THIRD QUARTER REPORT 2020

23 November 2020

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HIGHLIGHTS AND EVENTS

THIRD QUARTER 2020 HIGHLIGHTS AND SUBSEQUENT EVENTS

Financial Highlights

- Gross revenue excluding hedging income from continuing operations[1] of USD 16.1 million for the first nine months of 2020 derived from five international and five domestic oil liftings
- Eightfold increase in EBITDA in 3Q20 versus 2Q20, reflecting higher oil prices realised despite higher operating costs linked to workovers in Tunisia
- Operating cost of around USD 17 per barrel of oil produced for the nine months to 30 September 2020 impacted by high levels of workover activities in Tunisia
- Net income after tax for the nine months to 30 September 2020 of USD 1.2 million, principally from realised and unrealised gains on crude oil hedges of USD 8.6 million
- Capital expenditure of USD 10.2 million year to date (USD 1.2 million for the third quarter), largely completing planned spending for 2020
- Cash balances of USD 15.6 million at 30 September 2020 (30 June 2020: USD 19 million) including cash held for bank guarantee
- Receivables from crude oil sales were USD 4.7 million at 30 September 2020 (30 June 2020: USD 4.3 million)
- Debt of USD 21.9 million (30 June 2020: USD 22.8 million), with USD 3.6 million having been repaid in the nine months to 30 September 2020

Operational Highlights

- Group net production of 2,117 bopd for Q3 2020, down slightly on Q2 due to announced pump replacements during the quarter in Tunisia
- Production and lifting operations maintained and largely unaffected through the crisis
- Health and Safety systems and protocols proved resilient

Gabon

- In Gabon, quarterly production of 15,449 bopd gross on average, slightly below last quarter's record high, with peak production levels exceeding 20,000 bopd
- At Dussafu, seismic reprocessing completed, potential for material increase in hydrocarbon volumes at Hibiscus up to three times as large
- Material cost and time savings through an alternative development plan for the Hibiscus/Ruche area using jack-up rigs in place of a wellhead platform
- $100 million gross in capital savings as compared to previous concept
- Break-even for next development phases of approximately $25 per barrel
- One crude oil lifting in the third quarter, sold at $46 per barrel with operating costs of $19.6 per barrel

Tunisia

- 5,000 bopd gross target achieved during October and current production steady at these levels
- Tunisian quarterly production of 3,261 bopd gross on average, with production being impacted by replacement of two ESPs
- Guebiba 10 side-track successful, confirmed oil in two reservoirs, on production in lower Bireno interval with highly productive Douleb to be produced in the future
- Multiple workover activities performed during quarter and continuing into Q4, all completed safely and without incident
- Two liftings, one international and one domestic, totalling 104,705 bbls during the quarter

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[1] Discontinued Operations

Aje operations in Nigeria classified as discontinued operations following divestment agreement, pending completion, and excluded from continuing activities.

Corporate Highlights

- In advanced discussions for a senior secured loan facility for the funding of next phases at Dussafu
- Strengthening of team with the addition of Tim O'Hanlon as Senior Advisor to the Board. Tim was a founder member of the Tullow Oil team where he spent many of the last 30 years as Vice President of Africa.
- Hedging strategy proving effective in period of extremely volatile and low oil prices, realising USD 3.9 million in finance income for the nine months to 30 September 2020

Outlook and Guidance

- Three liftings expected in 4Q 2020 (two in Gabon, one in Tunisia), generating 35-40% of annual expected revenue
- Hedging position remains strong at approximately 25% of production hedged until end 2021 at USD 55 per barrel
- 2020 net production guidance of 2,200-2,300 bopd
- In Gabon, production from DTM-6H (drilled but not tied in) and DTM-7H (to be drilled) to be brought into production likely during 1H 2021
- Production growth activity in Tunisia to continue
- Dividend of PetroNor shares to Panoro shareholders (upon completion of sale of Aje)
- Completion of farm in to Block 2B South Africa (subject to closing conditions)

OPERATIONAL UPDATE

GABON

Dussafu Marin: BW Energy (Operator), Panoro Energy (7.5% interest)

Production from the Tortue field continued at an average gross rate of 15,449 bopd during the quarter compared to 15,991 bopd during 2Q 2020. There was a short shut-in for operational reasons during the period and the field continued to produce from four wells, DTM-2H, DTM-3H, DTM-4H and DTM-5H. Of the remaining phase 2 wells at Tortue, DTM-6H has been drilled and completed but not yet hooked up to the FPSO and DTM-7H has not yet been drilled. The Operator plans to resume activities at Tortue and complete the phase 2 drilling program in 2021.

A lifting of approximately 680,000 barrels gross (net to Panoro: 55,961 bbls) was completed in the quarter. We anticipate two liftings during 4Q 2020.

Following the completion of the Tortue phase 2 wells, Hibiscus/Ruche Phase 1 is planned as the next phase of development at the Dussafu block. Hibiscus/Ruche Phase 1 is expected to consist of four production wells at the Hibiscus field and two wells at the Ruche field, tied back to the BW Adolo FPSO via a platform and pipeline. Hibiscus/Ruche phase 2 is planned to consist of a further 6 development wells. Planning and Engineering activities for Hibiscus/Ruche Phase 1 have now resumed with an alternative plan for the development. The Operator has purchased two jack-up units, one of which is intended for the Hibiscus/Ruche phase 1 project. Conversion of the jack-up unit to an offshore installation is expected to reduce capital investments by about USD 100 million compared to construction, transportation and installation of a well head platform. The new development plan is expected to lower the break-even oil price for the Hibiscus/Ruche phase 1 and 2 to approximately USD 25 per barrel.

A final decision to restart the Hibiscus/Ruche development is subject to a lifting of COVID-19 restrictions to allow for efficient project execution.

Interpretation of seismic data recently re-processed over Dussafu has indicated potential for additional oil reserves at the greater Hibiscus area. The JV is planning an appraisal well as part of the 2021 drilling campaign to test this interpretation. In the event of success further developments in the Hibiscus area are highly likely.

TUNISIA[2]

Thyna Petroleum Services S.A. ("TPS") Assets: Panoro Energy (29.4% interest)

Production from the TPS assets for the quarter has averaged 3,261 bopd gross (net: 959 bopd), compared to 3,903 bopd (net: 1,148 bopd) during 2Q 2020. During the quarter two key wells were offline for pump replacement. Post period end, and as a result of significant workover activity during this period, the production rate from the TPS assets has increased significantly to above the targeted 5,000 bopd gross.

Operational constraints imposed by the COVID-19 pandemic eased in the latter part of May enabling a restart of the significant workover and drilling campaign that was planned ahead of the onset of the pandemic. These operational activities continued through the quarter.

During October the Guebiba 10 side-track well (GUE-10AST) located in the Guebiba oilfield was successfully drilled and completed. The GUE-10AST well encountered two separate commercial oil zones, with very encouraging results. The drilling rig CTF 06 has now been demobilised and the well is now on production, initially from the lower Bireno reservoir. The upper Douleb reservoir will be produced in due course once the Bireno is drained, and offers a material production opportunity to come.

Total gross production at TPS post quarter end has risen to approximately 5,200 bopd including contribution from this new well, with further workover activities planned over the coming three months. The low operating cost structure at TPS combined with our oil hedge position ensures that production margins are excellent even in a low oil price environment.

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[2] Panoro and Beender Petroleum Tunisia Limited ("Beender") 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 represent the Company's 60% interest, unless otherwise stated.

An international lifting of 90,774 bbls and one domestic lifting of 13,931 bbls net to Panoro was completed in 3Q 2020.

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

Panoro is in the advanced phase of preparation to drill the first renewal period commitment well on the Sfax Offshore Exploration Permit. The well, SMW-1, is proposed to test the Salloum West prospect, which is located in a fault block to the west and up-dip of the Salloum structure, an oil discovery drilled and tested by British Gas in 1991.

Commencement of the wellsite civils construction works has been delayed pending the issue of an approval from the Ministry of Defence. Contracts award and negotiations are ongoing with the rig contract now signed with CTF, the Tunisian state-owned drilling company for Rig 06. Contracts for piling operations and the civils construction works on the wellsite have been awarded. With this Ministerial delay to the operations, TPS used CTF Rig 06 to drill the side-track on GUE-10A.

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 anticipated associated costs of approximately USD 2 million as previously indicated (USD 1.2 million net to Panoro).

NIGERIA (DISCONTINUED OPERATION AND HELD FOR SALE)

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)

Net to Panoro, the Aje field produced an average of 234 bopd during the quarter compared to an average of 258 in 2Q 2020. Production from the Aje field continued 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 lifting of 550,000 barrels was carried out post period end in October. 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 progress the next phase of activity at the field based around the Turonian gas and liquid reserves.

Panoro announced in October 2019 that it had entered into a sale and purchase agreement with PetroNor E&P Limited (“PetroNor”), an exploration & production oil and gas company listed on the Oslo Axess, to divest all outstanding shares in its fully owned subsidiaries Pan-Petroleum Services Holding BV and Pan-Petroleum Nigeria Holding BV (together referred to as “Divested Subsidiaries”) for an upfront consideration consisting of the allotment and issue of new PetroNor shares with a fixed value of USD 10 million (the “Share Consideration”) plus a contingent consideration of up to USD 25 million based on future gas production volumes. PetroNor has an option to pay a portion of the Share Consideration in cash. The sale transaction is conditional upon execution and completion of the agreements between PetroNor and YFP, the authorisation of the Nigerian Department of Petroleum Resources and the consent of the Nigerian Minister of Petroleum Resources. Panoro’s intention is to declare a special dividend and distribute the Share Consideration, to the extent received in shares, to its shareholders.

