

# Q2 2019 Results Presentation



August 2019

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# Presenting Team on Webcast

## EXECUTIVE MANAGEMENT TEAM



**John Hamilton**  
Chief Executive Officer

Joined 2015



**Qazi Qadeer**  
Chief Financial Officer

Joined 2010



**Richard Morton**  
Technical Director

Joined 2008



**Nigel McKim**  
Projects Director

Joined 2019





# Q2 2019 Highlights

## Operational



- Dussafu Q2 average gross production rate over 12,000 bopd and continues to produce above expectations
- Dussafu drilling program commenced with spudding of Hibiscus Updip
- 4 production wells to follow, plus a minimum one additional exploration well
- TPS production 4,000 bopd gross for quarter, with target of 5,000 bopd by year end (and ca.4500 around end Q3)
- Salloum West exploration well on track for spud towards end of year
- Aje production stable

## Financial



- Gross revenue of USD 10.7 million for Q2 in line with liftings guidance (1H 2019 USD 30.6 million)
- EBITDA of USD 5.1 million (1H2019 USD 16.3 million)
- Cash balances including cash held for bank guarantee at USD 25.5 million
- Gross Debt of USD 27.4 million
- Reversal impairment at Dussafu



# Active work program over next 12 months, and beyond

	2019		2020				2021
	Q3	Q4	Q1	Q2	Q3	Q4	
GABON							
Exploration Well	DHIMB1			TBD	2 options		
Production Well		4 wells Phase 2					Phase 3
Production	First oil phase 2						
TUNISIA							
Exploration Well		SMW1				Sfax	
Seismic					Sfax		
Workover Activity	TPS Assets		TPS		TPS	TPS	
Production Well			TPS				
Production	TPS Production plus in success case Salloum						

 Contingent / Possible

- Hibiscus Updip well drilling Q3
- 4 production wells at Tortue
- Gross target > 20,000 bopd Q2/2020
- Additional firm exploration well Q2 2020
- Possible 2 more exploration wells 2020
- Phase 3 development (no FID yet)

- Exploration well Salloum West late Q4
- Success case leads new exploration phase inc. seismic and additional well
- Workover activity Q3/Q4 at TPS
- Targeting 5000 bopd gross at TPS by end year
- New production well at TPS in early 2020 (contingent)
- Further growth opportunities identified



