

Corporate Presentation

February 2011

Panoro Energy
Panoro Energy

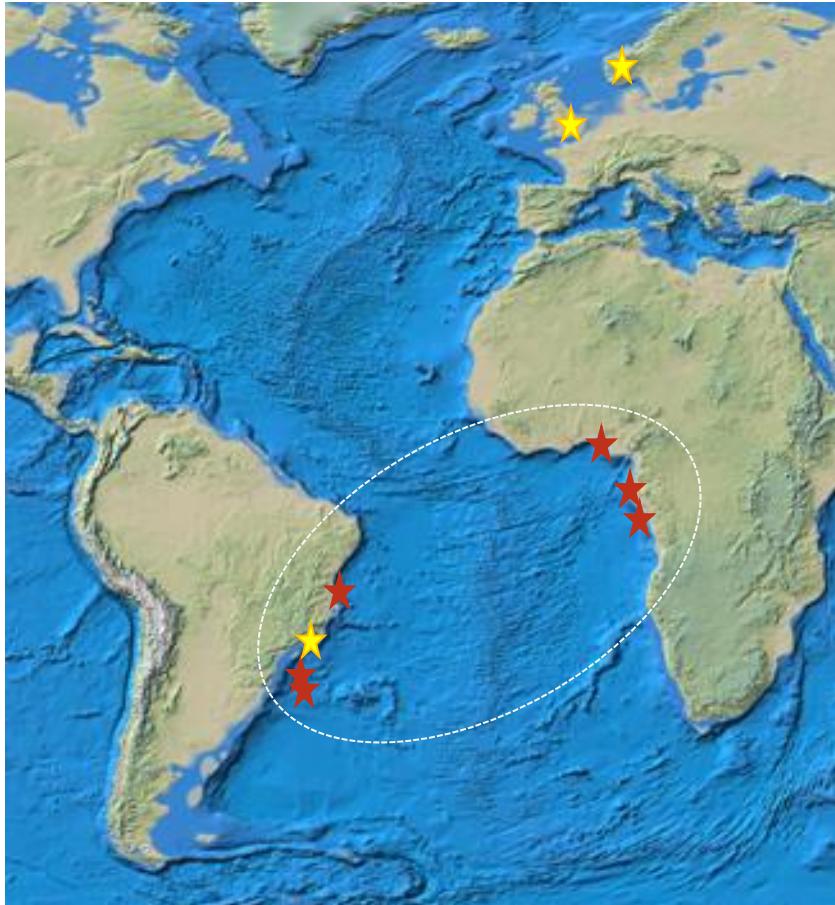


Disclaimer

This presentation does not constitute an offer to buy or sell shares or other financial instruments of Panoro Energy ASA (“Company”). This presentation contains certain statements that are, or may be deemed to be, “forward-looking statements”, which include all statements other than statements of historical fact. Forward-looking statements involve making certain assumptions based on the Company’s experience and perception of historical trends, current conditions, expected future developments and other factors that we believe are appropriate under the circumstances. Although we believe that the expectations reflected in these forward-looking statements are reasonable, actual events or results may differ materially from those projected or implied in such forward-looking statements due to known or unknown risks, uncertainties and other factors. These risks and uncertainties include, among others, uncertainties in the exploration for and development and production of oil and gas, uncertainties inherent in estimating oil and gas reserves and projecting future rates of production, uncertainties as to the amount and timing of future capital expenditures, unpredictable changes in general economic conditions, volatility of oil and gas prices, competitive risks, regulatory changes and other risks and uncertainties discussed in the Company’s periodic reports. Forward-looking statements are often identified by the words “believe”, “budget”, “potential”, “expect”, “anticipate”, “intend”, “plan” and other similar terms and phrases. We caution you not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation, and we undertake no obligation to update or revise any of this information

Panoro Energy ASA

Company snapshot



Ticker code (Oslo Stock Exchange): PEN

Shares outstanding: 163.9 million

Market Cap¹: ~240 USDm

Reserves & Resources (P50): ~175 MMBOE

Unrisked exploration potential: ~160 MMBOE

Production (Q4-2010): 4,200 BOE/d

Largest shareholder: Sector (~66%)

1) Per Jan 24, 2011

Management with a proven track record

Experienced management with local knowledge from both Brazil and West Africa

Dr Phil Vingoe
Chairman of the Board



- 38 years of oil and gas experience managing assets in Nigeria, Gabon, Congo, Equatorial Guinea, Mozambique, Egypt, Qatar, Pakistan, Oman, Thailand, Laos, Indonesia, Australia, U.S.A, U.K., Norway
- 20 years global career with BP leading to worldwide Chief Geophysicist and then Exploration Manager. Co-led IPO of Novus Petroleum on ASX from start-up to thriving company (1995 -2000), Managing Director of Sasol Petroleum International (2000-2005), Non-Executive Director of Pan-Ocean, sold to Addax Petroleum for C\$1.6 Bn (2005-2006), Director Energy Equity Resources (2005 - 2007) then led the creation of Pan-Petroleum in November 2007
- MSc and PhD from Birmingham University. Studied at Harvard Business School

Kjetil Solbraekke
Chief Executive Officer



- 20 years of oil and gas experience from the Ministry of Petroleum and Energy in Norway, Hydro and StatoilHydro
- CFO for Hydro Oil&Energy, SVP for International Business Development in Hydro, General Manager in Brazil for Hydro, SVP South Atlantic Region, with responsibility for Latin America and Africa in StatoilHydro prior to joining Norse Energy
- Degree in Economics from the University of Oslo