CORPORATE

The Group closed the quarter with total debt (including unamortised borrowing cost) of USD 21.8 million (30 June 2020: USD 22.4 million) and cash of 15.6 million (30 June 2020: USD 19 million), including USD 10 million held for the SOEP guarantee (30 June 2020: USD 10 million). In total, the Group repaid USD 0.7 million of external debt during the third quarter of 2020 related to the Mercuria Senior Loan facility.

In order to fund the next phases of Dussafu, the Group has initiated and is in advanced discussions for a senior secured loan facility.

Following the agreement with PetroNor, all assets and liabilities pertaining to the Divested Subsidiaries have been assessed and concluded to be part of the disposal group which has been classified as Held for Sale in the Group’s balance sheet from the fourth quarter of 2019. The results and operations from the OML 113 license have also been reviewed and classified as discontinued operations for reporting purposes with more details included in Note 5 to this report. Following completion of the Transaction, Panoro will have no presence in Nigeria.

On 25 February 2020, Panoro Energy ASA signed a Farm Out Agreement (“FOA”) with a subsidiary of Africa Energy Corp. (“AEC”), part of the Lundin Group of Companies, which entails a wholly-owned subsidiary of Panoro acquiring a 12.5% interest in Block 2B located in the Orange Basin, offshore the west coast of South Africa. Completion of the FOA is subject to consent of the Minister of Minerals and Energy of South Africa and the Azinam farm-out becoming effective; the approval process is anticipated to take approximately 9 months from the agreement date. The Block 2B Exploration Right is in the second exploration period, and an application has been filed for entry into the third two-year period, which includes a proposed commitment to drill one well.

Under the terms of the FOA, Panoro will acquire a 12.5% interest and carry the AEC subsidiary for up to USD 2.5 million of the well cost. The well is expected to be spud as early as 2Q 2021 depending on regulatory approvals and rig availability. Panoro's total share of drilling costs including the AEC carry is estimated at approximately USD 5 million, which will be funded from existing financial resources. Separately, AEC has announced a farm-out whereby Azinam Limited will take a 50% share and operatorship in Block 2B.

The Company's team has been strengthened with the addition of Tim O'Hanlon as Senior Advisor to the Board. Tim was a founder member of the Tullow Oil team where he spent many of the last 30 years as Vice President of Africa.

While many logistical challenges associated with COVID-19 continue, Panoro's production to date has been largely unaffected. The health and safety culture at our operations has shown to be resilient, with conduct of safe operations, together with the well-being of our team, being our top priority. Production in both Gabon and Tunisia continues to be in line with expectations given the necessary deferral in some near-term development activity. Financial information

FINANCIAL INFORMATION

STATEMENT OF COMPREHENSIVE INCOME REVIEW

As noted on page 5, by virtue of the shareholder agreement with Beender, Panoro's investment in Sfax Corp is 60%. The two major companies under Sfax Corp structure are PTP and PTE. 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.

In 2019, the Company entered into an agreement to divest all its operations in Nigeria to PetroNor, thereby resulting in changes to presentation of the results, operations and assets and liabilities of the disposal group comprising of the Divested Subsidiaries. The results and operations of the Divested Subsidiaries met the criteria of Discontinued Operations under IFRS 5 and have therefore been isolated and removed from "Continuing activities" and re-classified and presented as a separate line item "Discontinued Operations" in the statement of comprehensive income. Comparatives for the periods presented, pertaining to Discontinued Operations, have also been re-classified in accordance with the accounting standards. Furthermore, assets and liabilities pertaining to the Divested Subsidiaries have also been isolated and presented in separate line items in the statement of financial position from end of 2019. Details of assets and liabilities held for sale and the Discontinued Operations can be referred to in Note 5 to these interim financial statements.

Underlying Operating Profit/(Loss) before tax is considered by the Group to be a useful Non-GAAP financial measure to help understand underlying operational performance. The foregoing analysis has also been performed including, on an adjusted basis, the Underlying Operating Profit/(Loss) before tax from continuing operations of the Group. A reconciliation with adjustments to arrive at the Underlying Operating Profit/(Loss) before tax from continuing operations is included in the table below:

Q3 2019 *(Unaudited)*	Q2 2020 *(Unaudited)*	Q3 2020 *(Unaudited)*	*Amounts in USD 000*	YTD 2020 *(Unaudited)*	YTD 2019 *(Unaudited)*
4,375	(4,243)	(1,019)	Net income/(loss) before tax - continuing operations	3,808	18,538
202	184	228	Share based payments	652	517
842	(10)	88	Non-recurring costs	144	933
-	-	-	Loss/(gain) on disposal of oil and gas assets	-	-
-	-	-	Impairment / (reversal) of impairment for Oil and gas assets	-	(8,145)
(2,806)	3,520	1,810	Unrealised (gain)/loss on commodity hedges	(4,778)	(346)
2,613	**(549)**	**1,107**	**Underlying operating profit/(loss) before tax**	**(174)**	**11,497**

Underlying Operating Profit/(Loss) before tax is a supplemental non-GAAP financial measures used by management and external users of the Company's consolidated financial statements, such as industry analysts, investors, lenders and rating agencies. The Company defines Underlying Operating Profit/(loss) before tax as Net income (loss) from continuing operations before tax adjusted for (i) Share based payment charges, (ii) unrealised (gain) loss on commodity hedges, (iii) (gain) loss on sale of oil and gas properties, (iv) impairments write-off's and reversals, and (v) similar other material items which management believes affect the comparability of operating results. We believe that Underlying Operating Profit/(Loss) before tax and other similar measures are useful to investors because they are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the oil and gas sector and will provide investors with a useful tool for assessing the comparability between periods, among securities analysts, as well as company by company. Because EBITDA and Underlying Operating Profit/(Loss) before tax excludes some, but not all, items that affect net income, these measures as presented by us may not be comparable to similarly titled measures of other companies.

Third quarter 2020 versus second quarter 2020

The commentary that follows pertains only the Group's continuing operations in Gabon and Tunisia.

Panoro Energy reported an EBITDA from continuing operations of USD 2.5 million in the third quarter of 2020, compared to USD 0.3 million in the second quarter of 2020. Revenues increased by USD 2.5 million, driven by the partial recovery of oil prices during the quarter, even though a slightly lower number of barrels were lifted. This was offset by a slight increase in operating and general and administrative costs of $ 0.3 million. It should be noted that lifting scheduling across the Group's production assets will vary and as such, due to revenue recognition accounting standards, uneven financial results are to be expected quarter-on-quarter despite normal operational performance.

Revenue from continuing operations in the third quarter of 2020 was USD 7.6 million compared to USD 5.1 million in 2Q 2020. This comprised USD 6.8 million of oil sales revenue and USD 0.8 million of other revenue. Oil sales revenue in 3Q 2020 was generated through the sale of 160,666 barrels, comprising one international and one small domestic lifting for TPS assets and one lifting for Dussafu. Oil revenue for the previous quarter consisted of oil sales USD 4.6 million with other revenue of USD 0.6 million, with oil sales of 168,564 barrels, comprising two smaller domestic liftings and one international lifting for TPS assets and one lifting for Dussafu.

Other revenue represents the gross-up of the State profit oil allocation under the terms of the Dussafu PSC, with a corresponding amount shown as Income tax. This presentation is consistent with oil and gas reporting standards and is a notional adjustment which is neutral to net income/loss on an overall basis.

Of the total oil sales revenue from continuing activities of USD 6.8 million for the third quarter of 2020, USD 2.6 million was from Dussafu and USD 4.2 million from the Group's Tunisian assets. This compares to USD 4.6 million for the second quarter of 2020, where USD 2.2 million was from Dussafu and USD 2.4 million from the Group's Tunisian assets.

Operating and other costs attributable to continuing operations of the Group were USD 4 million in 3Q 2020 compared to USD 3.5 million in 2Q 2020, an increase of USD 0.5 million. The increase is primarily driven by the effect of continued higher workover activity in Tunisia together with higher costs of USD 0.4 million in Gabon due to cyclical nature of some FPSO related costs.

General and Administrative (G&A) costs from continuing operations decreased from USD 1.2 million in the second quarter of 2020 to USD 1 million in 3Q 2020. The reduction is a combination of continued effect of reduced activity due to COVID-19 and the cyclicality of costs.

Non-recurring transaction costs shows was USD 88 thousand compared to a credit of USD 10 thousand in the second quarter of 2020 and relate to ongoing costs associated with work to streamline the overall group structure and integration activities, which are related to the Group's continuing operations.

Exploration related costs for the current quarter were USD 62 thousand compared to USD 117 thousand in the previous quarter resulting from exploration activities.

Depreciation charge for the Group's assets attributable to continuing operations decreased by USD 0.1 million to USD 1.7 million in 3Q 2020 compared to USD 1.8 million in the previous quarter, mainly driven by slightly lower production during the quarter.

There was no impairment charge or reversal pertaining to continuing operations of the Group during both 3Q 2020 and 2Q 2020.

EBIT from continuing operations for the third quarter of 2020 was USD 0.5 million compared to a negative USD 1.7 million in 2Q 2020.