# Key Metrics

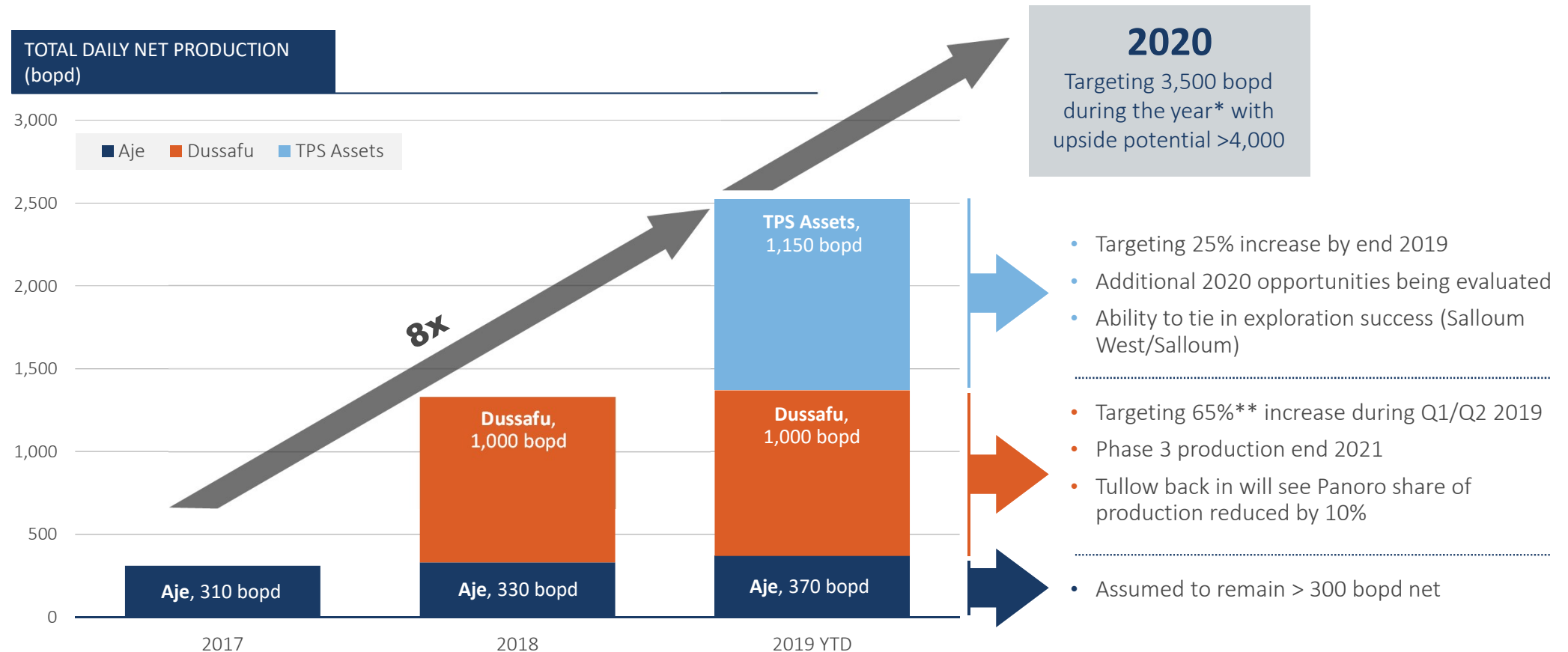


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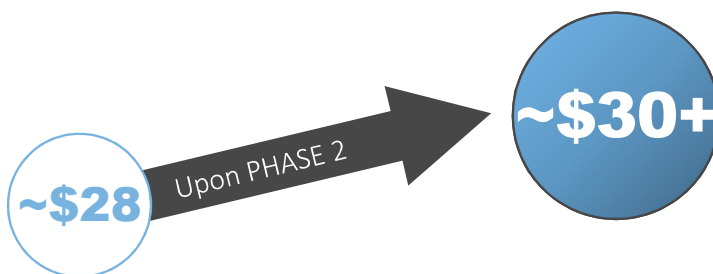
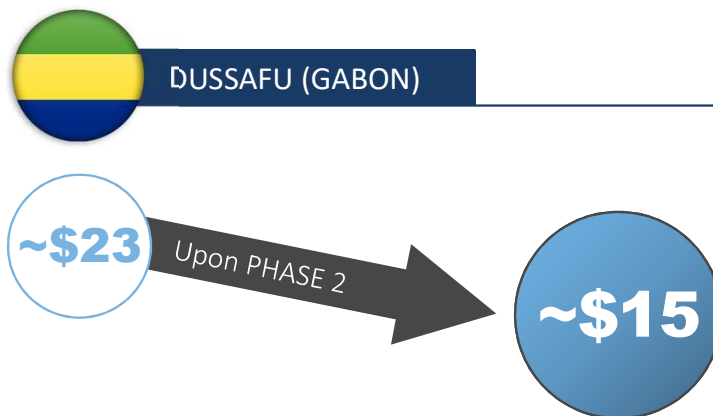
Slide 6

# Production Growth

A transformation, with additional growth underway



# Key Metrics @ \$65 Brent



TUNISIA

~\$12

Potential to decrease through enhanced production

~\$20

Net backs can increase during higher production



# Q2 2019 Highlights

<i>Amounts in Million USD</i>	Q2 2019	Q1 2019	1H 2019	1H 2018	FY 2018
Revenue and other income	10.7	19.9	30.6	4.6	13.0
EBITDA	5.1	11.3	16.3	(0.8)	(1.9)
Net profit/(loss) after tax	8.1	(1.5)	6.6	(2.6)	(7.1)
Underlying net profit/(loss) before tax*	1.0	7.8	8.8	(2.4)	(5.7)
Cash and bank balances**	25.5	18.1	25.5	5.5	23.4
Gross debt	27.4	28.2	27.4	7.1	29.4

\* Non-GAAP Financial Measures

From first quarter 2019, the Group has enhanced its disclosures and introduced the reporting of Underlying Operating Profit/(Loss) before tax, a Non-GAAP Financial Measure. Underlying Operating Profit/(Loss) before tax is considered by the Group to be a useful additional measure to help understand underlying operational performance. The definition and details of this Non-GAAP measure can be referred to on page 7 of the second quarter, 2019 report.

\*\* Includes USD 10 million held for SOEP Guarantee as at 30 June 2019

## Highlights

- Crude Sales of 135,268 barrels in 2Q vs. 283,360 barrels in 1Q 2019
- Average sale price of USD 68 / bbl in 2Q vs. USD 62 / bbl in 1Q 2019
- 6 international liftings in 1H 2019 which is likely to be the trend for 2H 2019
- EBITDA on reporting basis higher due to reversal of Dussafu impairment of USD 8.1 million
- Underlying Net Profit was USD 1 million compared to USD 7.8 million for 1Q 2019. Main difference due to higher sale volumes in 1Q
- Key Non-cash items for 2Q:
  - Dussafu Impairment reversal USD 8.1 million
  - Unrealised gain on commodity hedges USD 1.6 million

# Gabon

## The Dussafu Marin Permit

Dussafu is operated by BW Energy Gabon and Panoro's current interest in the license is 8.33%. There are five oil fields within the Dussafu Permit: Moubenga, Walt Whitman, Ruche, Ruche North East and Tortue. The latter three fields were discovered by Panoro and JV partners in the last 7 years.