Executive
management

Anders Kapstad
Chief Financial Officer



Nishant Dighe
Chief Operating Officer



Thor A. Tangen
EVP Field Development



Richard Morton
Vice President



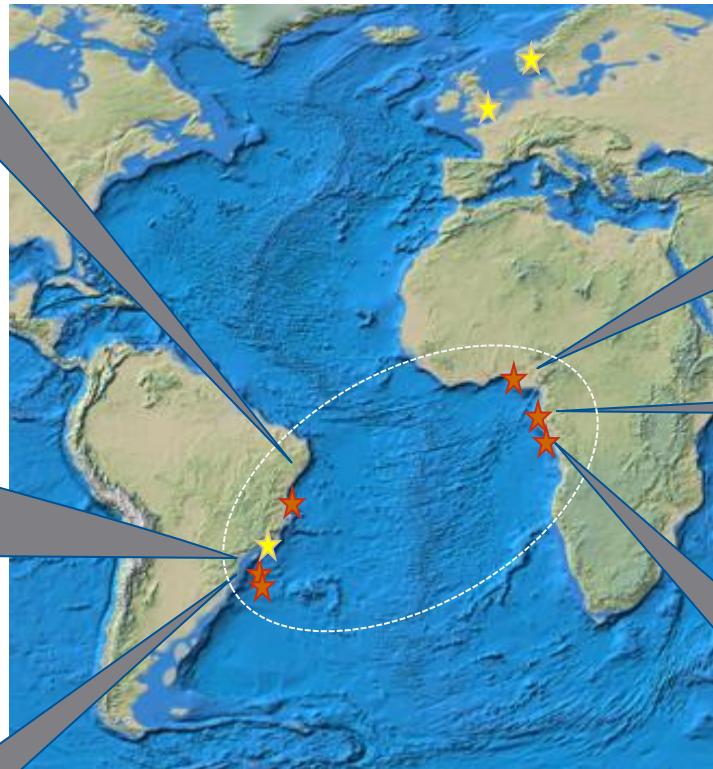
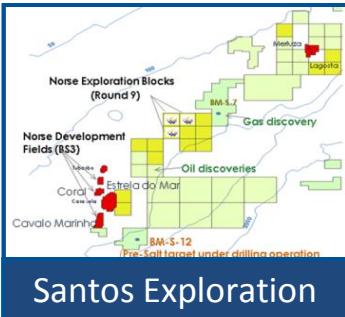
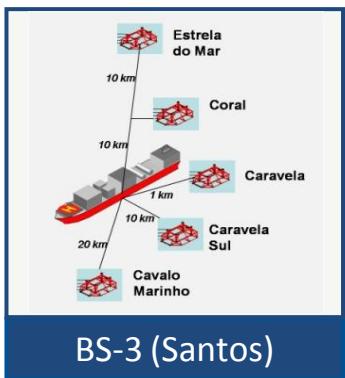
Panoro Energy
Lagos, Nigeria

Attractive and balanced asset portfolio

E&P independent with South Atlantic focus

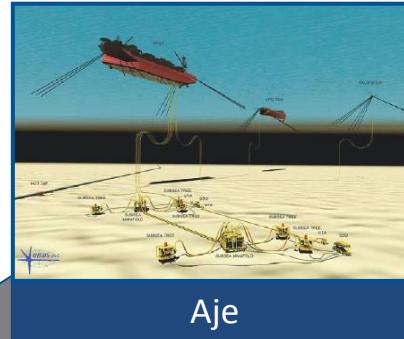


Manati



Yellow star: Offices: London, Rio, Oslo

Red star: Panoro license area



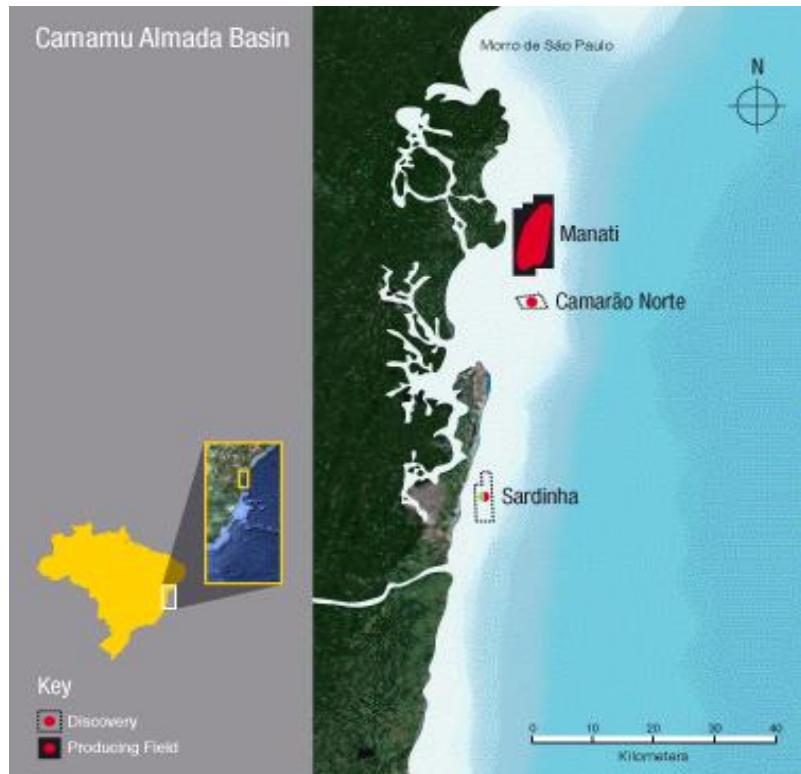
Aje



Manati (10%)

Brazil's largest non-associated producing gas field

Manati (Brazil)		BCAM-40
Operator	Petrobras (35%)	
Working Interest	10%	
Other Partners	Queiroz Galvão (45%), Brasoil (10%)	
1st Prod	2007	
Current stage	Production	