Net financial items from continuing operations amounted to a loss of USD 1.5 million in the third quarter of 2020, compared to a loss of USD 2.6 million for the previous quarter, a movement of USD 1.1 million. The primary driver for the change is the lower loss on commodity hedges triggered by lower mark-to-market valuation. This resulted in a loss from realised and unrealised commodity hedges of USD 0.6 million in the current quarter, compared to a loss of USD 2 million in the second quarter of 2020. Interest expense on external debt for both third and second quarters of 2020 was constant at USD 0.4 million each quarter.

Loss before tax for the third quarter from continuing operations was therefore USD 1 million compared to a USD 4.2 million for 2Q 2020.

Third quarter net loss after tax from continuing operations was USD 2.1 million compared to USD 4.6 million in the previous quarter.

Income taxes increased from USD 0.4 million in 2Q to USD 1.1 million in the third quarter of 2020. The tax charge in the third quarter of 2020 comprises USD 0.2 million of State profit oil under the terms of the Dussafu PSC, USD 0.8 million from the Group's Tunisian operations, offset by a deferred tax credit of USD 0.3 million relating to TPS. The tax charge in the second quarter of 2020 comprises USD 0.6 million of State profit oil under the terms of the Dussafu PSC offset by a deferred tax credit of USD 0.2 million relating to TPS.

Underlying operating profit before tax from continuing operations for third quarter of 2020 was USD 1.1 million compared to a loss of USD 0.6 million for the second quarter of 2020 (see details on page 8).

Year-to-date 2020 versus year-to-date 2019

The commentary that follows pertains only the Group's continuing operations in Gabon and Tunisia.

Panoro Energy reported a positive EBITDA from continuing operations of USD 3.1 million for the first nine months to 30 September 2020, compared to USD 19.1 million in the same period of 2019. Lower EBITDA in 2020 is primarily driven by lower oil revenues, comprising two international and five domestic liftings in Tunisia and three liftings in Gabon. During the nine months ended 30 September 2019, the Group saw two international lifting and five domestic liftings by the state in Tunisia and four liftings in Gabon. Realised prices in the first three quarters of 2020 are also lower given the current economic situation and the fall in oil prices since the start of 2020. It should be noted that lifting scheduling across the Group's production assets will vary and as such due to revenue recognition accounting standards, uneven financial results are to be expected quarter on quarter despite normal operational performance.

Total revenue from continuing operations in the nine months ended 30 September 2020 was USD 16.1 million compared to USD 33.1 million during the same period of 2019. This comprised USD 14.2 million of oil sales revenue (2019: USD 29.3 million) and USD 2 million of other revenue (2019: USD 3.8 million). Oil sales revenue was generated through the sale of 400,251 barrels during the first nine months of 2020 (2019: 480,557 barrels) comprising two export and five domestic liftings for TPS assets (2019: two international, five domestic) and three liftings for Dussafu (2019: four).

Other revenue amounted to USD 2 million for the first nine months to 30 September 2020 and USD 3.8 million for the same period in 2019. Other revenue represents the gross-up of the State profit oil allocation under the terms of the Dussafu PSC, with a corresponding amount shown as Income tax. This presentation is consistent with oil and gas reporting standards and is a notional adjustment which is neutral to net income/loss on an overall basis.

Of the total oil sales revenue from continuing activities of USD 14.2 million for the first nine months of 2020, USD 6.2 million was from Dussafu and USD 8 million from the Group's Tunisian assets. This compares to USD 29.3 million for the nine months ended 30 September 2019, where USD 15.7 million was from Dussafu and USD 13.6 million from the Group's Tunisian assets.

Operating and other costs attributable to continuing operations of the Group were USD 8.8 million for the nine months ended 30 September 2020 compared to USD 8.9 million during the same period in 2019, a decrease of USD 0.1 million.

General and Administrative (G&A) costs from continuing operations were constant at USD 3.8 million in the first nine months of 2020 and 2019.

Non-recurring transaction costs in the nine months ended 30 September 2020 were USD 144 thousand compared to USD 933 thousand in the same period of the previous year. Non-recurring primarily included costs associated with work to streamline the overall group structure and integration activities and are related to the Group's continuing operations.

Exploration related costs were largely consistent across the two reported nine-month periods at USD 0.3 million.

DD&A charge for the Group's assets attributable to continuing operations increased by USD 0.5 million to USD 5.2 million in the current period compared to USD 4.7 million in the same nine months period of 2019. The increase is due to higher deprecation charge for Dussafu as a result of higher production achieved in the current year.

There was no impairment charge or reversal pertaining to continuing operations of the Group during the nine months of 2020. The impairment reversal of USD 8.1 million in 2019 relates to the Group's interest in the Dussafu permit, offshore Gabon. The impairment reversal is a result of positive revision in economic evaluations. These include an independent reserves upgrade, which attribute higher recoverable amounts on both 1P and 2P profiles and the sanction of Phase II of the development.

EBIT from continuing operations for the nine months ended 30 September 2020 was thus a negative of USD 2.8 million compared to positive USD 22 million for the same period in 2019.

Net financial items from continuing operations amounted to a gain of USD 6.6 million in the first nine months of 2020, compared to a loss of USD 3.5 million in the same period of 2019, a positive swing of USD 10.1 million. The primary driver for this change is gains on commodity hedges due to the low oil prices of USD 8.6 million in 2020, compared to a loss of USD 0.4 million in the same period of 2019. Interest expense on external debt for the nine months ended 30 September 2020 was USD 1.3 million compared to USD 2 million in the same period of 2019 reflecting a consistent reduction in the level averaged debt and the cost of borrowing of the senior secured loan which is based on 3M LIBOR plus margin.

Profit before and after tax was therefore USD 3.8 million and USD 1.2 million respectively for the nine months ended 30 September 2020 (2019: USD 18.5 million profit before and USD 8.8 million after tax).

Income taxes decreased to USD 2.6 million for the nine months ended 30 September 2020 from USD 9.7 million in the same period of 2019. These tax charges consisted of USD 2 million (2019: USD 3.8 million) representing State profit oil under the terms of the Dussafu PSC and USD 0.6 million (2019: USD 5.9 million) for taxes on profits for the Group's Tunisian Operations which includes a deferred tax credit of USD 0.7 million (2019: nil). The lower taxes in the current period are a function of lower profits.

Underlying operating loss before tax from continuing operations for the nine months ended 30 September 2020 was USD 0.2 million compared to a profit of USD 11.5 million for the same period 2019 (see details on page 8).

STATEMENT OF FINANCIAL POSITION REVIEW

As noted on page 5, by virtue of a shareholder agreement with Beender, Panoro's investment in Sfax Corp is 60%. The two major companies under Sfax Corp structure are PTP and PTE. 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.

In 2019, the Company entered into an agreement to divest all its operations in Nigeria to PetroNor, thereby resulting in changes to presentation of the results, operations and assets and liabilities of the disposal group comprising of the Divested Subsidiaries. Assets and liabilities pertaining to the Divested Subsidiaries have also been isolated and presented in separate line items in the statement of financial position since 31 December 2019. Details of assets and liabilities held for sale can be referred to in Note 5 to the interim financial statements.

Movements to 30 September 2020 from 30 June 2020

Movements in the Group statement of financial position during the third quarter of 2020 were a combination of the following:

Non-current assets

Non-current assets amount to USD 92.7 million at 30 September 2020, a decrease of USD 1.5 million from USD 94.2 million at 30 June 2020.

This movement is predominantly due to the decrease of the fair value of commodity hedges of USD 0.9 million offset by development asset additions at Dussafu of USD 0.6 million and capitalised production and exploration costs of USD 0.5 million. The remaining movements are a result of depreciation charges.

Current assets

Current assets amount to USD 33.9 million as of 30 September 2020, compared to USD 36 million at 30 June 2020.

Crude oil inventory of USD 1.7 million relates to un-expensed operating costs for unsold barrels. This is after taking into account any over and under-lift volumes as of the end of the respective periods. Materials inventory was largely unchanged from the previous quarter.

Trade and other receivables increased by USD 1.9 million to USD 9.2 million at 30 September 2020 from USD 7.3 million at 30 June 2020, due to USD 0.9 million higher receivable balances from crude sales revenues and USD 1 million increase in balance of funding provided to project joint ventures that have not yet been utilised. Of the current overall receivables balance at 30 September 2020, USD 6.1 million relate to operations in Tunisia, USD 2.6 million to Gabon and USD 0.3 million to the realised gain on the September 2020 hedge settlements, with the remaining balance relating to prepayments and other trade receivables of other group companies.

Fair value of commodity hedges representing the fair value of unrealised hedges shows a receivable balance of USD 3 million at 30 September 2020 compared to USD 3.9 million at 30 June 2020, reflecting the partial recovery of oil prices during the quarter (see note 8).

The Group is committed to an obligation of drilling one well on SOEP in Tunisia. In support of this obligation, the Group has issued a bank guarantee against which a deposit of USD 10 million (net to Panoro) was placed in January 2019 and is included within current assets at 30 September 2020.

Cash and cash equivalents stood at USD 5.6 million compared to USD 9.1 million at 30 June 2020 (both periods excluding USD 10 million held for the SOEP guarantee). The decrease in cash and cash equivalents is mainly due to the continued investing activities to progress the Group's oil and gas assets.

The classification of Aje related assets of USD 21.6 million (30 June 2020: USD 20.5 million) as held for sale is referenced in Note 5.

Equity

Equity as at 30 September 2020 amounts to USD 72 million compared to USD 74.3 million at the end of June 2020. The movement is a direct result of the loss for the period.

Non-current liabilities

Total non-current liabilities are USD 43.7 million as at 30 September 2020 compared to USD 46 million as at 30 June 2020.

