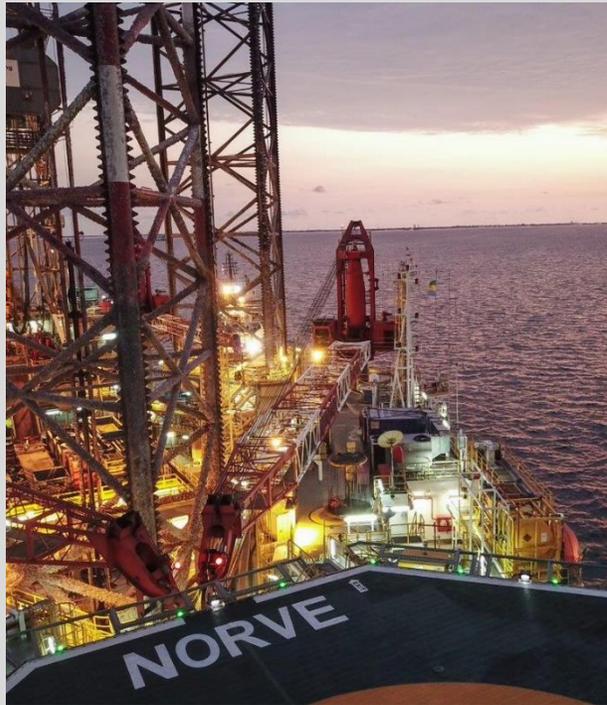


# 2020 Q1 Results Presentation



28 May 2020

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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



# Corporate Highlights



## OPERATIONS

- Staff are healthy and have adapted
- HSE culture and systems proven resilient
- Production largely unaffected, 2000+ bopd net for quarter, up from Q4
- Challenges include crew changes and liftings, with global storage a major theme
- Development activity deferred in Gabon



## OIL SALES

- All planned liftings have occurred largely as scheduled
- Q1 oil sales limited to one Gabon cargo and domestic sales in Tunisia
- International Tunisian lifting in early April
- Crude priced off Dated Brent
- Offtake and Marketing contracts with first class counter-parties



## FINANCE

- Cash of \$24 million (inc deposit held for guarantee); debt \$23 million
- Hedging strategy proving very effective
- Capex reduced and cost cutting



## OUTLOOK

- Focus on financial discipline and maintaining existing production
- Production guidance for 2020 2,300 – 2,600 bopd (excl. Aje)
- Upside to asset base still intact, timing delays
- Resilient business model in a challenging environment