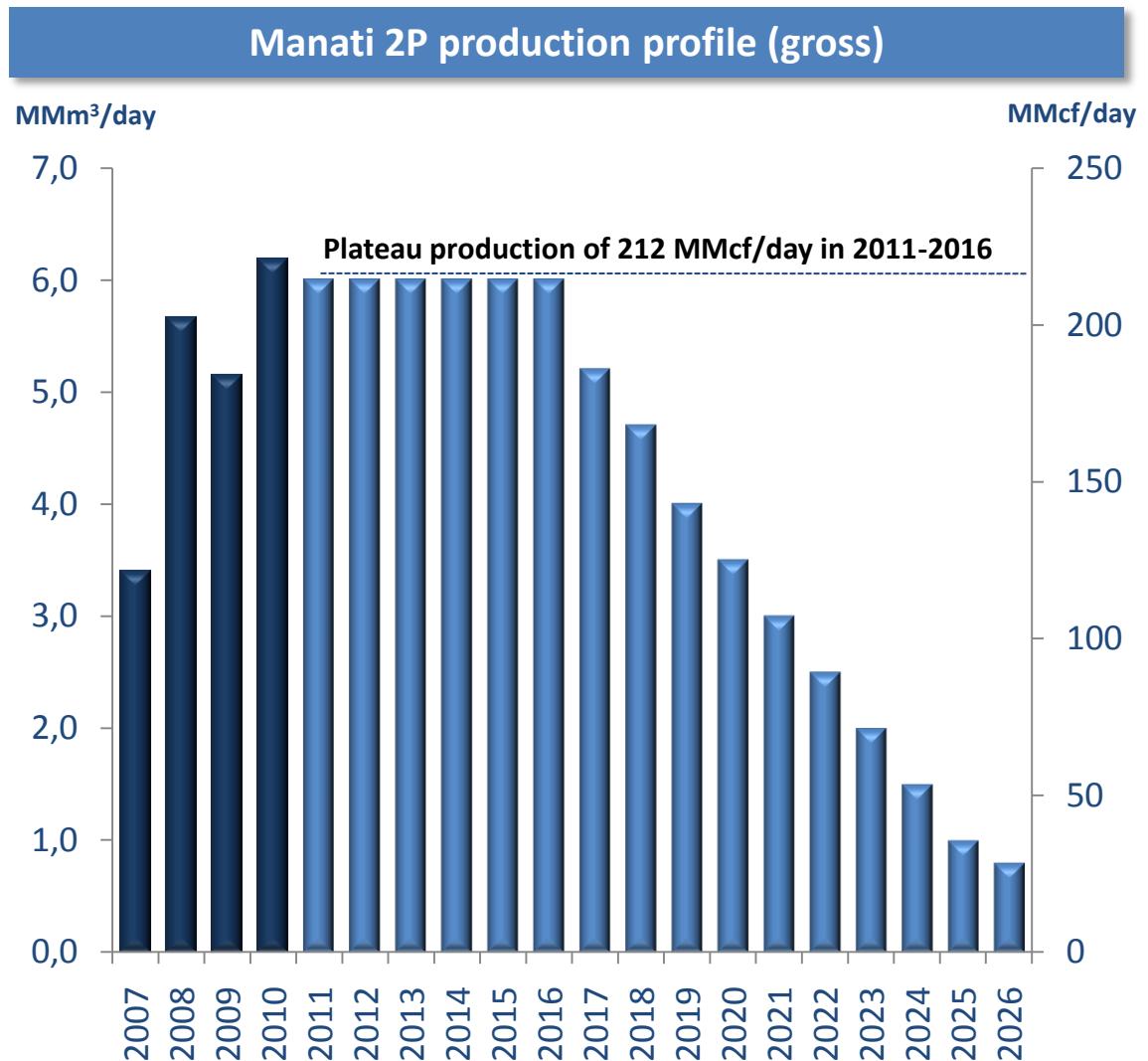


Gross production MMm³/day



- Average production of 6.19 MMm³/day in 2010 (3,900 boe/day net to PEN) and 6.68 MMm³/day in Q4-2010 (4,200 boe/day net to PEN)
- Inflation adjusted fixed gas price, fixed in Brazilian Reais; USD 7.73 per MMBtu in Q3-2010
- Take-or-pay contract for 23 Bcm (0.8 Tcf) with Petrobras secures long-term cash flow

Manati – 2P Production Profile

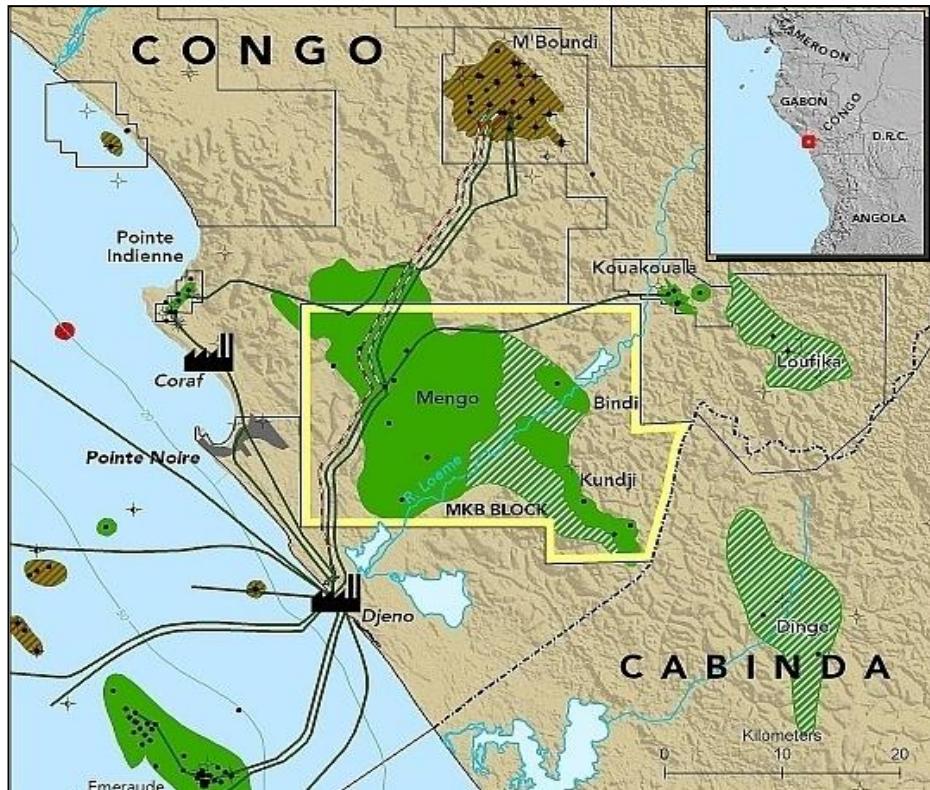


- 2P production profile based on license figures provided by Petrobras
- No further wells needed to produce 2P reserve estimate
- Contract amendment covering all uncontracted volumes in final stages of approval
 - Estimated to be 7 Bcm (0.25 Tcf)
- Additional volume potential identified

Mengo-Kundji-Bindi (20%)

Resource play with very large oil in place volumes

MKB (Congo)	
Operator	SNPC - Congo National Oil Company (60%)
Working Interest	20%
Other Partners	PetroCI (20%)
1st Prod	2011 pilot program
Current stage	Pilot project commenced



A proven producer

- Three fields produced by Elf from 1980-92
- Significant oil in place (>1 billion bbl) with significant STOOIP upside
- Modern hydraulic fracturing technology has resulted in a step change in production performance

Pilot project commenced in Kundji

- Two wells drilled in 2009, successfully fracked
- 6 additional wells to be drilled in 2011 as part of the pilot project
- Next phase of development for Kundji, as well as Mengo and Bindi areas to be based on the pilot project

Mengo-Kundji-Bindi (20%)