Non-current portion of the Mercuria Senior Secured facility decreased from USD 11.3 million at 30 June 2020 to USD 10.5 million at 30 September 2020.

BW Energy non-recourse loan balance increased from USD 7 million at 30 June 2020 to USD 7.1 million at 30 September 2020 on an overall basis. The non-current portion of the BWE loan decreased by USD 1.2 million from USD 6.4 million at 30 June 2020 to USD 5.2 million at 30 September 2020, reflecting the partial recovery of oil prices with resulting increase in expected future oil sales revenues. Since the repayment of the loan is linked to production and, impacted by oil prices and operating expenses, judgement has been exercised in estimation of these values. The actual repayments may therefore vary from the estimates in current and non-current portions recognised as of the date of the statement of financial position.

Also included in non-current liabilities were deferred tax liabilities of USD 1.4 million at 30 September 2020 (30 June 2020: USD 1.8 million). The remaining non-current liabilities which remain largely unchanged were decommissioning liabilities of USD 19.9 million, long term licence obligations of USD 4.7 million and lease liability under IFRS 16 of USD 2 million.

Current liabilities

Current liabilities amounted to USD 13.2 million at 30 September 2020 compared to USD 12.3 million at 30 June 2020, an increase of USD 0.9 million. This increase predominantly relates to the classification of a larger portion of the BW Energy loan as current.

The current portion of the Mercuria Senior Secured facility amounted to USD 4.2 million at 30 September 2020 compared to USD 4.1 million as at 30 June 2020, while the BW Energy non-recourse loan increased by USD 1.4 million from USD 0.5 million at 30 June 2020 to USD 1.9 million at 30 September 2020.

Corporation tax liabilities, primarily related to TPS related income, were USD 3.1 million as at 30 September 2020 compared to USD 3.4 million as at 30 June 2020, the reduction of USD 0.3 million being a result of a tax payment to the Tunisian authorities.

Other current liabilities of USD 1.2 million include liabilities for finance leases, payroll taxes and operational provisions.

Accounts payable, accruals and other liabilities amounted to USD 1.7 million at 30 September 2020 and USD 1.4 million at 30 June 2020, an increase of USD 0.3 million.

The classification of Aje related liabilities of USD 19.3 million (30 June 2020: USD 18 million) as held for sale, included the decommissioning liability and non-current payables due to the Aje joint venture and are referenced in Note 5.

Movements to 30 September 2020 from 31 December 2019

Movements in the Group statement of financial position during the nine months ended 30 September 2020 were a combination of the following:

Non-current assets

Non-current assets amount to USD 92.7 million at 30 September 2020, an increase of USD 6.1 million from USD 86.6 million at 31 December 2019.

This movement is predominantly due to development asset additions at Dussafu of USD 7.7 million and an increase in the non-current portion of the fair value of hedge instruments of USD 0.7 million. The remaining movements are a result of a combination of capitalisation of assets offset by depreciation charges.

Current assets

Current assets amount to USD 33.9 million as of 30 September 2020, compared to USD 45 million at 31 December 2019.

Crude oil inventory at 30 September 2020 of USD 1.7 million relates to un-expensed operating costs for unsold barrels, compared to USD 0.4 million at 31 December 2019. This is after taking into account any over and under-lift volumes as of the end of the respective periods. Materials inventory was largely unchanged from the previous period.

Trade and other receivables decreased by USD 0.2 million to USD 9.2 million at 30 September 2020 from USD 9.4 million at 31 December 2019. Of the current overall receivables balance at 30 September 2020, USD 6.1 million relate to operations in Tunisia, USD 2.6 million to Gabon and USD 0.3 million to the realised gain on the September 2020 hedge settlements, with the remaining balance relating to prepayments and other trade receivables of other group companies.

Fair value of commodity hedges representing the fair value of unrealised hedges shows a receivable balance of USD 3 million at 30 September 2020 compared to nil balance at 31 December 2019. The change reflects the effect of the drop in oil prices that are below the strike price of the instruments.

The Group is committed to an obligation of drilling one well on SOEP in Tunisia. In support of this obligation, the Group has issued a bank guarantee against which a deposit of USD 10 million (net to Panoro) was placed in January 2019 and is included within current assets at 30 September 2020 and 31 December 2019.

Cash and cash equivalents stood at USD 5.6 million compared to USD 20.5 million at 31 December 2019 (both periods excluding USD 10 million held for the SOEP guarantee). The decrease in cash and cash equivalents is mainly due to the continued investing activities to progress the Group's oil and gas assets.

The classification of Aje related assets of USD 21.6 million (31 December 2019: 20.9 million) as held for sale is referenced in Note 5.

Equity

Equity as at 30 September 2020 amounts to USD 72.0 million compared to USD 72.7 million at the end of December 2019.

Non-current liabilities

Total non-current liabilities are USD 43.7 million as at 30 September 2020 compared to USD 44 million at 31 December 2019.

Non-current portion of the Mercuria Senior Secured facility decreased from USD 13.1 million at 31 December 2019 to USD 10.5 million at 30 September 2020.

BW Energy non-recourse loan balance reduced from USD 8.1 million at 31 December 2019 to USD 7.1 million at 30 September 2020 on an overall basis. The non-current portion of the BWE loan increased by USD 1.8 million from USD 3.4 million at 31 December 2019 to USD 5.2 million at 30 September 2020, reflecting the collapse in oil prices following the Covid-19 pandemic and resulting impact on expected future oil sales revenues. Since the repayment of the loan is linked to production and impacted by oil prices and operating expenses, judgement has been exercised in estimation of these values. The actual repayments may therefore vary from the estimates in current and non-current portions recognised as of the date of the statement of financial position.

Decommissioning liabilities increased from USD 18.9 million at 31 December 2019 to USD 19.9 million at 30 September 2020 due refinement of estimates and unwinding of interest.

Remaining non-current liabilities, which remain largely unchanged between 31 December 2019 and 30 September 2020, were decommissioning liabilities of USD 19.9 million and long-term licence obligations of USD 4.7 million and lease liability under IFRS 16 of USD 2 million.

Current liabilities

Current liabilities amounted to USD 13.2 million at 30 September 2020 compared to USD 19.5 million at the end of December 2019, a decrease of USD 6.3 million. This decrease predominantly relates to the classification of the BW non-recourse loan as referenced in Note 13.

The current portion of the Mercuria Senior Secured facility at 30 September 2020 amounted to USD 4.2 million compared to USD 3.8 million at 31 December 2019. Current portion of the BW Energy non-recourse decreased from USD 4.7 million as at 31 December 2019 to USD 1.9 million as at 30 September 2020 due to the classification of the loan as referenced in Note 13.

Corporation tax liabilities were USD 3.1 million as at 30 September 2020 (31 December 2019: USD 5 million). Corporation tax liabilities relate primarily to taxes due on income from TPS Assets, the reduction being a result of a tax payment to the Tunisian authorities.

Also included in the current liabilities, is the current portion of fair value of hedge instruments amounting to USD nil as at 30 September 2020 (31 December 2019: USD 1.0 million). The hedge positions have reverted to overall asset positions due to drop in oil prices that are below the strike price of the instruments. Other current liabilities include liabilities for finance leases of USD 1.2 million, payroll taxes and operational accruals.

Accounts payable, accruals and other payables amounted to USD 1.7 million at 30 September 2020, an increase of USD 0.1 million compared to the balance of USD 1.6 million at 31 December 2019.

The classification of Aje related liabilities of USD 19.3 million (31 December 2019: 16.4 million) as held for sale, included the decommissioning liability and non-current payables due to the Aje joint venture and are referenced in Note 5.

OUTLOOK

- Three liftings expected in 4Q 2020 (two in Gabon, one in Tunisia), generating 35-40% of annual expected revenue
- Hedging position remains strong at approximately 25% of production hedged until end 2021 at USD 55 per barrel
- 2020 net production guidance of 2,200-2,300 bopd
- In Gabon, production from DTM-6H (drilled but not tied in) and DTM-7H (to be drilled) to be brought into production likely during 1H 2021
- Production growth activity in Tunisia to continue
- Dividend of PetroNor shares to Panoro shareholders (upon completion of sale of Aje)
- Completion of farm in to Block 2B South Africa (subject to closing conditions)

THE BOARD OF DIRECTORS

JULIEN BALKANY	TORSTEIN SANNESS	GARRETT SODEN
Chairman of the Board	Deputy Chairman of the Board	Non-Executive Director