Tunisia

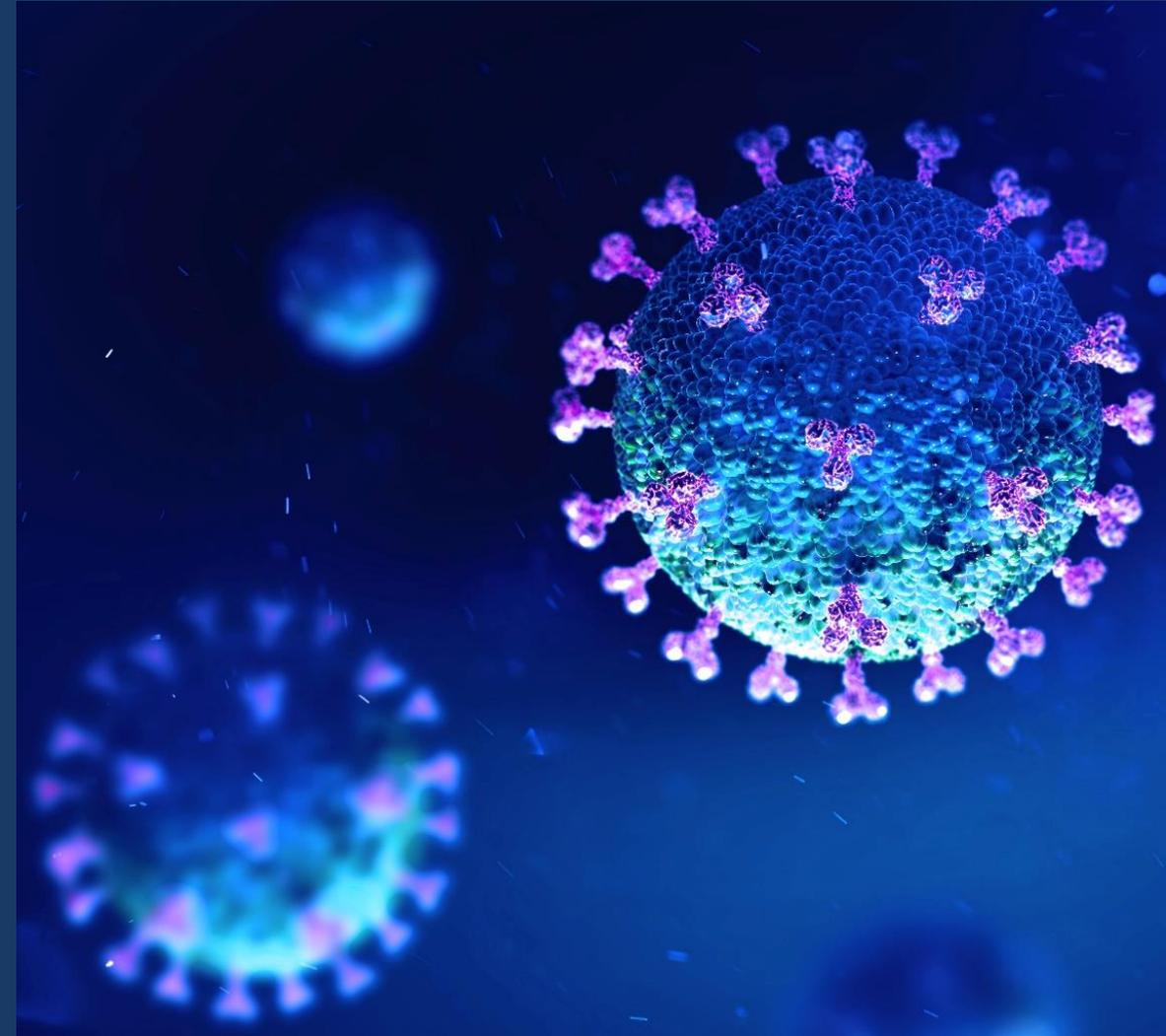


Gabon

# Recent Events: Impact on the Oil Sector Generally

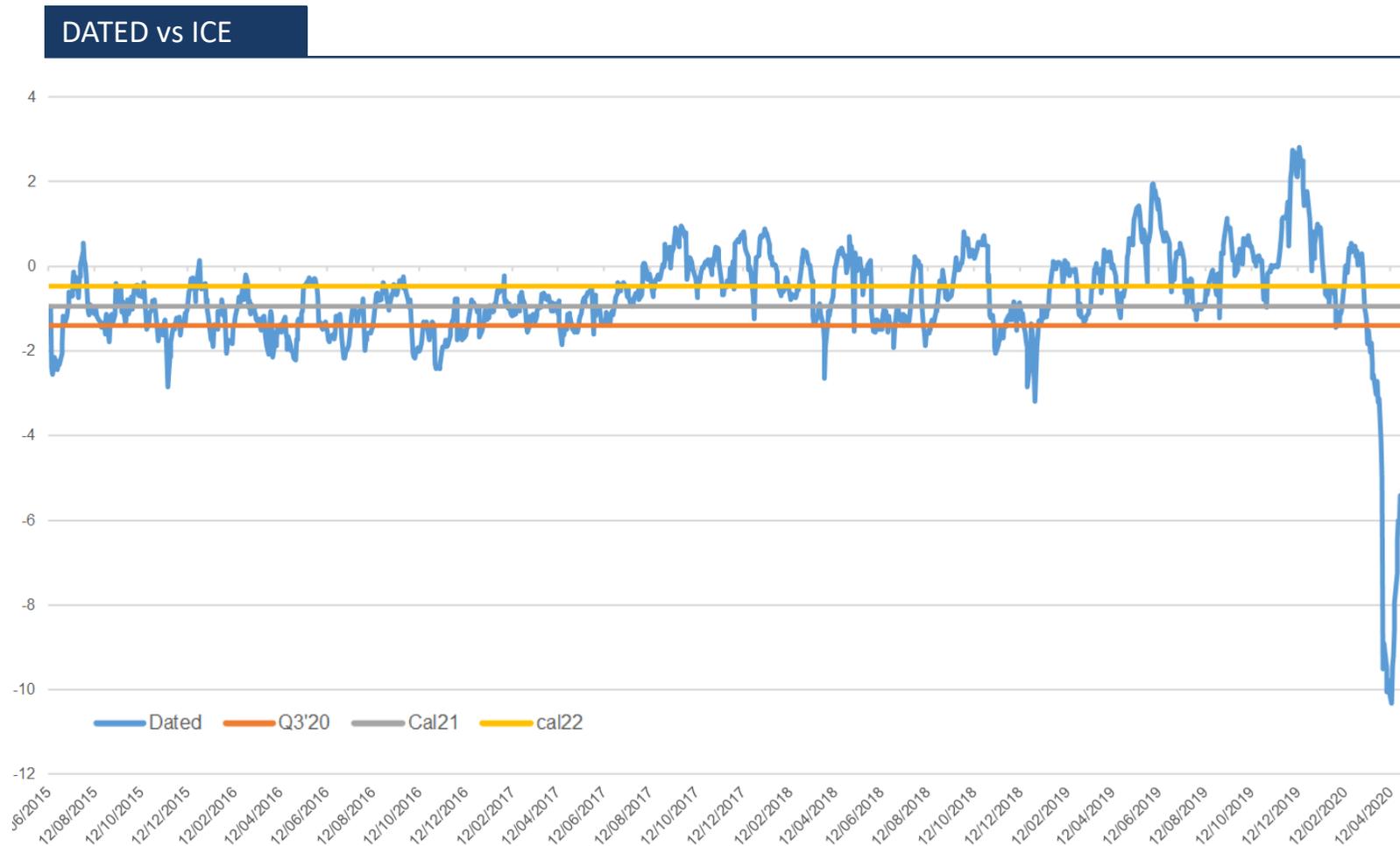
## COVID-19 and Oil Price Shock

- Logistics both on and offshore compromised
- Increased HSE protocols
- Challenging crew changes amidst travel restrictions
- Development/drilling operations largely halted, with focus on maintaining day to day operations safely
- Severe reduction in global oil demand and storage capacity
- Significant downward pressure on oil prices
- Volatility in oil prices, including historically high Dated Brent (physical) discounts to futures (\$10-12/bbl) currently closer to \$2/bbl discount
- Stranded oil cargoes