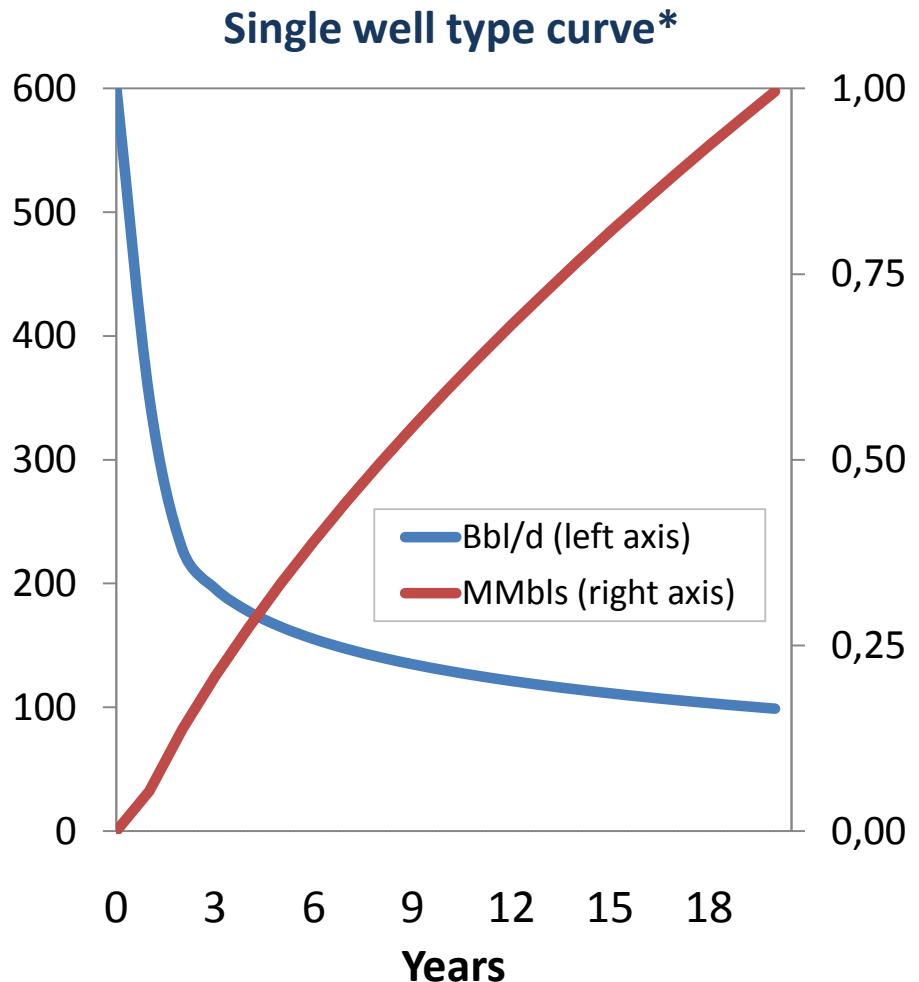
Positive production tests



- Well testing to date have confirmed:
 - Sufficient permeability
 - Good results from fracking
 - Oil flow without formation water
 - Reservoir recharge
- Established combined production capacity of approximately 900 bopd from KUN-4bis and KUN-5
- Wells expected to be opened for commercial production H2 2011
- Drilling to resume in H1 2011
 - Optimizing well design
 - Improve execution

MKB Business case

Preliminary assumptions



Base assumptions

- Field Oil-in-Place of ~1 billion barrels
- ~10% recovery factor
- Reserves per well of ~1 million barrels
- Cost per well of USD 8 million for pilot program, USD 6 million thereafter
- Facilities and pipeline cost of USD ~3 million per well
- OPEX of 5-7 USD per boe
- PSC with approx. government take of 50%

Upsides:

- Oil-in-Place
- Cost efficiency - learning curve and economies of scale
- Recovery factor
- Water injection

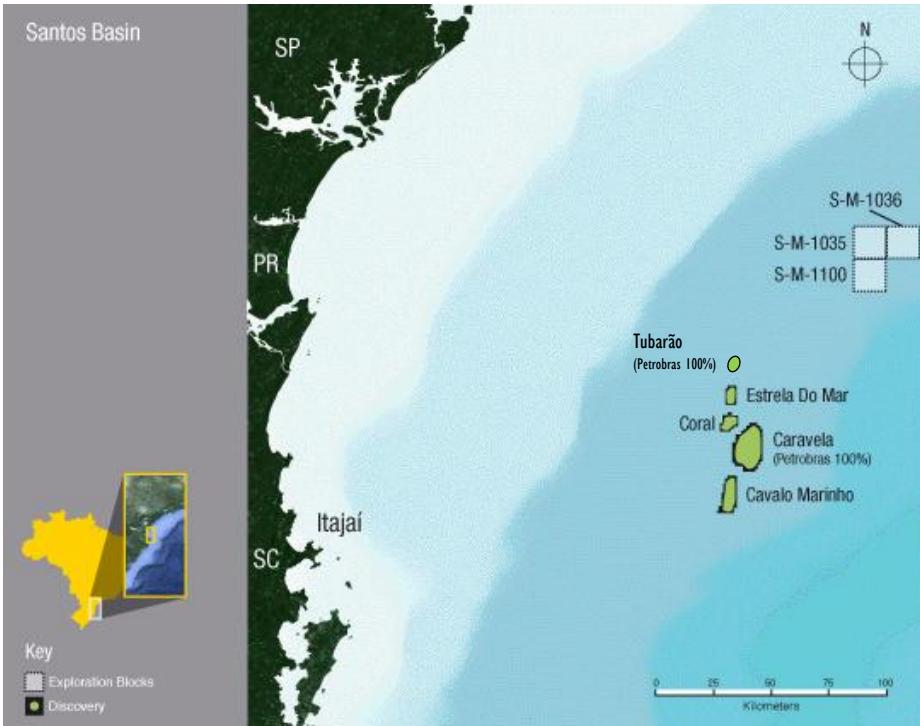
* Based on historical production from Elf and two recent wells

BS-3 area

Significant development projects

BS-3 area (Brazil)