- Asset: Dussafu Marin
- Status: Production, Exploration & Development
- Ownership: 8.333% (7.5% after Tullow back in)
- Partners: BW Gabon SA





# The Tortue Field

Panoro share 8.33% (Tullow back-in right would reduce to 7.5%)

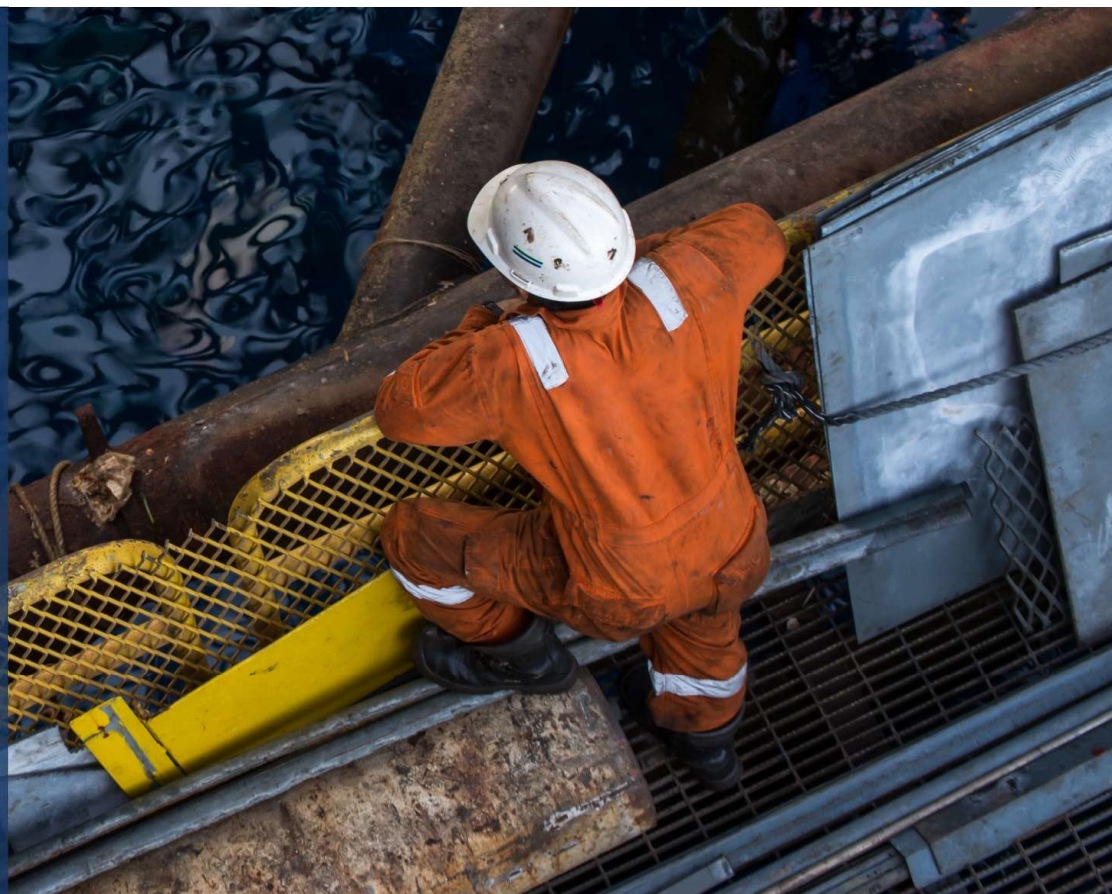
## PHASE 1 – ON PRODUCTION at ~12,000 BOPD 1H 2019

- Fast track development – from sanction to production in 18 months
- Currently two subsea wells producing and tied back to BW Adolo
- BW Adolo FPSO with 40,000 bopd production capacity is the area hub
- No water nor wax produced to date has lifted reserve base
- Gross investment of USD 175 million