# Dated Brent (Physical) had been under huge pressure

Difference between physical price and futures price 2015-2020



# Panoro Response to Current Environment

## Proactive Initiatives to Mitigate the Dislocated Macro Environment

Panoro is managed in a financially prudent manner

Steps taken BEFORE current crisis proving effective

Steps taken DURING current crisis made to strengthen balance sheet

Emerge from crisis with resilient business model

Able to resume capital spending once oil macro improves

### PRIOR

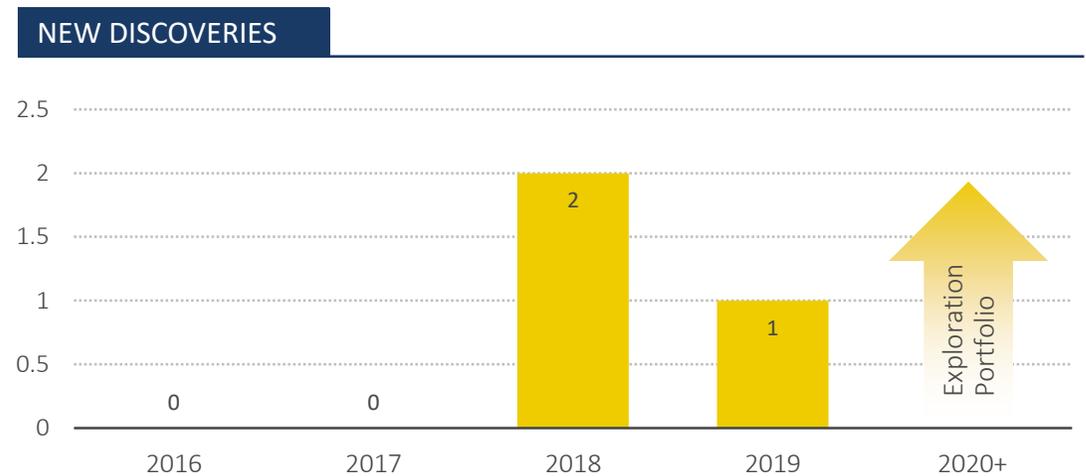
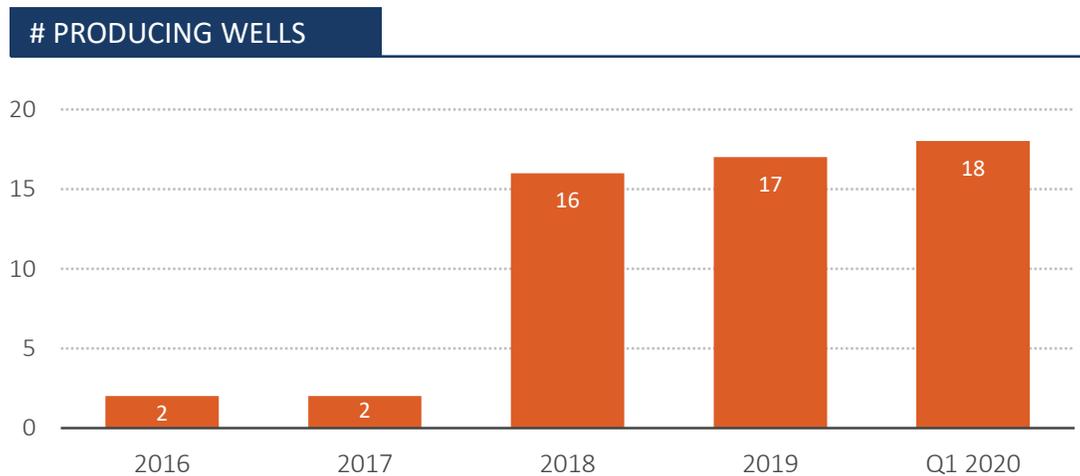
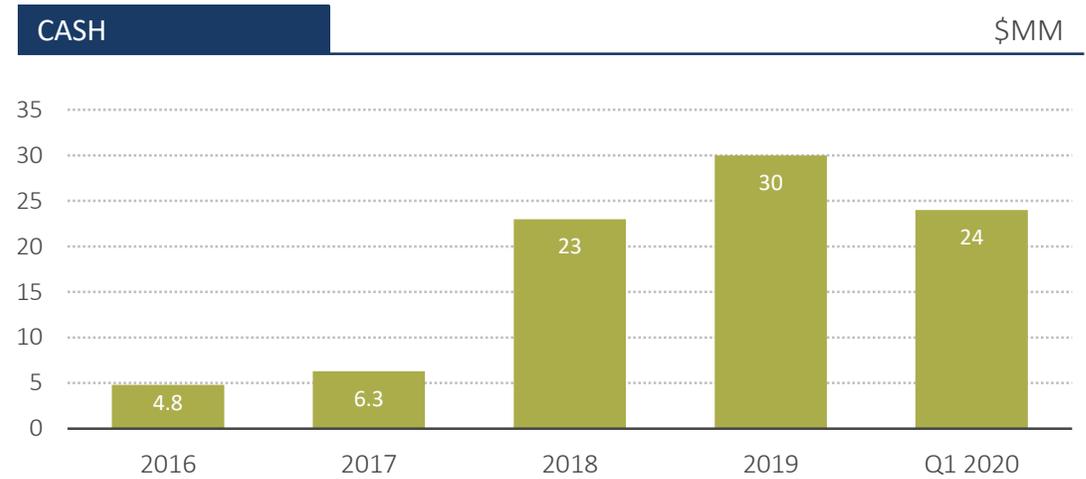
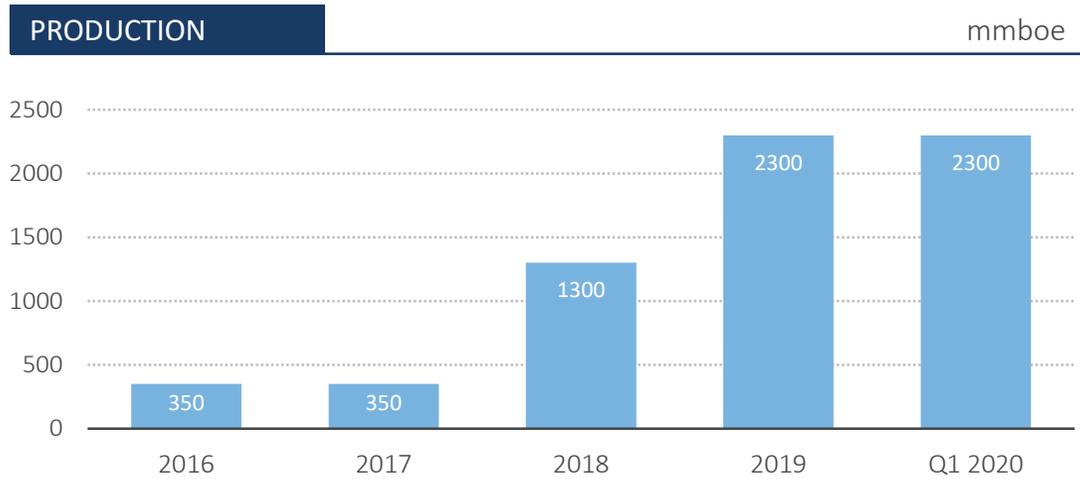
- Oil hedges taken out during 2019
  - Hedged 675 bopd for both 2020 and 2021
  - Mostly costless collars with a floor of \$55/bbl
- 10% placing in October raising \$16 million
  - Funds raised to fund next phases of Dussafu development
  - Alternative option was a loan facility but deemed too early to put instrument in place
- Streamlined corporate organization
  - Cut costs of the historic DNO operations in Tunisia by 40%
  - Maintain an optimized low cost corporate structure

### DURING

- In Gabon, capex for 2020 cut by 40%
- Ruche Phase 1 delay, due to oil price more than virus
- In Tunisia, deferred higher capex activities (Guebiba 10 and Salloum) until macro more clear
- Taking steps to reduce overheads
  - Cost cutting across organization
  - Taken advantage of strong USD to hedge out GBP and NOK costs