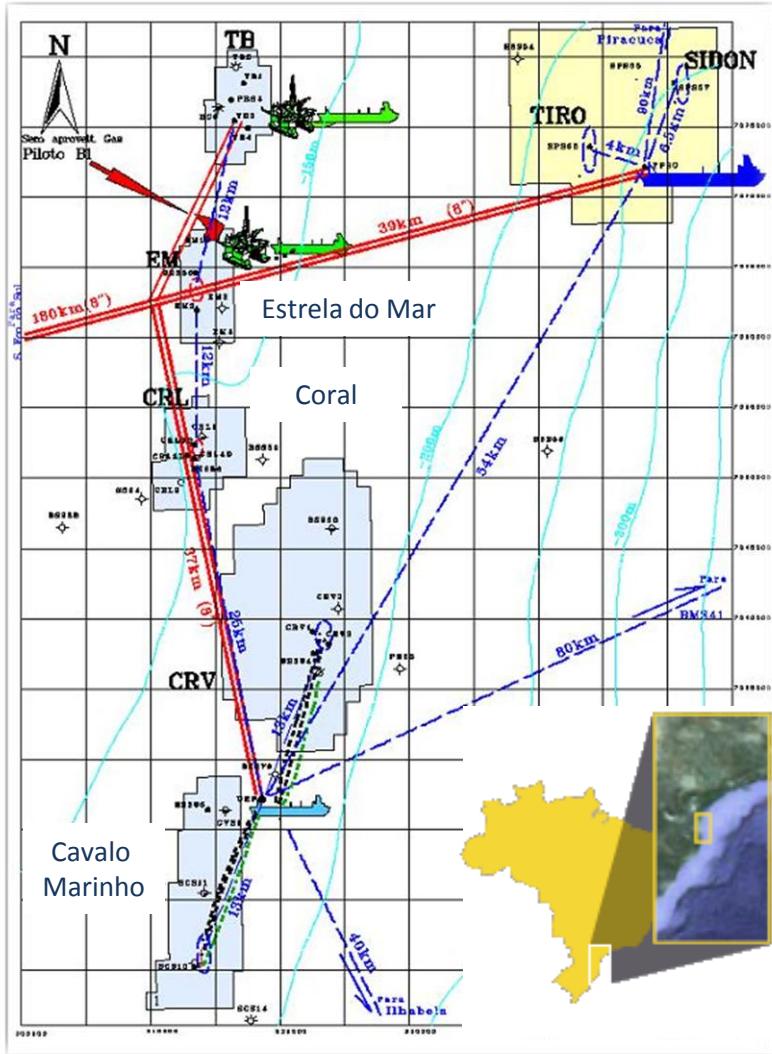
Operator	Petrobras (35-100%)
Other Partners	Queiroz Galvão (0-15%), Brasoil (0-15%)
1st Prod	2015
Current stage	Concept selection ongoing



- Cluster of five oil & gas discoveries in the southern Santos Basin, whereof Panoro has ownership in three
 - Cavalho Marino (50%), Estrela do Mar (65%), Coral (35%)
- Total recoverable resources from high permeability B2/B3 reservoirs of approximately 100 MMBOE (~37 MMBOE net to Panoro)
- Low permeability B1 reservoirs containing up to 1 billion boe Oil-in-Place in Estrela do Mar and Cavallo Marinho
- A proven producer
 - Coral (35%) produced ~12 MMBOE from 2003-2008
 - Caravela (100% Petrobras) produced ~20 MMBOE from 1994-2002

BS-3 area – New development plans filed Jan 13, 2011

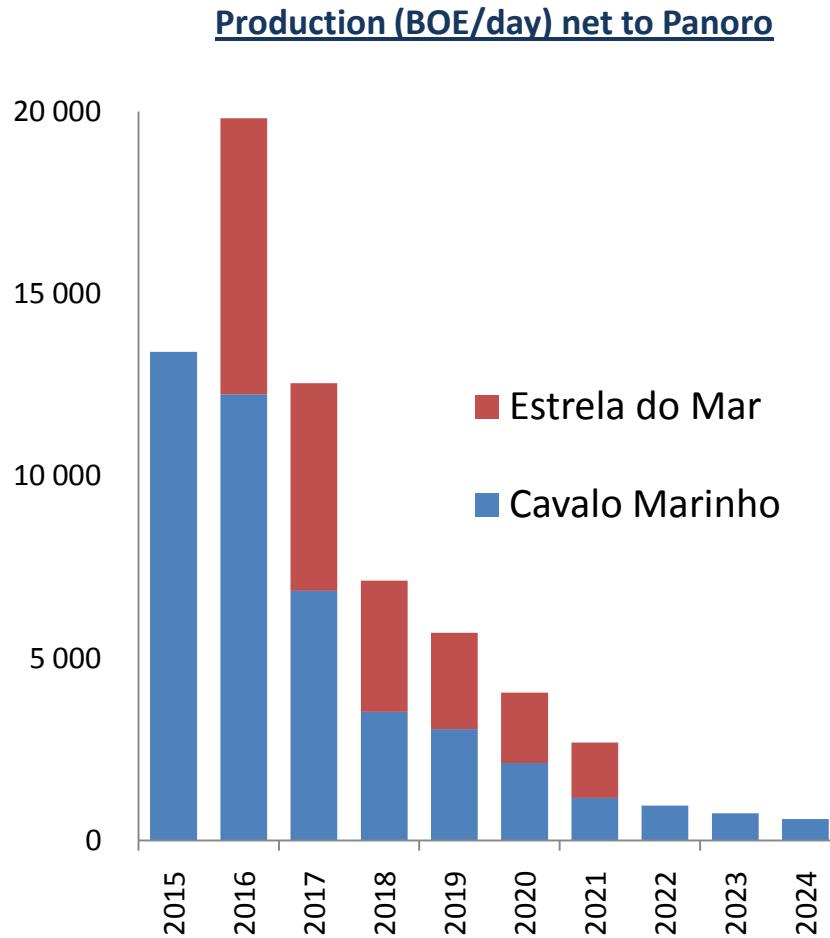
Santos Basin developments - Cavalo Marinho (50%), Estrela do Mar (65%)



- Shared gas export system, also with other fields in the area (e.g Tiro and Sidon)
- Pilot production in low permeability B1 reservoir in Estrela do Mar
- Integration of Estrela do Mar as a satellite connection to a common FPSO will be evaluated
- Studies planned to decide when/how to integrate redevelopment of Coral (35%)
- Final concept selection expected Q3-2011, FID expected in H1 2012

BS-3 area – New development plans filed Jan 13, 2011

Santos Basin developments - Cavallo Marinho (50%), Estrela do Mar (65%)