## PHASE 2 – SANCTIONED AND UNDERWAY

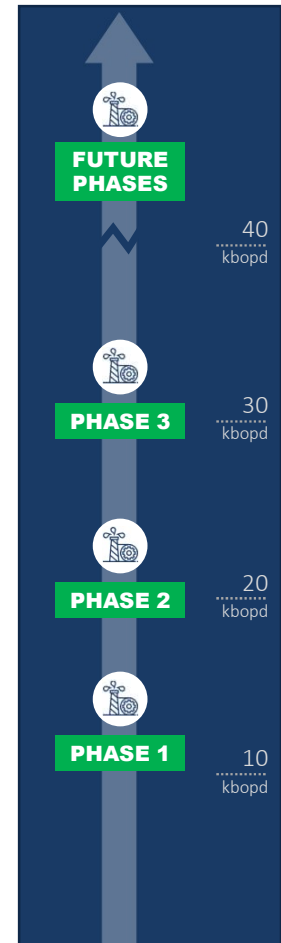
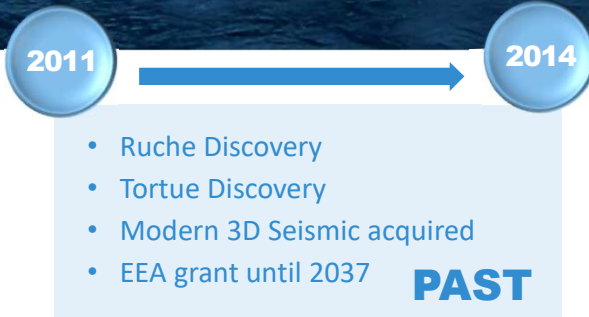
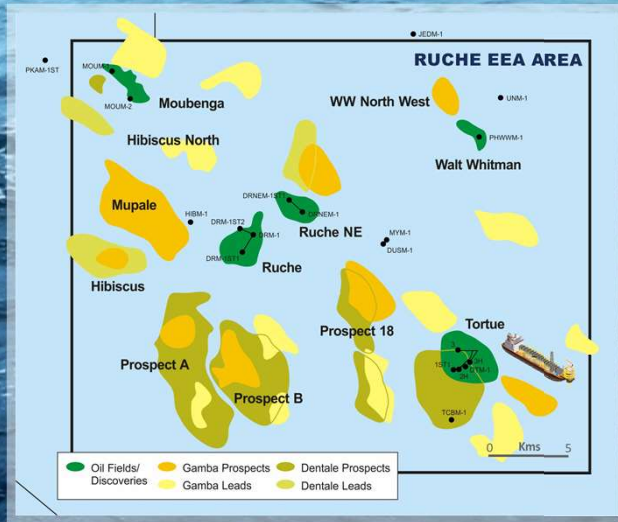
- Phase 2 benefitting from existing infrastructure
- 4 additional production wells, 3 in Gamba and 1 in Dentale D6
- Jack-up Borr Norve contracted for drilling program
- Production wells coming onstream from Q1 2020
- 35 million barrels combined phase 1 and 2 gross reserves (31/12/18)
- Gross investment of USD ~240 million

PRODUCTION EXPECTED AT ~20,000 BOPD IN Q2 2020





# Dussafu Success Story: Past, Present and Future



# Hibiscus Updip Prospect Spud August 2019

Existing well (HIBM-1 well) at downdip location proved high quality Gamba sand

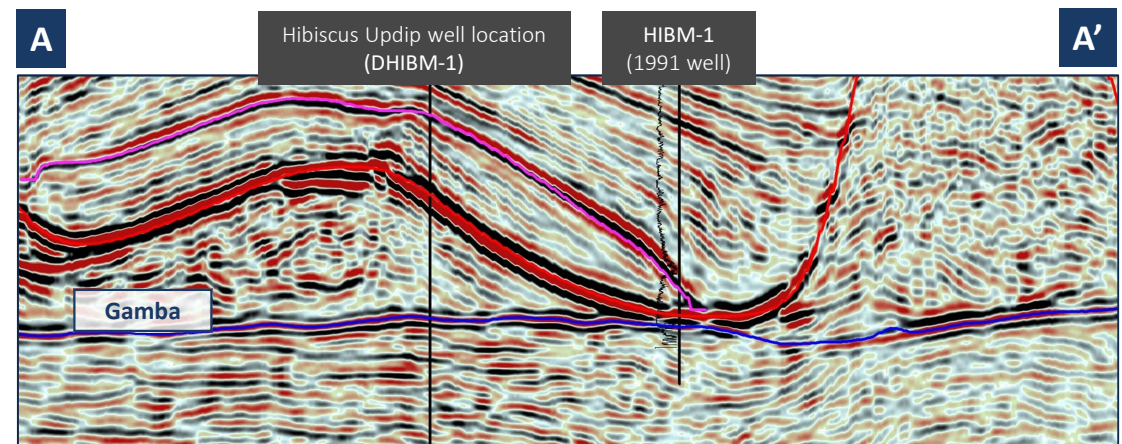
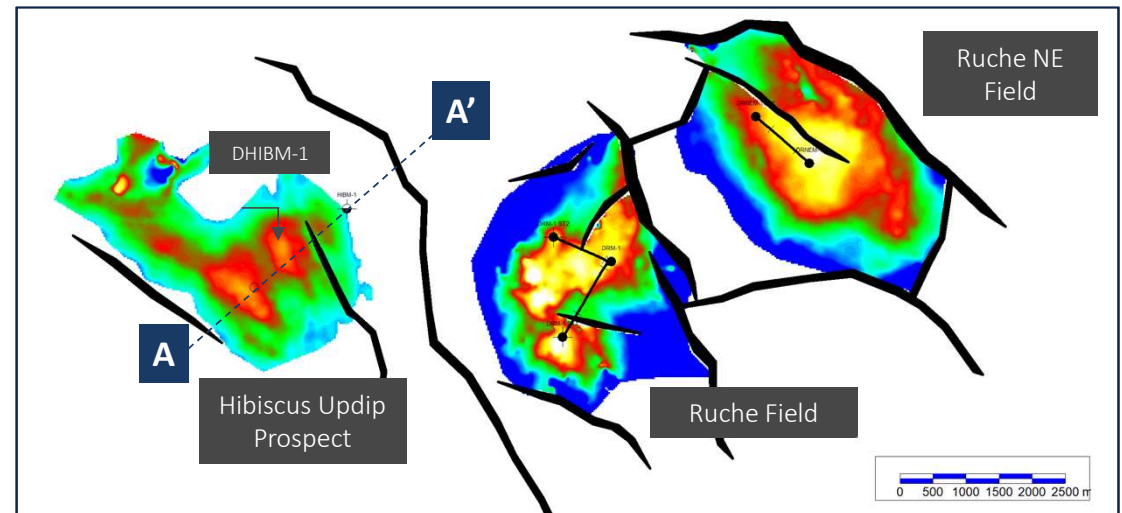
- Drilled by ARCO in 1991 based on 2D seismic
- Live oil shows in drill cuttings and full diameter core
- Good permeability measured in core