# Corporate Strategy has made Panoro more resilient to cycle

Strategy has been to make a more robust company



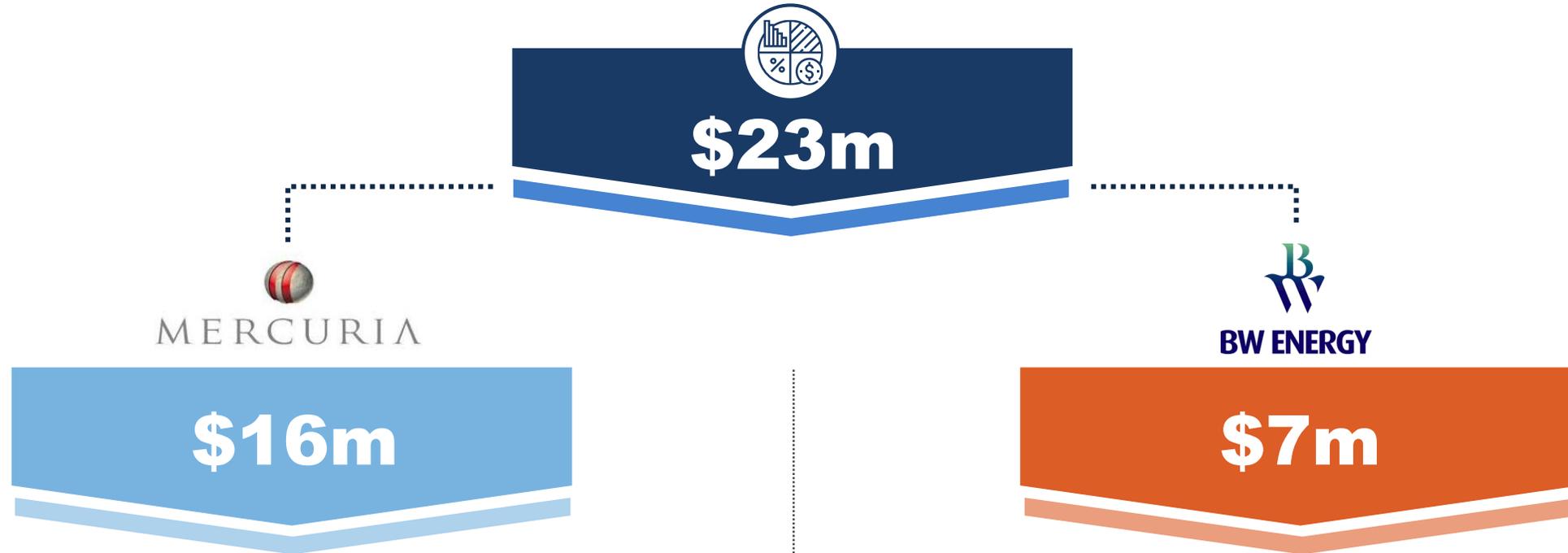
# 2020 Q1 Highlights

| <i>Amounts in Million USD</i>                                 | Q1 2020 | Q4 2019 | Q1 2019 |
|---|---------|---------|---------|
| Revenue and other income <sup>1</sup>                         | 3.4     | 13.7    | 16.7    |
| EBITDA <sup>1</sup>   | 0.3     | 5.2     | 10.3    |
| Net profit/(loss) after tax <sup>1</sup>                      | 8.0     | (3.5)   | (1.4)   |
| Net profit/(loss) after tax including discontinued operations | 6.0     | 3.2     | (1.5)   |
| Underlying net profit/(loss) before tax <sup>1,2</sup>        | (0.7)   | 3.2     | 7.9     |
| Cash and bank balances <sup>3</sup>                           | 24.2    | 30.4    |         |
| Gross debt  | 23.0    | 25.4    |         |

1. Following agreement to sell Aje to PetroNor in 4Q 2019, the results and operations have been classified as discontinued operations and the asset has also been classified as held for sale. Numbers including comparatives in income statement have been re-classified to remove and disclose Aje operations separately in a single line of the income statement
2. Non-GAAP Financial Measures  
*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 first quarter, 2020 report.*
3. Includes USD 10 million held for SOEP Guarantee as at 31 March 2020 and 31 December 2019



# Loan Facilities



- Debt against Tunisian assets, provided by Mercuria
- Repayments of \$0.7m made during the quarter
- Amortises in 2020 at \$0.7m per quarter
- Effective interest rate dropped by 1% due to decrease in LIBOR
- Very supportive lender and strategic partner

- Non-recourse debt against Dussafu, as part of farm down to BW Energy
- Repayments of \$1.4m made during the quarter
- Repayments only made when excess cost oil after operating costs
- Panoro retains profit oil
- Very little repayment when oil prices are low

# Hedging

2020

2021

20,200 bbls per month

Settled monthly on Dated Brent

Collars of \$55 floor and \$61 cap

Additional 24,000 swap in July 2020

Gains/loses on P&L after EBIT

MTM of \$9 million at end Q1

First class counterparty

Taxed outside petroleum regime



# Revised 2020 Guidance



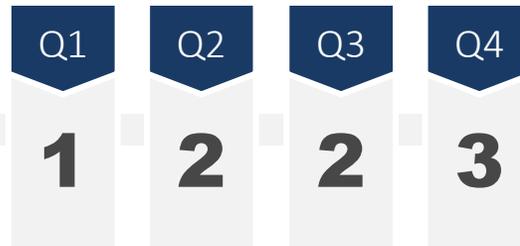
## PRODUCTION

**2300 - 2600**

- 25% increase from 2019
- ~10% lower than prior guidance due to Gabon reduction
- Excludes Aje