ALEXANDRA HERGER	HILDE ÅDLAND
Non-Executive Director	Non-Executive Director

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Q3 2019 (Unaudited)	Q2 2020 (Unaudited)	Q3 2020 (Unaudited)	*Amounts in USD 000*	Note	YTD 2020 (Unaudited)	YTD 2019 (Unaudited)
			CONTINUING OPERATIONS	Note		
8,863	4,573	6,794	Oil revenue		14,170	29,274
(111)	554	796	Other revenue		1,963	3,810
8,752	5,127	7,590	Total revenues		16,133	33,084
			Expenses			
(1,480)	(3,523)	(3,978)	Operating costs		(8,830)	(8,882)
(127)	(117)	(62)	Exploration related costs and operator G&A		(272)	(353)
(842)	10	(88)	Non-recurring costs	4	(144)	(933)
(1,527)	(1,201)	(1,010)	General and administrative costs	4	(3,829)	(3,852)
4,776	296	2,452	EBITDA		3,058	19,064
(1,601)	(1,806)	(1,717)	Depreciation, depletion and amortisation	7	(5,167)	(4,678)
-	-	-	(Impairment) / reversal of impairment for Oil and gas assets		-	8,145
(202)	(184)	(228)	Share based payments		(652)	(517)
2,973	(1,694)	507	EBIT - Operating income/(loss)		(2,761)	22,014
(608)	(436)	(395)	Interest costs net of income		(1,260)	(1,981)
2,806	(3,520)	(1,810)	Unrealised gain/(loss) on commodity hedges		4,778	346
(101)	1,571	1,178	Realised gain/(loss) on commodity hedges		3,867	(782)
(266)	(215)	(263)	Other financial costs net of income		(685)	(762)
(429)	51	(236)	Net foreign exchange gain / (loss)		(131)	(297)
4,375	(4,243)	(1,019)	Net income/(loss) before tax		3,808	18,538
(2,229)	(391)	(1,122)	Income tax expense	14	(2,565)	(9,734)
2,146	(4,634)	(2,141)	Net profit/(loss) from continuing operations		1,243	8,804
			DISCONTINUED OPERATIONS			
(1,695)	(128)	(149)	Net income/(loss) from discontinued operations		(2,309)	(1,777)
451	(4,762)	(2,290)	Net profit/(loss) for the period		(1,066)	7,027
451	(4,762)	(2,290)	Total comprehensive income/(loss) for the period (net of tax)		(1,066)	7,027
			NET INCOME /(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:			
451	(4,762)	(2,290)	Equity holders of the parent		(1,066)	7,027
			TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:			
451	(4,762)	(2,290)	Equity holders of the parent		(1,066)	7,027
			EARNINGS PER SHARE			
0.01	(0.07)	(0.03)	Basic and diluted EPS on profit/(loss) for the period attributable to equity holders of the parent (USD) - Total	6	(0.02)	0.11
0.03	(0.07)	(0.03)	Basic and diluted EPS on profit/(loss) for the period attributable to equity holders of the parent (USD) - Continuing operations	6	0.02	0.14

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

The unaudited prior period quarterly comparatives have been restated in accordance with IFRS in order to disclose discontinued operations separately from continuing activities.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in USD 000	Note	As at 30 September 2020 (Unaudited)	As at 30 June 2020 (Unaudited)	As at 31 December 2019 (Audited)
Production assets and equipment	7	29,604	30,387	30,979
Production rights	7	27,167	27,684	28,876
Licenses and exploration assets	7	20,814	20,641	19,760
Development assets	7	13,571	12,940	5,915
Property, furniture, fixtures and office equipment		685	771	948
Investment in associates and joint ventures		26	26	26
Fair value of commodity hedges	8	722	1,623	-
Other non-current assets		128	122	131
Total Non-current assets		92,717	94,194	86,635
Crude Oil Inventory		1,659	1,347	358
Materials Inventory		4,480	4,476	4,773
Trade and other receivables		9,174	7,274	9,372
Fair value of commodity hedges - current portion	8	2,976	3,885	-
Cash and cash equivalents	9	5,619	9,053	20,493
Cash held for Bank guarantee	10	9,960	9,960	9,960
Total current assets		33,868	35,995	44,956
Assets classified as held for sale	5	21,575	20,452	20,925
Total Assets		148,160	150,641	152,516
Share capital	11	459	458	458
Other equity		71,511	73,880	72,233
Total Equity		71,970	74,338	72,691
Decommissioning liability		19,890	19,743	18,911
Senior Secured Loan	12	10,505	11,345	13,091
BW Energy Non-Recourse Loan	13	5,206	6,442	3,380
Licence Obligations		4,726	4,726	4,726
Fair value of commodity hedges	8	-	-	106
Other non-current liabilities		1,998	1,961	1,708
Deferred tax liabilities	14	1,358	1,794	2,024
Total Non-current liabilities		43,683	46,011	43,946
Accounts payable, accruals and other liabilities		1,723	1,422	1,555
Senior Secured Loan - current portion	12	4,186	4,094	3,797
BW Energy Non-Recourse Loan - current portion	13	1,877	512	4,729
Licence Obligations - current portion		1,166	1,166	1,166
Fair value of commodity hedges - current portion	8	-	-	974
Other current liabilities		1,179	1,637	2,292
Corporation tax liability	14	3,106	3,434	4,991
Total Current liabilities		13,237	12,265	19,504
Liabilities directly associated with assets classified as held for sale	5	19,270	18,027	16,375
Total Liabilities		76,190	76,303	79,825
Total Equity and Liabilities		148,160	150,641	152,516

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

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

Q3 2019	Q2 2020	Q3 2020		Note	YTD 2020	YTD 2019
(Unaudited)	*(Unaudited)*	*(Unaudited)*	*Amounts in USD 000*		*(Unaudited)*	*(Unaudited)*
			CASH FLOW FROM OPERATING ACTIVITIES			
4,375	(4,243)	(1,019)	Net (loss)/income for the period before tax - continuing operations		3,808	18,538
(1,695)	(128)	(149)	Net (loss)/income for the period before tax - discontinued operations		(2,309)	(1,777)
2,680	(4,371)	(1,168)	Net (loss)/income for the period before tax		1,499	16,761
			ADJUSTED FOR:			
2,295	1,806	1,717	Depreciation		5,167	7,234
127	117	62	Exploration related costs and Operator G&A		272	353
-	-	-	Impairment and asset write-off/(impairment reversal)		-	(8,145)
(2,705)	1,949	632	Loss/(gain) on commodity hedges		(8,645)	436
1,010	762	767	Net finance costs		2,296	3,156
202	184	(77)	Share-based payments including the effects of cash costs		347	517
230	-	-	Foreign exchange loss/(gain)		-	98
2,421	769	951	Increase/(decrease) in trade and other payables		1,871	148
2,799	(737)	(1,902)	(Increase)/decrease in trade and other receivables		492	1,958
(1,990)	(511)	(1,440)	(Increase)/decrease in inventories		(1,947)	(1,707)
111	(554)	(796)	State share of profit oil		(1,963)	(3,810)
(6,209)	(965)	(1,090)	Taxes paid	14	(3,153)	(6,161)
971	(1,551)	(2,344)	Net cash (out)/inflow from operations		(3,764)	10,838
			CASH FLOW FROM INVESTING ACTIVITIES			
-	-	-	Cash outflow related to acquisition(s)		-	(510)
(4,243)	(4,129)	(1,196)	Investment in exploration, production and other assets	7	(10,255)	(7,496)
(4,243)	(4,129)	(1,196)	Net cash (out)/inflow from investing activities		(10,255)	(8,006)
			CASH FLOW FROM FINANCING ACTIVITIES			
-	-	-	Gross proceeds from loans and borrowings		-	2,460
(1,547)	-	-	Repayment of non-recourse loan		(1,408)	(6,020)
-	(720)	(720)	Repayment of Senior Secured loan	12	(2,160)	(660)
(101)	1,571	1,178	Realised gain/(loss) on commodity hedges		3,867	(782)
(224)	(326)	(293)	Borrowing costs, including arrangement fees	12, 13	(971)	(855)
(380)	-	-	Gross proceeds from Equity Private Placement and Treasury shares		-	(380)
-	(61)	(61)	Lease liability payments		(185)	-
-	-	-	Cash held for Bank Guarantee	10	-	(9,960)
76	-	-	Movement in restricted cash balance		-	76
(2,176)	464	104	Net cash (out)/inflow from financing activities		(857)	(16,121)
(5,448)	(5,216)	(3,436)	Change in cash and cash equivalents during the period		(14,876)	(13,289)
-	(3)	2	Change in cash and cash equivalents - assets held for sale	5	2	-
15,526	14,272	9,053	Cash and cash equivalents at the beginning of the period		20,493	23,367
10,078	9,053	5,619	Cash and cash equivalents at the end of the period		5,619	10,078

The accompanying notes form an integral part of these condensed consolidated financial statements. Unaudited prior period quarterly comparatives have been restated in accordance with IFRS in order to disclose discontinued operations separately from continuing activities.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2020 Amounts in USD 000	Attributable to equity holders of the parent						
	Issued capital	Share premium	Additional paid-in capital	Retained earnings	Other reserves	Currency translation reserve	Total
At 1 January 2020 (Audited)	**458**	**349,193**	**122,131**	**(355,683)**	**(37,647)**	**(5,761)**	**72,691**
Net income/(loss) for the period - continuing operations	-	-	-	3,384	-	-	3,384
Net income/(loss) for the period - discontinued operations	-	-	-	(2,160)	-	-	(2,160)
Other comprehensive income/(loss)	-	-	-	-	-	-	-
Total comprehensive income/(loss)	**-**	**-**	**-**	**1,224**	**-**	**-**	**1,224**
Employee share options charge	-	-	423	-	-	-	423
At 30 June 2020 (Unaudited)	**458**	**349,193**	**122,554**	**(354,459)**	**(37,647)**	**(5,761)**	**74,338**
Net income/(loss) for the period - continuing operations	-	-	-	(2,141)	-	-	(2,141)
Net income/(loss) for the period - discontinued operations	-	-	-	(149)	-	-	(149)
Other comprehensive income/(loss)	-	-	-	-	-	-	-
Total comprehensive income/(loss)	**-**	**-**	**-**	**(2,290)**	**-**	**-**	**(2,290)**
Share issue for cash	1	253					254
Employee share options charge	-	-	198	-	-	-	198
Settlement of Restricted Share Units	-	-	(530)	-	-	-	(530)
At 30 September 2020 (Unaudited)	**459**	**349,446**	**122,222**	**(356,749)**	**(37,647)**	**(5,761)**	**71,970**