High chance of success at updip location

- Interpreted four-way structural trap
- Modern 3D seismic shot since initial HIBM-1 well
- Targeted resource size similar to Tortue and Ruche discoveries

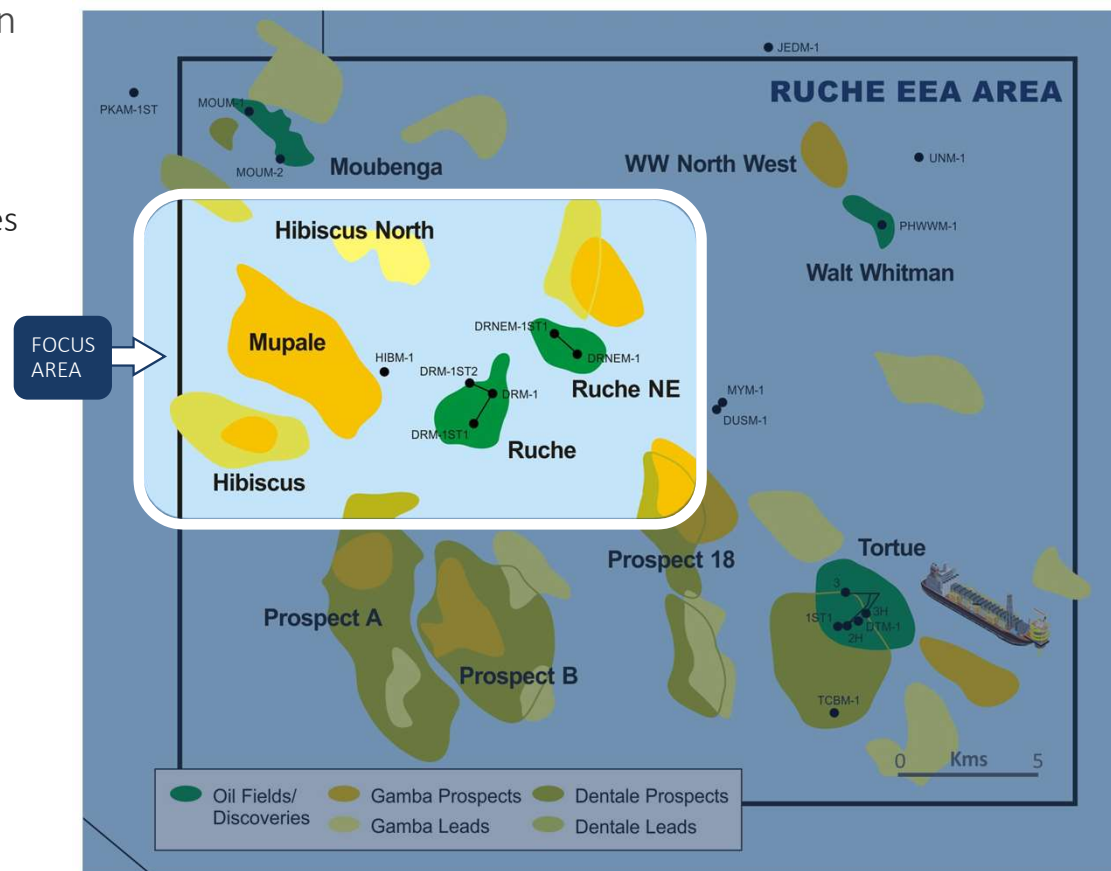
Start of minimum 6 well drilling campaign