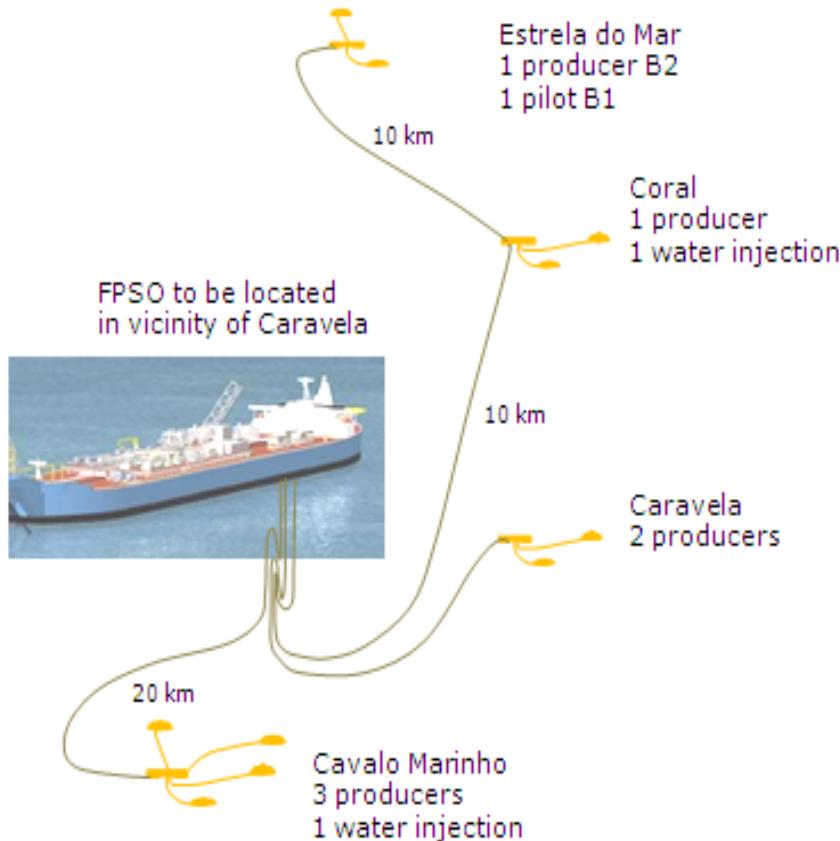
According to plans of development;

- Production start-up Q1-2015
- Break-even* oil price of USD ~50 per barrel
- Total CAPEX net to Panoro USD 220 million for Cavallo Marinho
- Total CAPEX net to Panoro USD 230 million for Estrela do Mar
- P50 volumes of 25 MMBOE net to Panoro

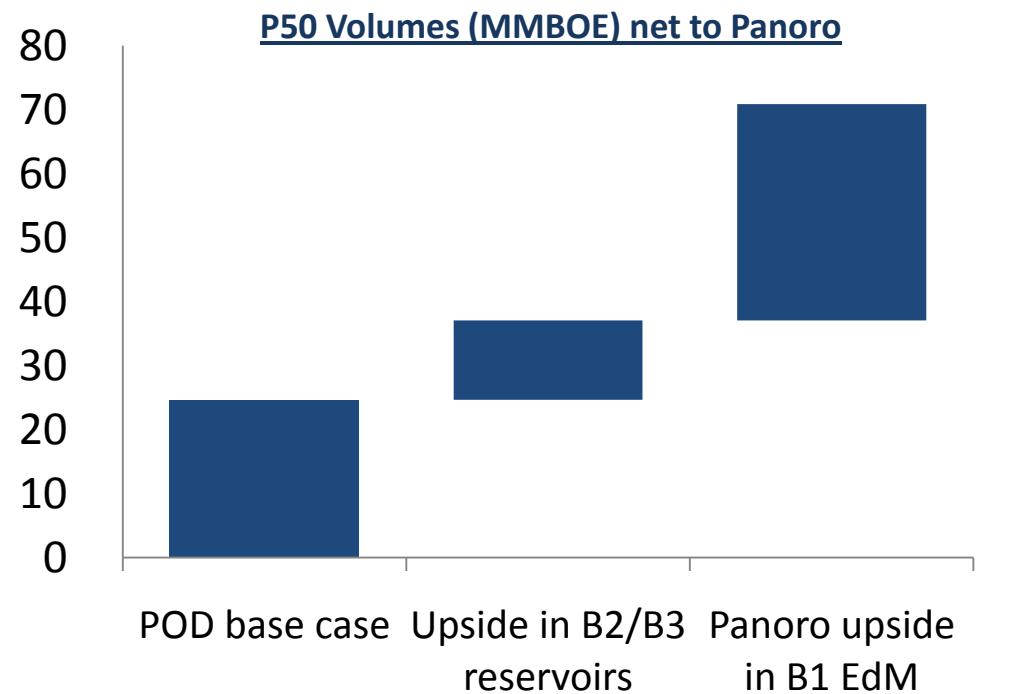
* At 10% discount rate

BS-3 area – Further upside potential

Cavalo Marinho (50%), Estrela do Mar (65%), Coral (35%)



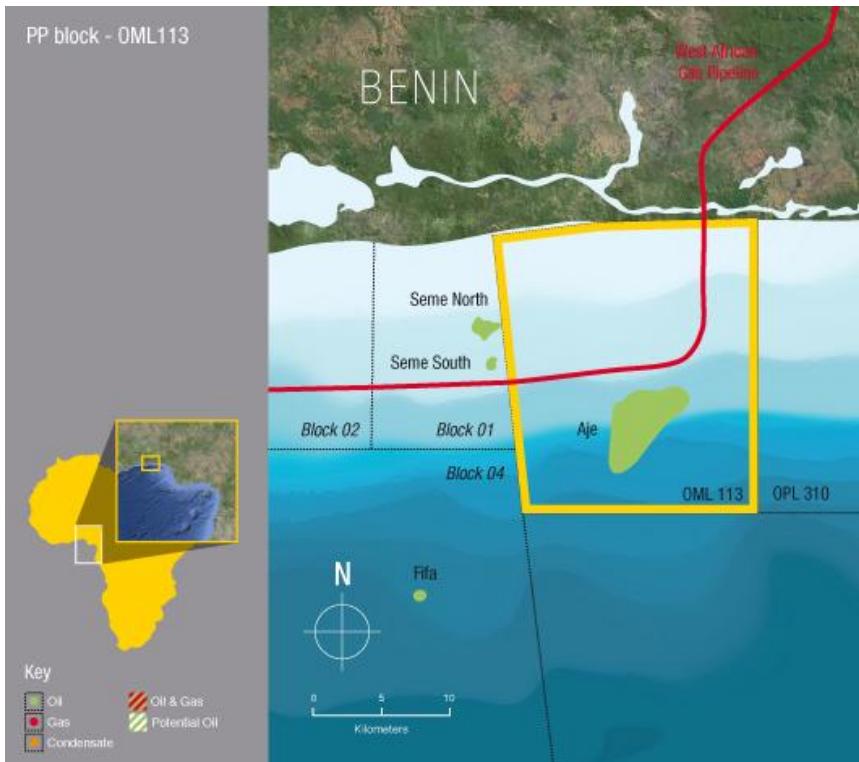
- Interpretation of geological maps shows higher Oil-in-Place (STOOIP)
- Use of long-reach horizontal wells, and unconventional well completions (Open-Hole)
- Cost synergies