For the nine months ended 30 September 2019 Amounts in USD 000	Attributable to equity holders of the parent						
	Issued capital	Share premium	Additional paid-in capital	Retained earnings	Other reserves	Currency translation reserve	Total
At 1 January 2019 (Audited)	**423**	**333,093**	**122,078**	**(365,873)**	**(37,647)**	**(5,762)**	**46,312**
Net income/(loss) for the period - continuing operations	-	-	-	6,658	-	-	6,658
Net income/(loss) for the period - discontinued operations	-	-	-	(82)	-	-	(82)
Total comprehensive income/(loss)	**-**	**-**	**-**	**6,576**	**-**	**-**	**6,576**
Employee share options charge	-	-	315	-	-	-	315
At 30 June 2019 (Unaudited)	**423**	**333,093**	**122,393**	**(359,297)**	**(37,647)**	**(5,762)**	**53,203**
Net income/(loss) for the period - continuing operations	-	-	-	2,146	-	-	2,146
Net income/(loss) for the period - discontinued operations	-	-	-	(1,695)	-	-	(1,695)
Total comprehensive income/(loss)	**-**	**-**	**-**	**451**	**-**	**-**	**451**
Share issue for cash	1	333	-	-	-	-	334
Employee share options charge	-	-	202	-	-	-	202
Settlement of Restricted Share Units	-	-	(714)	-	-	-	(714)
At 30 September 2019 (Unaudited)	**424**	**333,426**	**121,881**	**(358,846)**	**(37,647)**	**(5,762)**	**53,476**

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

The unaudited 2019 Statement of Changes in Equity has been restated in accordance with IFRS in order to disclose discontinued operations separately from continuing activities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

The holding Company, Panoro Energy ASA, was incorporated on 28 April 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 unaudited condensed consolidated financial statements of the Group for the period ended 30 September 2020 were authorised for issue by the Board of Directors on 20 November 2020.

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 2019 Annual Report and the Company's Prospectus, published in December 2018. A copy of the 2019 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.

In October 2019, the Company entered into an agreement to divest all its operations in Nigeria to PetroNor, thereby resulting in changes to presentation of the results, operations and assets and liabilities of the disposal group comprising of the Divested Subsidiaries. The results and operations of the Divested Subsidiaries met the criteria of Discontinued Operations under IFRS 5 and have therefore been isolated and removed from "Continuing activities" and re-classified and presented as a separate line item "Discontinued Operations" in the statement of comprehensive income. Comparatives for the periods presented, pertaining to Discontinued Operations, have also been re-classified in accordance with the accounting standards. Furthermore, assets and liabilities pertaining to the Divested Subsidiaries have also been isolated and presented in separate line items in the statement of financial position from the fourth quarter 2019. Details of assets and liabilities held for sale and the Discontinued Operations can be referred to in Note 5 to these interim financial statements.

The coronavirus (COVID-19) pandemic has been declared a global emergency by the World Health Organisation (WHO), requiring countries and organisations, including the Group, to take measures to mitigate risk for communities, employees and business operations. The pandemic continues to have a major impact on the global economy. Despite oil prices partially recovering from the lows in April 2020, they remain volatile and it is challenging to predict the full extent and duration of resulting operational and economic impact for the Company and the Group, which makes key assumptions applied in the valuation of our assets and measurement of our liabilities difficult. These key assumptions include commodity prices, changes to demand for and supply of oil and gas, and the discount rate to be applied. The Company is closely monitoring developments, regularly evaluating their impact on the Group's cash flow and liquidity position and responding with targeted measures to protect the Company's economic stability.

Effective 1 January 2019, the Group has reassessed the financial statement disclosures for its discontinued operations in Brazil, which have become immaterial. As a result, from 1Q 2019, the results of Brazilian operations are included within the General and Administrative (G&A) costs within continuing operations. Consequently, the amounts for discontinued operations reclassified to G&A costs for the periods presented is as follows: 3Q 2020: loss of USD 15 thousand; 2Q 2020: loss of USD 6 thousand; 2Q 2019: loss of USD 35 thousand.

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 2019 Annual Report.

2.2 Principal risks and uncertainties

The Group's activities expose it to a number of risks and uncertainties, which are continuously monitored and reviewed. The main risks and uncertainties are the operational and financial risks described below.

Operational risk

At its current stage of development, Panoro is commercially producing oil and also exploring for and appraising undeveloped known oil and/or natural gas accumulations from its continuing activities in Tunisia and Gabon.

The main operational risk in exploration and appraisal activities is that the activities and investments made by Panoro will not evolve into commercial reserves of oil and gas. The oil price is of significant importance in all parts of operations as income and profitability is and will be dependent on prevailing prices. Significantly lower oil prices will reduce current and expected cash flows and profitability in projects and can make projects sub economic. Panoro operates a commodity hedging program to strategically hedge a portion of its 2P oil reserves to protect against a fall in oil prices and consequently, to protect the Group's ability to service its debt obligations and to fund operations including planned capital expenditure.

Another operational risk factor is access to equipment in Panoro's projects. In the drilling/development phase of a project the Group is dependent on advanced equipment such as rigs, casing, pipes etc. A shortage of these supplies can present difficulties for Panoro to complete projects. Through its operations, Panoro is also subject to political risk, environmental risk and the risk of not being able to retain key personnel.

Financial risk

The Group's activities expose it to a variety of financial risks, mainly categorised as exchange rate and liquidity risk. The Group's risks are continuously monitored and analysed by the management and the Board. The aim is to minimise potential adverse effects on the Group's financial performance.

COVID-19 risks

A global pandemic such as the novel coronavirus (COVID-19) can have a severe negative impact on the Group and its ability to conduct operations. Panoro is managed by a small specialised team through its Head Office in London and a Branch Office in Tunis and, as such, Panoro has limited spare resource capacity in case key staff were to fall ill as a result of a viral infection. The Group continues to mitigate the risk by encouraging staff to work from home, the implementation of virtual meetings and minimising any non-critical meetings and interactions as well as limit exposure from travel on public transport.

Travel restrictions and lockdown measures implemented by governments across the world can impact supply chains, movement of key personnel and the ability to utilise external contractors and consultants. The impact of the COVID-19 pandemic continues to have a significant impact on global economic activity and demand for oil. While oil prices recovered slightly since the lows in April 2020, they remain volatile due to supply/demand imbalances and are currently trading around 65 per cent of levels seen at the start of the year. Responses of governments and citizens to developments related to COVID-19 infections around the world may lead to delays in oil price recovery making the duration and financial impact impossible to reliably estimate.

The impact of the COVID-19 outbreak on the economy and energy prices, and the risk to Panoro's ability to conduct its operations profitably and without disruption, is currently subject to significant uncertainty. The lower oil prices will impact Panoro's profitability and cash flows in 2020 and potentially beyond. Given the uncertainty surrounding how long the current negative conditions will prevail, it cannot be ruled out that oil prices remain at or below the current levels and thus have a longer-term impact on the Group's profitability and financial standing. The Company is monitoring and evaluating the impact on its liquidity and cash flow positions, acting where necessary to protect its economic stability and currently believe that the Company's ability to continue as going concern is not impacted. Should lower oil prices persist the risk of a future impairment of the Group's oil and gas assets cannot be ruled out.

A more detailed analysis of the Group's risks and uncertainties, and how the Group addresses these risks, are detailed in the 2019 Annual Report.

3 SEGMENT INFORMATION

The Group continuing operations are classified into two business segments, being the exploration and production of oil and gas in North Africa (Tunisia) and West Africa (Gabon).

As noted above, from the fourth quarter of 2019, the business in Nigeria is classified as a "Discontinued Operation" and as an asset held for sale. Segment information has therefore been re-arranged in line with reporting requirements for such item.

The Group's reportable segments, for both management and financial reporting purposes, are as follows:

- The North African segment holds the following assets:
  - TPS Assets: ETAP, 51% and Panoro TPS Production GmbH, 49% (29.4%* interest net to Panoro).
  - Sfax Offshore Exploration Permit: Panoro Tunisia Exploration AS (Operator, 52.5%* interest net to Panoro)
  - The Hammamet Offshore Exploration Permit: Medco (Operator), Panoro Tunisia Exploration AS (27.6%* interest net to Panoro), under relinquishment.

  **Figures only represent net participation interest in proportion to Panoro's equity holding in Sfax Petroleum Corporation AS.*
- The West African segment holds the following assets:
  - The Dussafu licence representing the Group's 7.4997% working interest in the Dussafu Marin exploration licence in Gabon
- The 'Corporate' 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.
- Discontinued Operations and assets held for sale:
  - 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.

Management monitors the operating results of business segments separately for the purpose of making decisions about resources to be allocated and for assessing performance. Segment performance is evaluated based on capital and general expenditure. Details of group segments are reported below.