- Hibiscus Updip 2019
- 4 production wells at Tortue 2019 into Q2 2020
- Additional Exploration well Q2 2020
- 2 optional rig slots



# The Greater Ruche Development – The Next Step

- Ruche to add another +15,000 bopd\* gross production
  - Ruche is the second development hub with FID expected H2 2019
  - First oil expected Q4 2021
  - 2018 discovery at Ruche NE added to hydrocarbon volumes
  - Could include Hibiscus Updip in success case
- Wellhead platform to be tied back 16 km to BW Adolo FPSO for processing
- 6 wells planned targeting gross 28.5 mmbbl\* reserves
- USD ~375 million capex
- Profitable Ruche production forecast beyond license term\*
  - Dussafu PSC term ends in 2037
  - Estimate based on current oil prices applied to future production





# Tunisia

The Sfax Offshore Exploration Permit, containing the Ras El Besh Concession, lies in the prolific oil and gas Cretaceous and Eocene carbonate platforms of the Pelagian Basin offshore Tunisia. The TPS Assets comprise five oil field concessions in the region of the city of Sfax, onshore and shallow water offshore Tunisia.

## Sfax Offshore Exploration Permit and Ras El Besh Concession

- Asset: Sfax Offshore Exploration Permit and Ras El Besh Concession
- Status: Exploration
- Ownership: 52.50% <sup>(1)</sup>
- Partners: ETAP (permit holder), Atlas Petroleum Exploration and Eurogas International

## TPS Assets

- Asset: TPS Assets
- Status: Production
- Ownership: 29.4% <sup>(1)</sup>
- Partners: ETAP

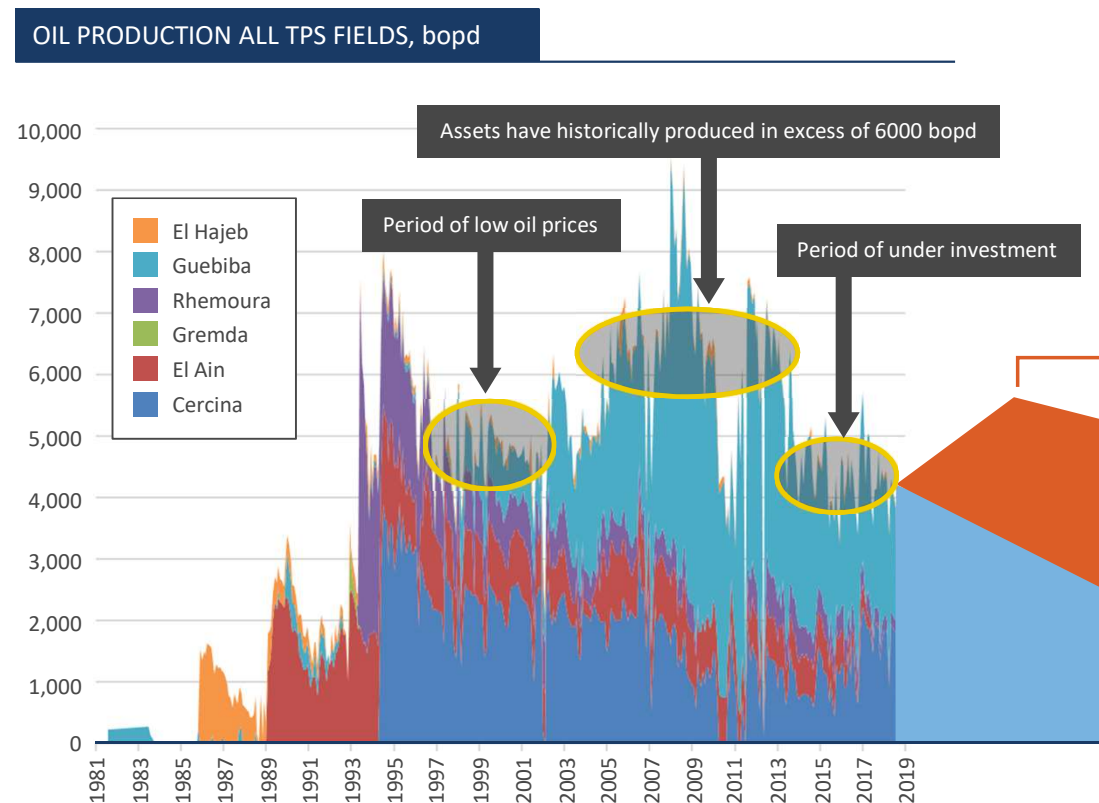


### <sup>(1)</sup> About Panoro's Operations in Tunisia

Panoro's equity participation in Tunisian operations and companies, as described above, is in partnership with Beender Tunisia Petroleum Limited ("Beender") whereby, Panoro effectively owns 60% and Beender the remaining 40%.