## INTERNATIONAL LIFTINGS



- 4 Gabon remaining Q2-Q4
- 3 Tunisia remaining Q2-Q4



## CAPEX

**FULL YEAR** \$31 Million → \$22 Million

**REMAINING** \$15 Million (including Salloum + Guebiba ST currently delayed)

- Gabon Capex reduced 40%
- Remaining Capex minimal
- Figure includes Salloum West and Guebiba 10 ST (delayed)
- Seeking further capex reductions

# Gabon Update (Panoro 7.5% working interest)



## PRODUCTION

- Gross production of 11,485 bopd during quarter (net 861)
- Current production of ~ 17,000 bopd
- 4 wells in production
- 2020 production range of 15,000-16,500 bopd (net 1,125-1,275)
- Opex per bbl of \$15-17/bbl for 2020



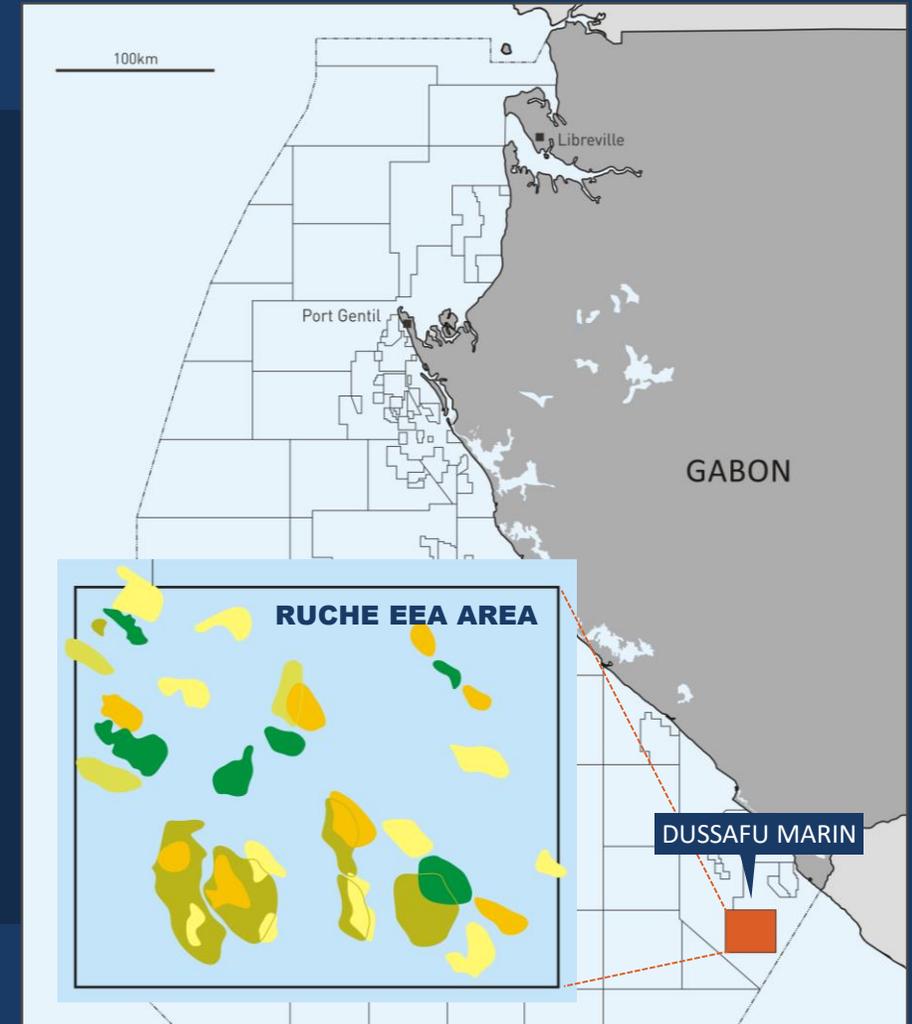
## SALES & LIFTINGS

- Lifting of 44,000 net in Q1 at price of \$32.90
- Next lifting by BP scheduled for June
- Further 3 liftings in 2H
- Crude priced on Dated Brent average for month of lifting plus premium