Q3 2019	Q2 2020	Q3 2020		YTD 2020	YTD 2019
(Unaudited)	*(Unaudited)*	*(Unaudited)*		*(Unaudited)*	*(Unaudited)*
			OPERATING SEGMENTS - GROUP NET SALES		
1,010	1,148	959	Net average daily production - TPS assets (bopd)	1,095	1,109
971	1,199	1,159	Net average daily production - Dussafu (bopd)	1,074	1,007
1,981	2,347	2,117	Total Group Net average daily production (bopd)	2,169	2,116
94,422	114,244	104,705	Oil sales (bbls) - Net to Panoro - TPS assets, Tunisia	246,334	241,323
60,349	54,320	55,961	Oil sales (bbls) - Net to Panoro - Dussafu, Gabon	153,917	239,234
154,771	168,564	160,666	Total Group Net Sales (bbls) - continuing operations	400,251	480,557
			Discontinued operations		
270	258	234	Net average daily production - Aje (bopd)	252	338
-	-	-	Oil sales (bbls) - Net to Panoro - Aje, Nigeria	63,049	92,842
			OPERATING SEGMENT - NORTH AFRICA		
			in USD 000		
3,144	(321)	1,714	EBITDA	2,244	8,716
962	917	892	Depreciation and amortisation	2,797	2,723
72,355	73,795	72,540	Segment assets	72,540	72,355
			OPERATING SEGMENT - WEST AFRICA - GABON		
			in USD 000		
2,455	1,459	1,677	EBITDA	4,096	12,926
-	-	-	Impairment of E&E Assets - Charge/(Reversal)	-	(8,145)
575	828	774	Depreciation and amortisation	2,212	1,757
54,396	48,764	50,687	Segment assets	50,687	54,396
			CORPORATE		
			in USD 000		
(823)	(842)	(939)	EBITDA	(3,282)	(2,578)
64	61	51	Depreciation and amortisation	158	198
3,869	7,630	3,358	Segment assets	3,358	3,869
			TOTAL - CONTINUING OPERATIONS		
			in USD 000		
4,776	296	2,452	EBITDA	3,058	19,064
-	-	-	Impairment of E&E Assets - Charge/(Reversal)	-	(8,145)
1,601	1,806	1,717	Depreciation and amortisation	5,167	4,678
130,620	130,189	126,585	Segment assets	126,585	130,620
			Nigeria - Discontinued operations		
			in USD 000		
(1,695)	(128)	(149)	Net income/(loss) for the period-Discontinued operations	(2,309)	(1,777)
-	20,452	21,575	Assets classified as held for sale (Note 5)	21,575	-
-	(18,027)	(19,270)	Liabilities directly associated with assets classified as held for sale (Note 5)	(19,270)	-

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

Q3 2019	Q2 2020	Q3 2020		YTD 2020	YTD 2019
(Unaudited)	*(Unaudited)*	*(Unaudited)*	*Amounts in USD 000*	*(Unaudited)*	*(Unaudited)*
1,527	1,201	1,010	General and Administrative Costs - Corporate, London and Tunis	3,829	3,852
842	(10)	88	Non-Recurring Transaction Costs	144	933
2,369	1,191	1,098	Total General and Administrative Related Costs	3,973	4,785

Non-recurring costs related to integration activities and costs incurred for an internal restructuring to streamline the group structure. The non-recurring costs have been expensed as incurred and are reported separately from recurring G&A costs for comparative purposes.

5 DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

Discontinued operations:

On 21 October 2019, the Company entered into a sale and purchase agreement with PetroNor E&P Limited ("PetroNor"), an exploration & production oil and gas company listed on the Oslo Axess, to divest all outstanding shares in its fully owned subsidiaries Pan-Petroleum Services Holding BV and Pan-Petroleum Nigeria Holding BV (together referred to as "Divested Subsidiaries") for an upfront consideration consisting of the allotment and issue of new PetroNor shares with a fixed value of USD 10 million (the "Share Consideration") plus a contingent consideration of up to USD 25 million based on future gas production volumes. PetroNor has an option to pay a portion of the Share Consideration in cash.

The sale transaction is conditional upon execution and completion of the agreements between PetroNor and YFP, the authorisation of the Nigerian Department of Petroleum Resources and the consent of the Nigerian Minister of Petroleum Resources. As a result, the operations of the Group's Divested Subsidiaries have been classified as discontinued operations under IFRS 5. The results of the Nigerian segment for the comparative periods presented have also been carved out of the operating results and presented below as discontinued operations:

Q3 2019	Q2 2020	Q3 2020		YTD 2020	YTD 2019
(Unaudited)	*(Unaudited)*	*(Unaudited)*	*Amounts in USD 000, unless otherwise stated*	*(Unaudited)*	*(Unaudited)*
			DISCONTINUED OPERATIONS		
-	-	-	Oil revenue	1,119	6,302
-	-	-	Total revenues	1,119	6,302
(830)	(1)	-	Operating costs	(2,991)	(5,018)
(35)	(16)	(40)	General and administrative costs	(86)	(92)
(694)	-	-	Depreciation, depletion and amortisation	-	(2,556)
-	-	-	(Impairment) / reversal of impairment for Oil and gas assets	-	-
(1,559)	(17)	(40)	EBIT - Operating income/(loss)	(1,958)	(1,364)
(113)	(87)	(85)	Interest costs net of income	(279)	(336)
(23)	(24)	(24)	Other financial costs net of income	(72)	(77)
(1,695)	(128)	(149)	Net income/(loss) before tax	(2,309)	(1,777)
-	-	-	Income tax benefit/(expense)	-	-
(1,695)	(128)	(149)	Net income/(loss) for the period from discontinued operations	(2,309)	(1,777)
			EARNINGS PER SHARE		
(0.03)	(0.00)	(0.00)	Basic and diluted EPS on profit for the period attributable to equity holders of the parent (USD) from discontinued operations	(0.03)	(0.03)

Assets held for sale:

Following agreement to sell the Divested Subsidiaries, the Group's interest in such subsidiaries have also been designated as Assets held for sale since 4Q 2019. The carrying value of the assets and liabilities designated as held for sale at the balance sheet dates presented are summarised below:

Amounts in USD 000	As at 30 September 2020 (Unaudited)	As at 30 June 2020 (Unaudited)	As at 31 December 2019 (Audited)
Assets held for sale			
Licenses and exploration assets	12,178	12,179	12,179
Production assets and equipment	7,405	7,405	7,405
Crude oil inventory	1,940	812	1,294
Trade and other receivables	7	9	-
Cash and cash equivalents	45	47	47
Total assets held for sale	**21,575**	**20,452**	**20,925**
Liabilities held for sale			
Decommissioning liability	(3,309)	(3,285)	(3,237)
Other non-current liabilities	(7,830)	(7,830)	(7,830)
Accounts payable, accruals and other liabilities	(103)	(98)	(99)
Aje Payable - Current portion	(8,028)	(6,814)	(5,209)
Total liabilities directly associated with assets classified as held for sale	**(19,270)**	**(18,027)**	**(16,375)**

At the date of designation for held for sale during 4Q 2019, an assessment was made to determine the fair value of the assets and liabilities of the Divested Subsidiaries. As a result, based on fair value less costs to sell principle, a reversal of historical impairment charges of USD 8 million on account of Aje has been made. The impairment reversal has been allocated in proportion of pre-reversal carrying value of licence and exploration assets and production assets and equipment.

Further details of Aje related payables are available in the 2019 Annual Report on page 59, Note 13.

6 EARNINGS PER SHARE

Basic earnings or loss per ordinary share amounts are calculated by dividing net profit or loss for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of dilutive potential ordinary shares into ordinary shares.

Q3 2019 (Unaudited)	Q2 2020 (Unaudited)	Q3 2020 (Unaudited)	*Amounts in USD 000 - unless stated otherwise*	YTD 2020 (Unaudited)	YTD 2019 (Unaudited)
451	(4,762)	(2,290)	Net profit/(loss) attributable to equity holders - Total	(1,066)	7,027
2,146	(4,634)	(2,141)	Net profit/(loss) attributable to equity holders - Continuing operations	1,243	8,804
62,516	68,800	69,003	Weighted average number of shares outstanding - in thousands	68,867	62,431
63,361	68,800	69,003	Diluted weighted average number of shares outstanding - in thousands	70,017	63,186
0.01	(0.07)	(0.03)	Basic earnings per share (USD) - Total	(0.02)	0.11
0.01	(0.07)	(0.03)	Diluted earnings per share (USD) - Total	(0.02)	0.11
0.03	(0.07)	(0.03)	Basic earnings per share (USD) - Continuing operations	0.02	0.14
0.03	(0.07)	(0.03)	Diluted earnings per share (USD) - Continuing operations	0.02	0.14

At 30 September 2020 1,149,150 potentially dilutive Restricted Share Units (RSUs) are included in the calculation of YTD diluted earnings per share (30 June 2020: 1,371,551; 30 September 2019: 878,808 potentially dilutive RSUs).