# Enhancing TPS Production Levels

The opportunity to bring assets back to historical levels



## ACTIVITY SUITE

### Enhancing production levels:

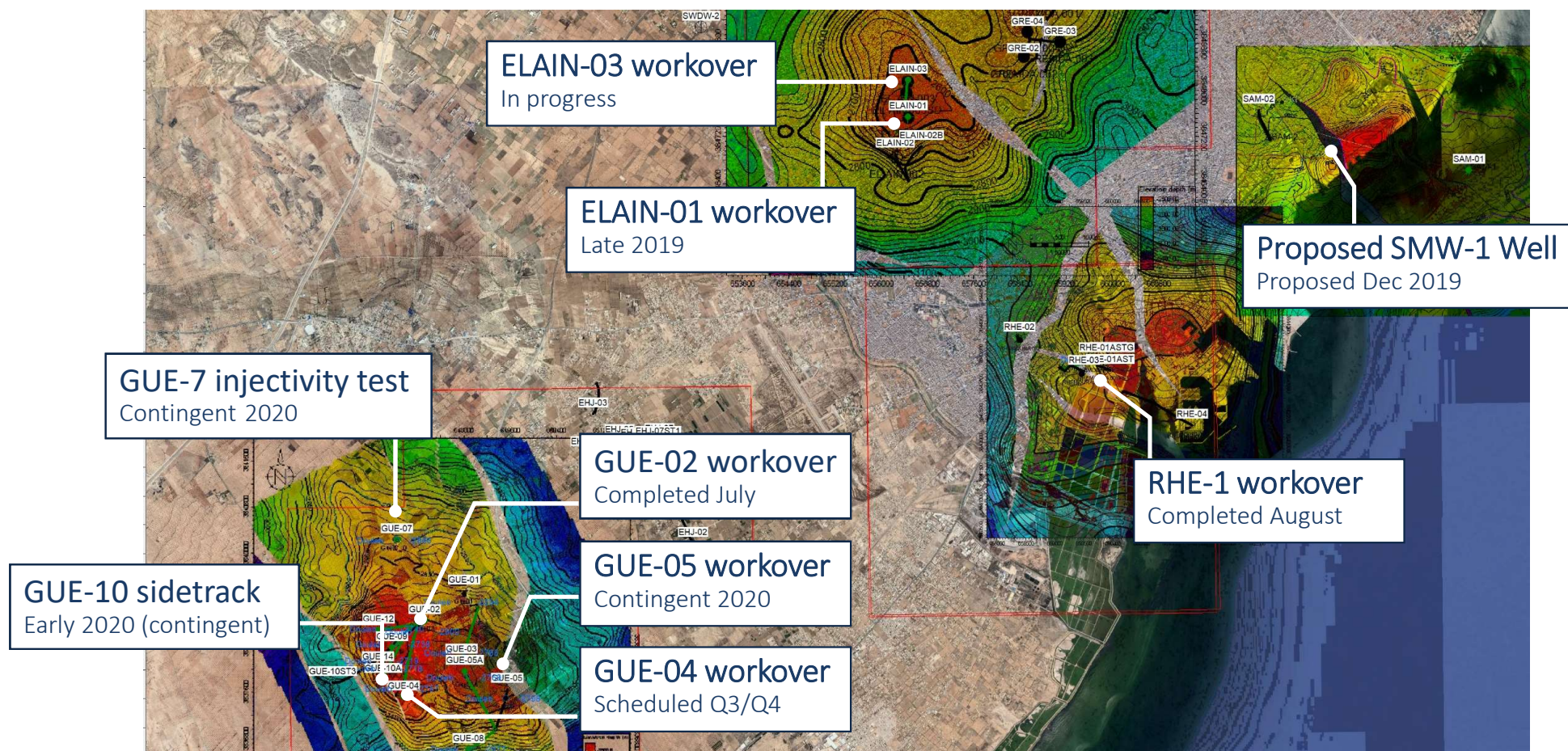
- New wells into nearby discoveries
- Sidetracks to undrained reservoirs or blocks
- Recompletions on new reservoir intervals
- Optimisation of production system

### Maintaining existing production:

- Well workovers for ESP/integrity management
- Optimisation of ESP pump performance