Development Asset – Aje

Large gas, condensate and oil discovery

Aje (Nigeria)		OML 113
Operator	YFP , Chevron Tech Adv	
Participating Interest	6.502%*	
Other Partners	Vitol, Providence	
1st Production	TBD	
Current stage	Field Development Planning	

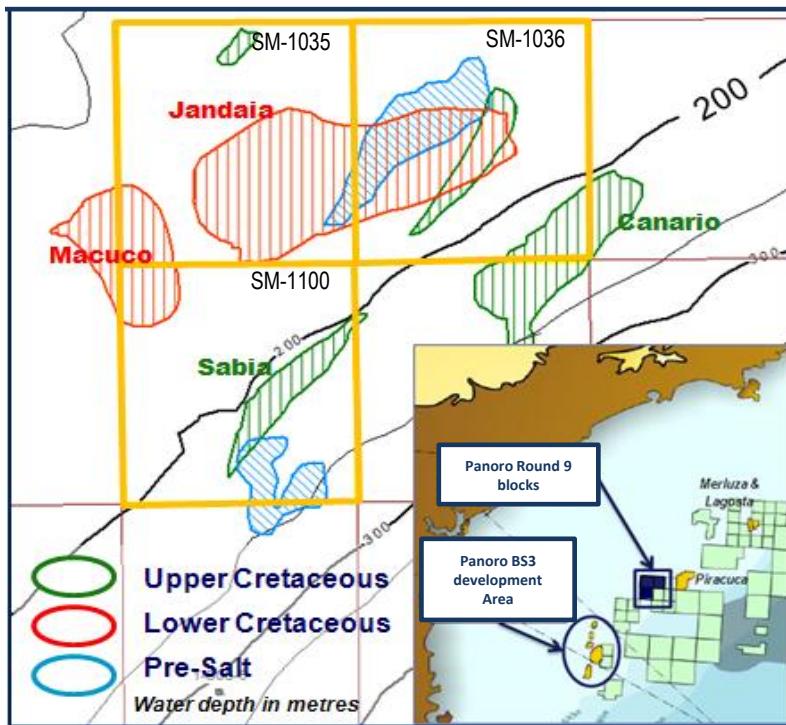


- Chevron as Technical Advisor, YFP a reputable Nigerian Operator
- The OML113 partners are continuing to progress the development of the Aje field
- Further work is needed to ensure the project's commercial aspects following resource downgrade
- JV partners are evaluating this before commencing Front End Engineering and Design (FEED)

Exploration asset - Round 9 blocks

Successful farm-out

Round 9 (Brazil)	SM-1035, SM-1036, SM-1100
Operator	Vanco (70%)*
Working Interest	15%*
Other Partners	Brasoil 15%*
Net resources (MMboe)	130-165 (unrisked prospects)
Current stage	Well planning



*Pending approval from ANP, Brazilian Petroleum Agency

SM-1035, SM-1036, SM-1100 (50%), Brazil

- Gross unrisked resources of 880-1,100 MMBOE identified in three prospects
- 200 meter water depth
- 3,500-5,000 meter reservoir depth

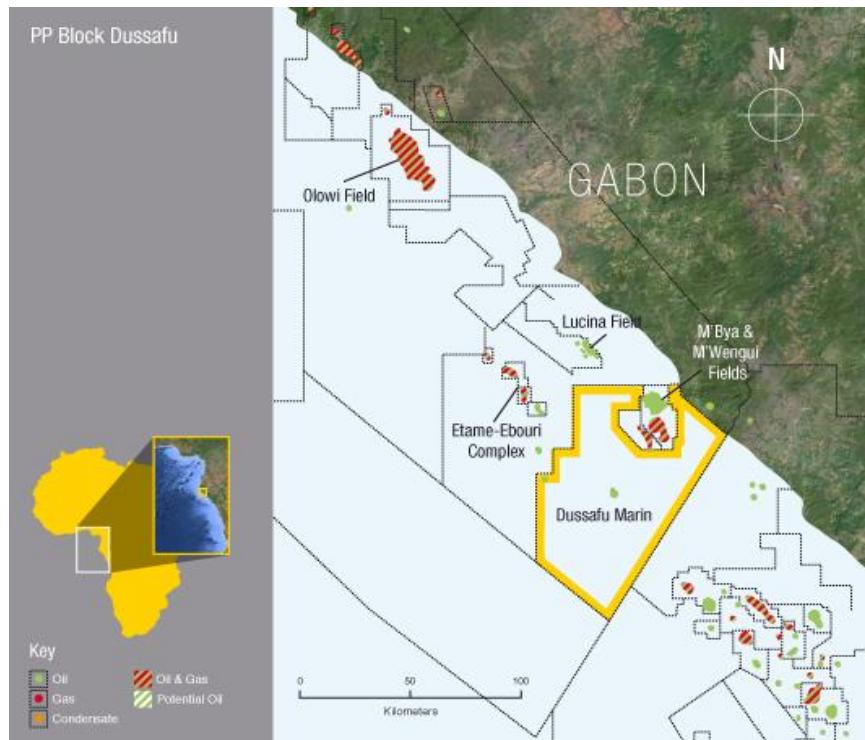
Panoro farmed-out 35% of its 50% to Vanco

- Net proceeds of USD 15 million to Panoro
- Vanco to finance drilling of 3 exploration wells
- Vanco entitled to partially recover drilling costs from future production
- Option for Panoro to increase working interest to 20% prior to drilling
- Transaction pending approval from Brazilian Petroleum Agency, ANP

Exploration asset - Dussafu

Exploration adjacent to infrastructure

Dussafu (Gabon)		Exploration portfolio
Operator	Harvest Natural Resources (66.67%)	
Working Interest	33.33%	
Other Partners	No others	
Net resources (MMboe)	30 MMboe (unrisked)	
Exploration well	H1 2011	
Current stage	Drilling preparations	

