan facility was fully drawn as of December 31, 2018. The Junior Loan facility remains undrawn as of December 31, 2018 and available up to six months from December 17, 2018.

The Senior Loan facility has a term of 5 years with interest charged at USD 3-month LIBOR plus 6% on quarterly amounts drawn, with repayments due each quarter. Interest of USD 0.06 million was accrued up to December 31, 2018.

The Junior Loan facility has a term of 6 years. Interest is charged at USD 3-month LIBOR plus 8% on quarterly amounts drawn, with repayments due each quarter in cash. In addition, the Junior Loan facility incurs a commitment fee at 40% per annum of the applicable margin on the undrawn amount during the availability period.

In addition, the Senior and Junior Loan facilities include financial covenants, most of which are required to be tested at the end of every 3-month period. These covenants, applicable at levels of the borrower group as defined in the loan documentation, include the following:

- (i) Field life coverage ratio: 1.50x
- (ii) Minimum cash balance of USD 2.1 million to be maintained at all times in the collection account of Panoro TPS Production GmbH (USD 3.5 million gross)
- (iii) Debt service coverage ratio: between 1.15x and 1.25x subject to specifications in the loan agreement.
- (iv) Liquidity Test: Customary to the loan instrument.

The current and non-current portion of the outstanding balance as of December 31, 2018 attributable to Panoro's 60% ownership is as follows:

	Current <i>USD 000</i>	Non-current <i>USD 000</i>	Total <i>USD 000</i>
Senior Loan facility	2,640	13,560	16,200
Unamortised borrowing costs	(101)	(369)	(470)
Total carrying value of interest-bearing debt	2,539	13,191	15,730

Un-amortised borrowing costs include structuring fees of USD 0.35 million and directly attributable legal and other third-party costs of USD 0.12 million thereby resulting in an effective interest rate of 10.20% per annum. The unamortised cost will be expensed using the effective interest rate method over the term of the loan.

12. BW Energy non-recourse loan

The Company has in place a non-recourse loan from BW Energy in relation to the funding of phase 1 of the Dussafu development. As of December 31, 2018, Panoro's drawdown on the non-recourse loan had reached its ceiling of USD 12.5 million in principal. Accumulated interest as of December 31, was USD 0.6 million. Following First Oil on Dussafu, achieved during the previous quarter and the first lifting in this quarter, repayment of the non-recourse loan has now commenced. A USD 0.9 million payment has been made in January 2019 towards the loan repayment.

The 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 and as such the loan has now been reclassified into short-term and long-term liabilities in the reporting quarter. During the repayment phase, Panoro will still be entitled to its share of profit oil, as defined in the PSC, from the Dussafu operations.

13. Decommissioning liability

In accordance with the agreements and legislation, the wellheads, production assets, pipelines and other installations may have to be dismantled and removed from oil and natural gas fields when the production ceases. The following table presents amounts of the obligations associated with the retirement of oil and natural gas properties:

<i>USD 000</i>	Nigeria	Gabon	Tunisia	Total
Balance at December 31, 2017	2,039	-	-	2,039
Recognised during the year	-	1,509	-	1,509
Accretion of interest	120	22	-	142
Acquisitions during the year	-	-	17,049	17,049
Balance at December 31, 2018	2,159	1,531	17,049	20,739

- (i) The total decommission liability of USD 2 million at December 31, 2017 related to the Company's Nigerian asset.
- (ii) The exact timing of the obligations is uncertain and depends on the rate the reserves of the field are depleted. However, based on the existing production profile of the assets, the following assumptions have been applied in order to calculate the liability:

Nigeria and Gabon:

It is expected that expenditure on retirement is likely to be after more than ten years. The current bases for the provision are a discount rate of 5.9% and an inflation rate of 1.5%.

Tunisia:

A total decommissioning liability of USD 17 million (USD 28 million gross) was acquired as part of the OMV transaction. Refer to Note 8.2 for details of the OMV transaction including the purchase price allocation.

14. Other non-current liabilities

Since the settlement of the Aje dispute (as described in Q4 2017 report), the Company has performed a review of historical costs incurred and recognised the liabilities associated with such expenditures in the balance sheet. The proportionate joint venture liabilities resulting from the workover and side-tracks at Aje-5 had been higher than anticipated and in combination with the operation accruals and the inclusion of the cost of the OML 113 20-year licence renewal have resulted in proportional liabilities of USD 5.8 million as of December 31, 2018, compared to USD 4.6 million as of September 30, 2018. The increase in liability is mainly due to the renewal fees of USD 1.6 million that was paid during the quarter from Aje field cashflows but resulted in an increase in other operational payables, since the operations are funded in entirety from field cash flows. The underlying liabilities, (excluding the one-off effect of the license renewal) continue to reduce through the allocation of excess funds from Aje liftings. Such liabilities continue to be current in nature and are expected to be repaid within 12 months. An Aje lifting is scheduled for March 2019, which will provide net proceeds to Panoro in the region of USD 2.0 million. Panoro's share of these proceeds will reduce Aje related payables (which includes operating costs) in 2019.

In addition to these, USD 6.8 million is classified as long-term liabilities which as per the terms agreed between OML 113 Joint Venture partners, certain transitional arrangements were introduced whereby unpaid cash calls will not be immediately payable. During the transition period, any excess funds from Panoro's entitlement of crude liftings after paying for its share of operating expenditure shall be used to repay unpaid cash calls. We do not currently anticipate any use of Panoro's cash resources and expect it to be funded from the sale of our share of Aje crude.

15. Subsequent events

The reserves of the Tortue field located within Dussafu EEA, with previously reported Contingent Resources from the western flank of the field have now been re-categorized as reserves as of December 31, 2018. Consequently, the 2P gross remaining reserves at Tortue have substantially increased by 11.6 MMbbls, approximately 50% higher as compared to year end 2017. The remaining

reserves are calculated after deducting 1.2 million barrels produced during 2018. The NSAI estimates are based on a total of 6 wells at Tortue. Panoro share of the updated 2P reserves is 2.2 MMbbls on an entitlement basis.

The Tunisian Directorate General of Hydrocarbons has also advised that the Tunisian Consultative Hydrocarbons Committee has required Panoro Exploration to post a bank guarantee in relation to the drilling operations on SOEP, which will be released at successive operational stages commencing with the spudding of the well, on track during 2019. Accordingly, PTE has procured a bank guarantee of USD 16.6 million (USD 10.0 million net to Panoro).

Other information

Financial calendar

May 23, 2019	Annual General Meeting
May 23, 2019	Quarter Report Q1, 2019
August 22, 2019	Half-Yearly Report
November 20, 2019	Quarter Report Q3, 2019

Glossary and definitions

Bbl	One barrel of oil, equal to 42 US gallons or 159 liters
Bopd	Bopd
Bcf	Billion cubic feet
Bm³	Billion cubic meter
BOE	Barrel of oil equivalent
Btu	British Thermal Units, the energy content needed to heat one pint of water by one degree Fahrenheit
IP	Initial production
Mcf	Thousand cubic feet
MMcf	Million cubic feet
MMbbl	Million barrels of oil
MMboe	Million barrels of oil equivalents
MMBtu	Million British thermal units
MMm³	Million cubic meters
Tcf	Trillion cubic feet
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortisation

Disclaimer

This report does not constitute an offer to buy or sell shares or other financial instruments of Panoro Energy ASA (“Company”). This report 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 report, and we undertake no obligation to update or revise any of this information.

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