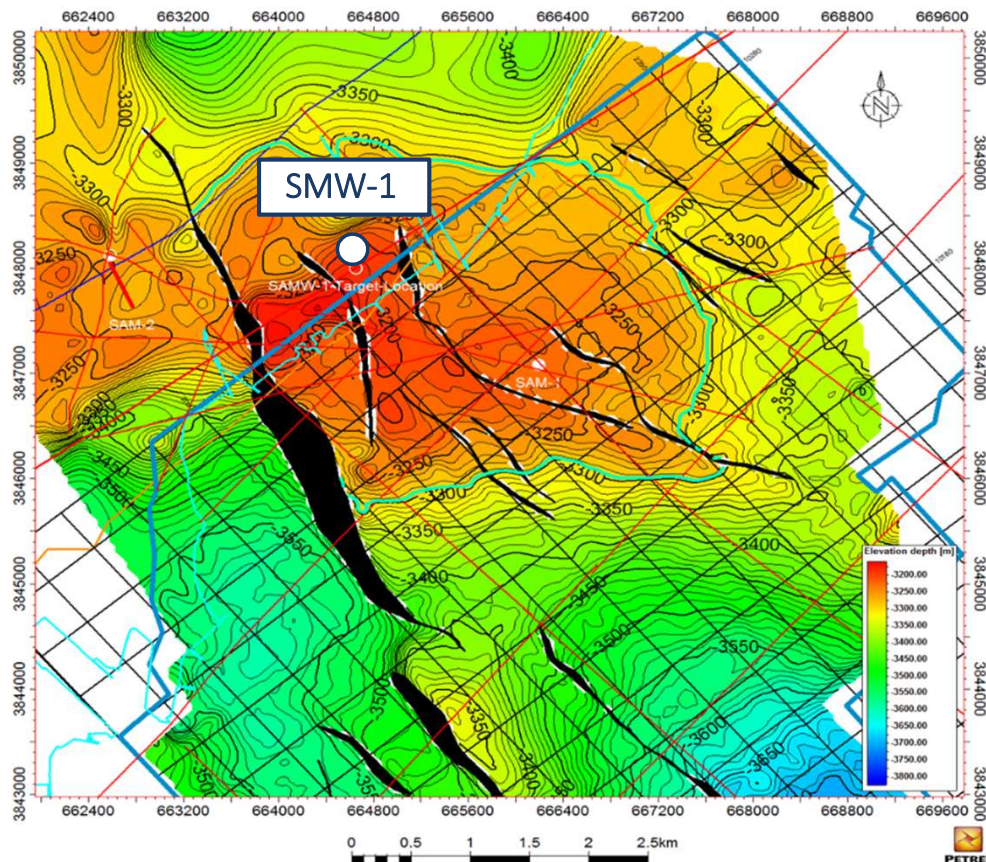
# TPS Well Activities (and Proposed SMW-1)





# Tunisia: Salloum Structure – Bireno Depth Map

Exploration well to spud at end of 2019



- SMW-1 to be drilled as a deviated well from onshore location
- Targeting fault compartment updip from the SAM-1 discovery well
  - British Gas drilled SAM-1 in 1991
  - Oil discovery, short test at 1800 bopd
- Bireno reservoir is main target
  - was tested in SAM-1 well
  - produces from nearby TPS assets
- Plans advanced to spud well in late 2019
- In success case well can tie in to Rhemoura production facility, part of the TPS assets
- Mid case 5 million barrels (Panoro internal estimate)

# Environmental, Social and Governance

## CORPORATE SOCIAL RESPONSIBILITY VISION

Panoro's mission is to deliver superior returns to our shareholders by finding and producing oil and gas at low cost and at an acceptable level of risk with a focus on Africa.

We meet our commitments efficiently and transparently and expect the same of our host governments, partners, employees, contractors and customers. We treat stakeholders fairly and respectfully by adhering to high standards of governance, business conduct and corporate social responsibility.

## ANTI-CORRUPTION

Our corporate conduct is based on our commitment to acting professionally, fairly and with integrity. Panoro Energy does not tolerate any form of bribery and corruption.

## ENVIRONMENT

We are committed to understanding, managing and reducing the environmental impact of our activities and to implement internationally recognised environmental management systems to achieve this aim.

As an oil and gas exploration and production company, we have an important role to play in environmental management specifically in relation to impact of our seismic, drilling and production activities on the environment.

## COMMUNITY AND LOCAL IMPACT

We believe that working in partnership with communities over a sustained period of time is the most effective way to achieve real results and lasting change. Our approach is to engage with our neighbours, community leaders, non-governmental organisations and charities with respect and dignity to understand the implications of our activities and changes in industry and wider society.

We have a commitment to operate responsibly wherever we work in the world and to engage with our stakeholders to manage the social, environmental and ethical impact of our activities in the different markets in which we operate.





# Outlook



High levels of operational activity for next 12 months and beyond



Production enhancements in Tunisia



3-5 exploration wells, including Hibiscus Updip and Salloum West



Focus on managing an ethical and safety conscious company



4 development wells at Tortue



Continued focus on strategy and business development







## Contact Details:

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