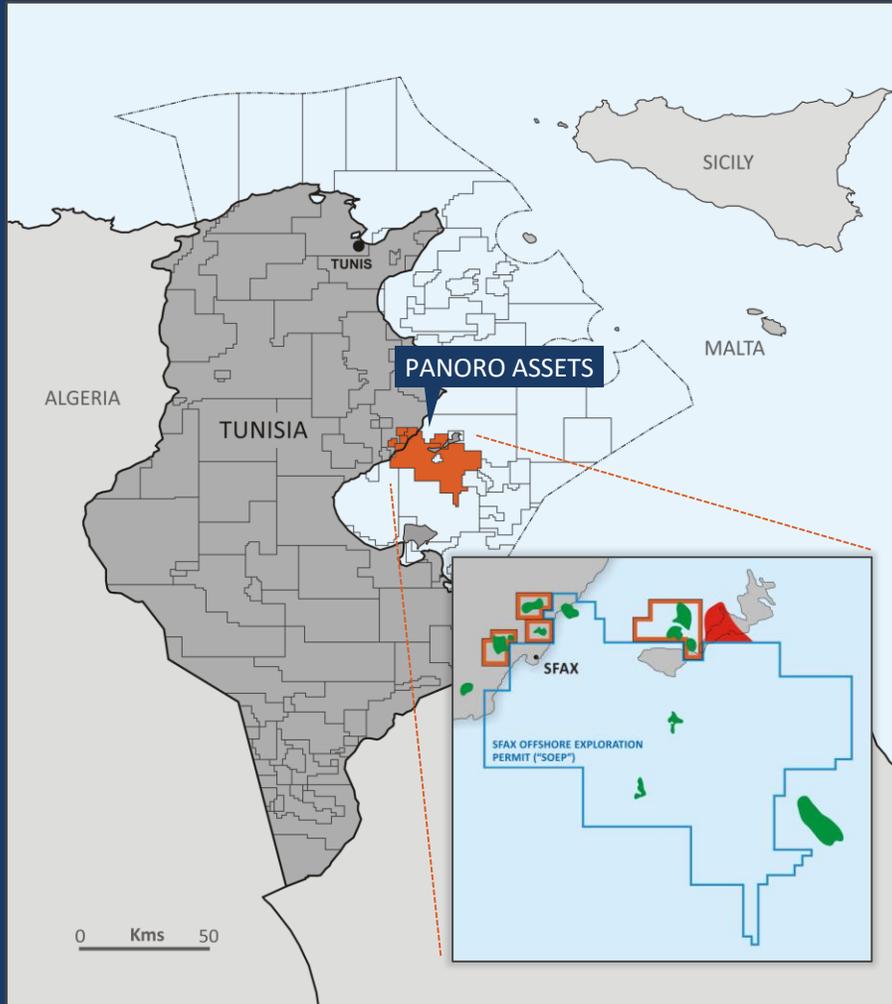


## FUTURE ACTIVITY

- Delayed due to Covid-19
- Hook up of DTM-6H
- Drilling of DTM-7H
- Exploration drilling
- Ruche Phase 1 re-sanction



# Tunisia Update (Panoro 29.4% working interest in production)



## PRODUCTION

- Gross production of 4,000 in Q1 (net 1,178)
- Current production of ~4,000 bopd
- Operations largely unaffected
- Focus on near term production activities
- Opex per barrel <\$15/bbl



## SALES & LIFTINGS

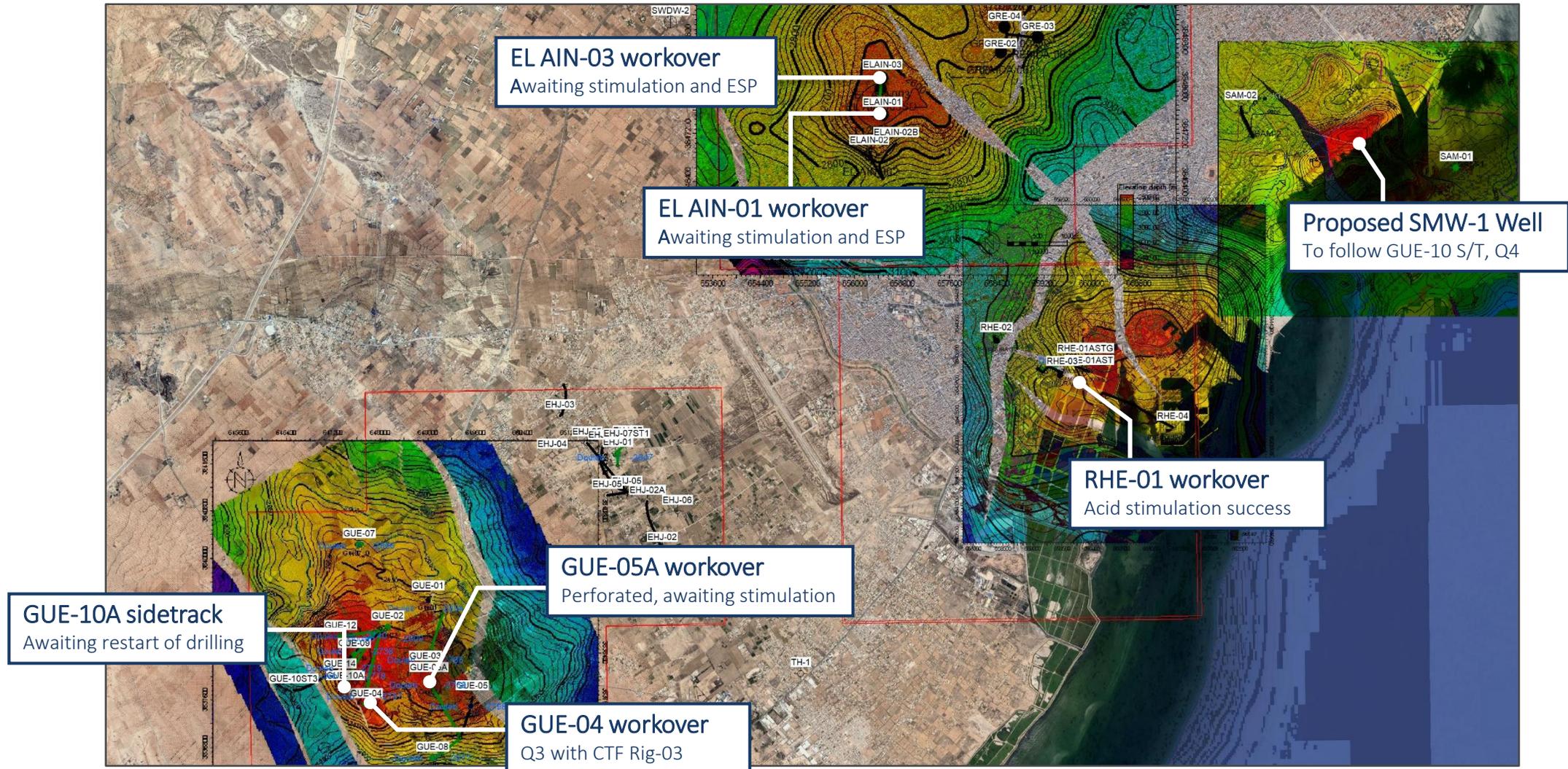
- Only domestic sales of 27,000 barrels during Q1 at \$54/barrel
- April lifting of 90,000 barrels with sales price of \$19/barrel
- Next scheduled lifting July/August
- Hedging strategy performing well