7 LICENCE INTERESTS, EXPLORATION AND EVALUATION, DEVELOPMENT AND PRODUCTION ASSETS

USD 000	Licence interest, Exploration and Evaluation Assets	Production Rights	Development Assets	Production Assets	Total assets
At 1 January 2020 *(Audited)*	19,760	28,876	5,915	30,979	85,530
Development assets additions / (disposals)	-	-	7,052	-	7,052
Adjustments to asset retirement estimates	-	-	-	546	546
Exploration and evaluation assets additions	881	-	-	-	881
Production assets additions / (disposals)	-	-	-	1,009	1,009
Impairment (charge)/reversal	-	-	-	-	-
Transfer to assets held for sale	-	-	-	-	-
Depreciation/write-off's during the period	-	(1,192)	(27)	(2,147)	(3,366)
Balance at 30 June 2020 *(Unaudited)*	20,641	27,684	12,940	30,387	91,652
Development assets additions / (disposals)	-	-	643	-	643
Adjustments to asset retirement estimates	-	-	-	-	-
Exploration and evaluation assets additions	173	-	-	-	173
Production assets additions / (disposals)	-	-	-	307	307
Impairment (charge)/reversal	-	-	-	-	-
Transfer to assets held for sale	-	-	-	-	-
Depreciation/write-off's during the period	-	(517)	(12)	(1,090)	(1,619)
Balance at 30 September 2020 *(Unaudited)*	20,814	27,167	13,571	29,604	91,156

At 1 January 2019 *(Audited)*	15,197	31,082	632	41,612	88,523
Development assets additions / (disposals)	-	-	262	-	262
Adjustments to asset retirement estimates	-	-	(12)	771	759
Exploration and evaluation assets additions	294	-	-	-	294
Production assets additions / (disposals)	-	-	1,988	(1,988)	-
Impairment (charge) / reversal	-	-	-	2,088	2,088
Transfer to assets held for sale	8,145	-	-	-	8,145
Depreciation/write-offs during the period	-	(1,144)	(12)	(3,598)	(4,754)
Balance at 30 June 2019 (Unaudited)	23,636	29,938	2,858	38,885	95,317
Development assets additions / (disposals)	-	-	1,491	-	1,491
Exploration and evaluation assets additions	147	-	-	-	147
Production assets additions / (disposals)	-	-	-	-	-
Impairment (charge) / reversal	-	573	-	1,167	1,740
Transfer to assets held for sale	-	-	-	-	-
Depreciation/write-offs during the period	-	(547)	-	(1,008)	(1,555)
Balance at 30 September 2019 (Unaudited)	23,783	29,964	4,349	39,044	97,140

8 FAIR VALUE OF COMMODITY HEDGES

The Group has a commodity hedging program in place to strategically hedge a portion of its 2P oil reserves to protect against a fall in oil prices and consequently, to protect the Group's ability to service its debt obligations and to fund operations including planned capital expenditure. The hedge instruments used include "zero cost collars" and "commodity swap" contracts to protect the downside in 'Dated Brent' oil price. These hedge contracts are initially recognised at Nil fair value and then revalued at each balance sheet date, with changes in fair value recognised as finance income or expense in the Statement of Comprehensive Income.

The hedging program continues to be closely monitored and adjusted according to the Group's risk management policies and cashflow requirements. The Group continues to monitor and optimise its hedging programme on an on-going basis.

The outstanding commodity hedge contracts as at the respective balance sheet dates presented were as follows:

Zero cost collar instruments	Remaining term	Remaining contract amount	Average contract price	Average contract price	Fair value Asset / (Liability)	Fair value Asset / (Liability)
		Bbls	*Buy Put (USD/Bbl)*	*Sell Call (USD/Bbl)*	*Current (USD '000)*	*Non-Current (USD '000)*
At 31 December 2019 *(audited)*	Jan 20 - Dec 21	486,864	55.00	60.94	(888)	(106)
At 30 June 2020 *(unaudited)*	Jul 20 - Dec 21	389,148	55.43	61.22	3,885	1,623
At 30 September 2020 *(unaudited)*	**Oct 20 - Dec 21**	**304,290**	**55.00**	**60.94**	**2,976**	**722**

Commodity Swaps instruments	Maturity	Remaining contract amount	Average contract price	Fair value Asset / (Liability)
		Bbls	*Settlement price ceiling (USD/Bbl)*	*Current (USD '000)*
At 31 December 2019 *(audited)*	March 2020	24,000	61.01	(86)
At 31 March 2020 *(unaudited)*	-	-	-	-
At 30 September 2020 (unaudited)	**-**	**-**	**-**	**-**

9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at 30 September 2020 amounted to USD 5.6 million, USD 9.1 million at 30 June 2020 and USD 20.5 million at 31 December 2019. In addition, the Group had USD 10 million (net to Panoro) of cash held for a bank guarantee issued towards SOEP drilling obligations, as described in Note 10 below.

10 CASH HELD FOR BANK GUARANTEE

In January 2019, the Tunisian Directorate General of Hydrocarbons advised that the Tunisian Consultative Hydrocarbons Committee had required Panoro Tunisia Exploration ("PTE", 60% owned by Panoro) 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, the Group procured a bank guarantee of USD 16.6 million (USD 10 million net to Panoro) through its group company, PTE. This amount is classified under current assets as at 30 September 2020, 30 June 2020 and 31 December 2019.

11 SHARE CAPITAL

As of 30 September 2020, the Company had a registered share capital of NOK 3,451,113 divided into 69,022,259 shares, each with a nominal value of NOK 0.05. At 30 June 2020 and 31 December 2019, the Company had a registered share capital of NOK 3,439,993 divided into 68,799,858 shares, each with a nominal value of NOK 0.05.

12 LOANS AND BORROWINGS - MERCURIA SENIOR SECURED LOAN

Current and non-current portion of the outstanding balance of the Mercuria Senior Secured facility as of the date of the statement of financial position attributable to Panoro's 60% ownership is as follows:

	30 September 2020	30 June 2020	31 December 2019
Amounts in USD 000	*(Unaudited)*	*(Unaudited)*	*(Audited)*
Senior Loan facility - Non-current	10,770	11,640	13,380
Senior Loan facility - Current	4,050	3,900	3,600
Accumulated interest accrued - Current	238	292	352
Total Senior Loan facility	15,058	15,832	17,332
Unamortised borrowing costs - Non-current	(265)	(295)	(289)
Unamortised borrowing costs - Current	(102)	(98)	(155)
Total Unamortised borrowing costs	(367)	(393)	(444)
Total Senior Loan facility	14,691	15,439	16,888

The amended Senior Loan facility has a term of 5 years from 30 June 2019 with interest charged at USD 3-month LIBOR plus 6% on the balance outstanding, with repayments due each quarter.

Key financial covenants 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 the ring-fenced asset holding company (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.

Subject to certain waivers in place, the Group was not in breach of any financial covenants as at any of the balance sheet dates presented.

Un-amortised borrowing costs include structuring fees and directly attributable third-party costs. During the current quarter, these costs are expensed using an effective interest rate of 7% per annum over the remaining term of the facility (effective interest rates for quarters ended 30 June 2020 and 31 December 2019 was 7.4% and 9.8% respectively).

13 LOANS AND BORROWINGS - BW ENERGY NON-RECOURSE LOAN

The Group has in place a non-recourse loan from BW Energy in relation to the funding of the Dussafu development. The loan bears interest at 7.5% per annum on outstanding balance, compounded annually. The balance outstanding at each balance sheet date presented is as below:

	30 September 2020	30 June 2020	31 December 2019
Amounts in USD 000	*(Unaudited)*	*(Unaudited)*	*(Audited)*
BW Energy non-recourse loan - Non-current	5,206	6,442	3,380
BW Energy non-recourse loan - Current	1,877	512	4,729
Total carrying value	7,083	6,954	8,109

The non-recourse loan is repayable through Panoro's allocation of the cost oil in accordance with the Dussafu PSC, after paying for the proportionate field operating expenses. The repayment period has started after achieving production on Dussafu and will be repaid from Panoro's portion of upcoming crude oil sales. During the repayment phase, Panoro will still be entitled to its share of profit oil from the Dussafu operations.

For the purpose of classification in the Group's statement of financial position, USD 5.2 million of the entire loan balance has been categorised in non-current portion due to expected low oil price assumptions. Since the repayment of the loan is linked to production and impacted by oil prices and operating expenses, judgement has been exercised in estimation of these values. The actual repayments may therefore vary from the estimates in current and non-current portions recognised as of the date of the statement of financial position.

14 INCOME TAX

Corporation tax charge for the respective quarters presented is split as follows:

Q3 2019	Q2 2020	Q3 2020		YTD 2020	YTD 2019
(Unaudited)	*(Unaudited)*	*(Unaudited)*	*Amounts in USD 000*	*(Unaudited)*	*(Unaudited)*
(111)	554	796	Effect of taxes under PSA arrangements - Gabon	1,963	3,810
2,879	5	762	Current income tax charge/(credit) - Tunisia	1,274	5,917
-	(5)	-	Other Corporate	(5)	8
(539)	(163)	(436)	Deferred tax charge/(credit)	(667)	(1)
2,229	391	1,122	Total tax charge	2,565	9,734

Corporation tax liability of USD 3.1 million at 30 September 2020, USD 3.4 million at 30 June 2020 and USD 5 million at 31 December 2019 comprised entirely of taxes due in Tunisia on income from TPS assets.

Deferred tax liability has arisen on temporary differences between tax base and accounting base of the production assets in Tunisia and has been calculated using the effective tax rate applicable to the concessions.

OTHER INFORMATION

GLOSSARY AND DEFINITIONS

Bbl	One barrel of oil, equal to 42 US gallons or 159 liters
Bopd	Barrels of oil per day
Kbopd	Thousands of barrels of oil per day
Bcf	Billion cubic feet
Bm^3	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
MMm^3	Million cubic meters
Tcf	Trillion cubic feet
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortisation
EBIT	Earnings before Interest and Taxes
TVDSS	True Vertical Depth Subsea

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.

Panoro Energy

Contact information

For further information, please contact:

John Hamilton, Chief Executive Officer
Panoro Energy ASA/ Panoro Energy Limited
investors@panoroenergy.com
Tel: +44 20 3405 1060

Qazi Qadeer, Chief Financial Officer
Panoro Energy ASA/ Panoro Energy Limited
investors@panoroenergy.com
Tel: +44 20 3405 1060

www.panoroenergy.com