## FUTURE ACTIVITY

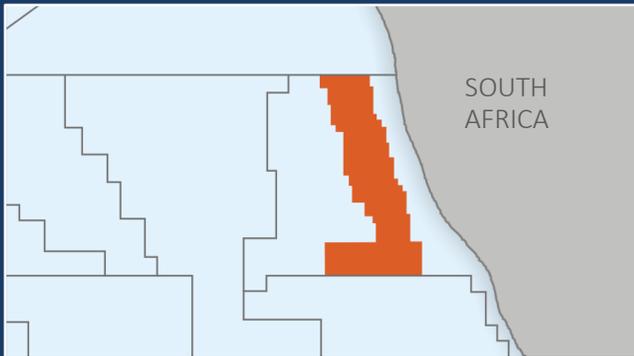
- Multiple workovers during Q2/Q3
- Guebiba 10ST production
- Salloum West exploration
- Further optimisations
- Subsurface evaluation of both TPS and Sfax Offshore continues

# TPS Well Activities (and Proposed SMW-1)



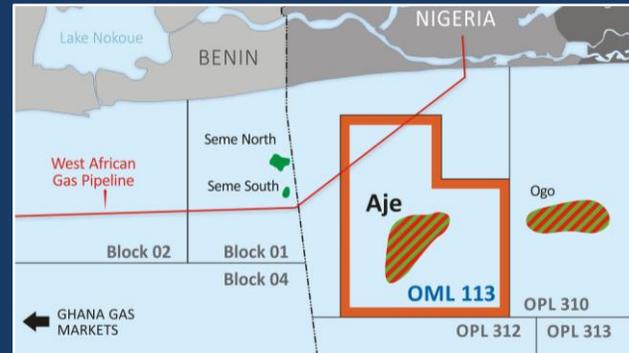
# Further Corporate Updates

## FOR BLOCK 2B IN SOUTH AFRICA



- The application process to the Ministry is submitted
- Ministry has been closed due to pandemic
- Approval timetable not clear but expectation is during Q3/4
- Completion subject to this consent and the Azinam farm in completion
- Operator evaluating rig and cost saving options in light of crisis
- Subsurface work continues

## FOR OML 113 (Aje)



- Production has continued, with some limited shut in periods
- Cost savings being implemented by operator
- Conditional transaction with PetroNor subject to Ministerial consent
- Regulatory processes underway but expected to take several more months

# Strong Outlook Despite Timing Delays

## CORPORATE

- Solid balance sheet
- Low cost production
- Supportive shareholders and lender
- Dividend PetroNor Shares (Subject to Completion)
- Reserves/Resources remain highly valuable
- Consider taking advantage of market opportunities



PRODUCTION

## PRODUCTION

- Dussafu - Hook up DTM-6H
- Drill DTM-7H
- Ruche Phase 1
- Tunisia - Bring on work over wells
- Additional activities underway, including well at Guebiba and other initiatives

## EXPLORATION

- Salloum West 1
- Dussafu exploration
- Block 2B South Africa (2021)



EXPLORATION

CORPORATE





## Contact Details:

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