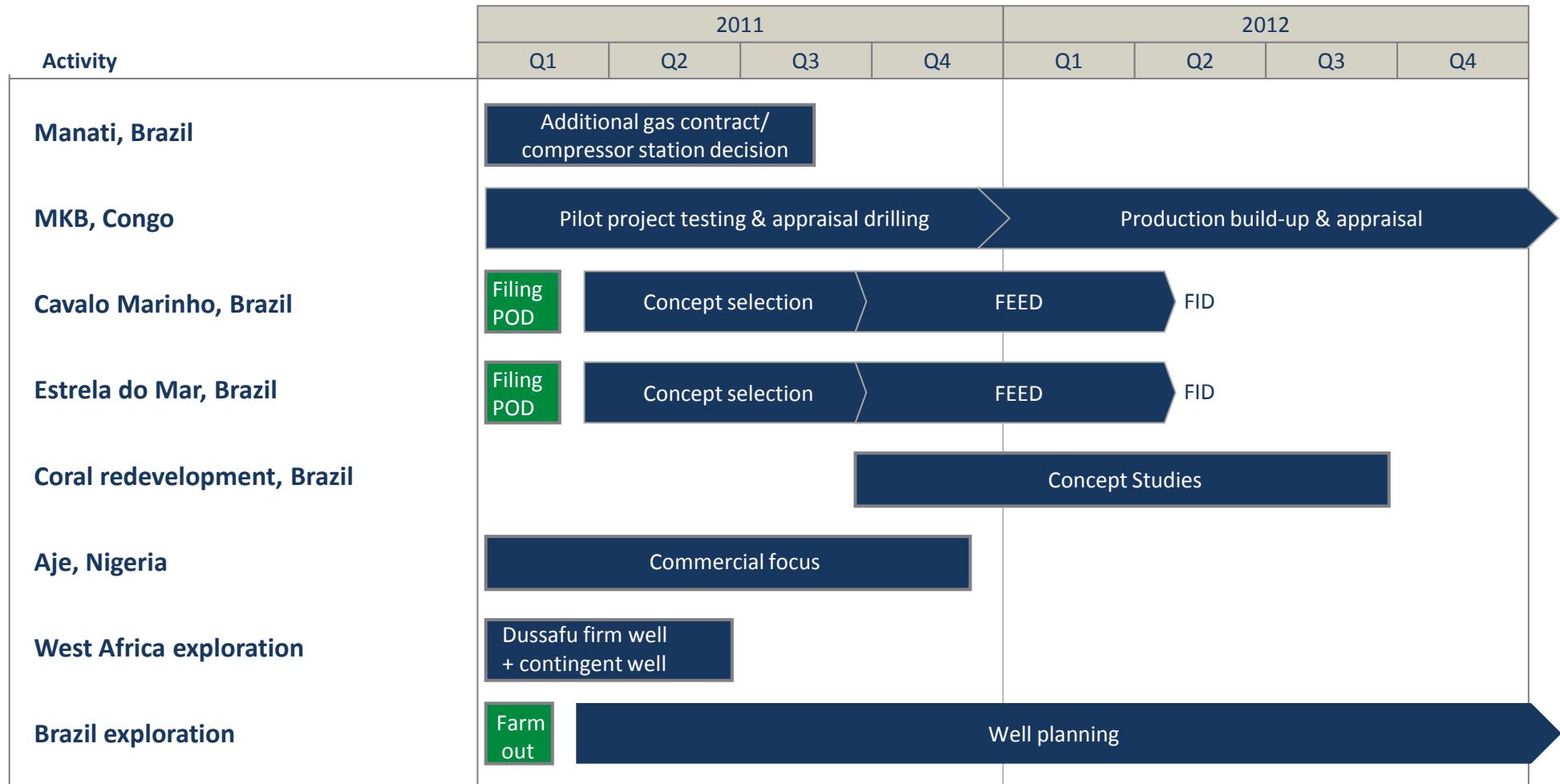


Dussafu Marin (33.33%), Gabon

- 2,775 km² license Southern Gabon basin
- Primary prospects in the Gamba pre-salt fairway
- Drilling of Panoro's first exploration well is expected in Q2-2011
- Pre-drill P50 resource estimate of 30 MMBOE (100%) from first prospect, 90 MMBOE (100%) including additional prospects
- Four small existing discoveries (3 oil, 1 gas) with upside/appraisal potential
- Rig tendering underway

Portfolio outlook

Indicative timelines



Financial summary

- Cash of USD 30 million per Q3-2010
- Post Q3-2010: strengthened balance sheet
 - Improved amortization and released funds from debt restructuring
 - Sale of the Ajapa field in Nigeria for USD 30 million
 - Reimbursement of USD 15 million from farm out in Brazil
- Gross debt of USD ~140 million in senior secured bond issue
 - 2018 maturing bond secured in the Manati gas field
 - USD 14m amortization p.a. from 2012
- Continue to utilize portfolio to improve financial flexibility and finance further growth

Delivering on 18 months business plan

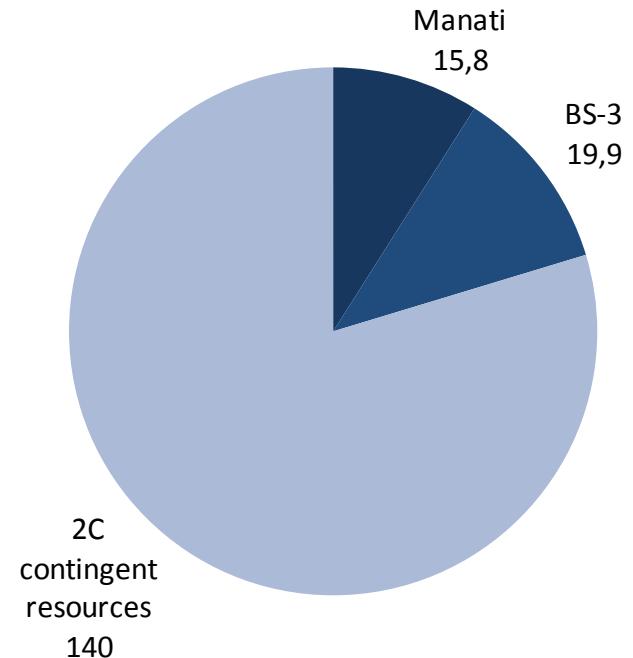
Event	Status
Close sale of the Ajapa field offshore Nigeria	✓
Refinance existing debt with long term debt aligned to Manati cash flow	✓
Secure financing for Brazil exploration wells through farm-down	✓
Submit Plan of Development for Cavalo Marinho and Estrela do Mar offshore Brazil	✓
Secure long-term financing for development assets	Ongoing
Finalize pilot program and initiate commercial production in Congo	2011 catalyst
Drill Panoro's first exploration well	2011 catalyst
Move Cavalo Marinho and Estrela do Mar to final concept selection	2011 catalyst

Appendix

Significant reserve and resource base

Potential for strong growth from existing resource base

Reserves and resources*	MMboe
Manati	15.8
BS-3	19.9
Total 2P reserves	35.7
Total 2C contingent resources	~140
2P+2C reserves & resources	~175

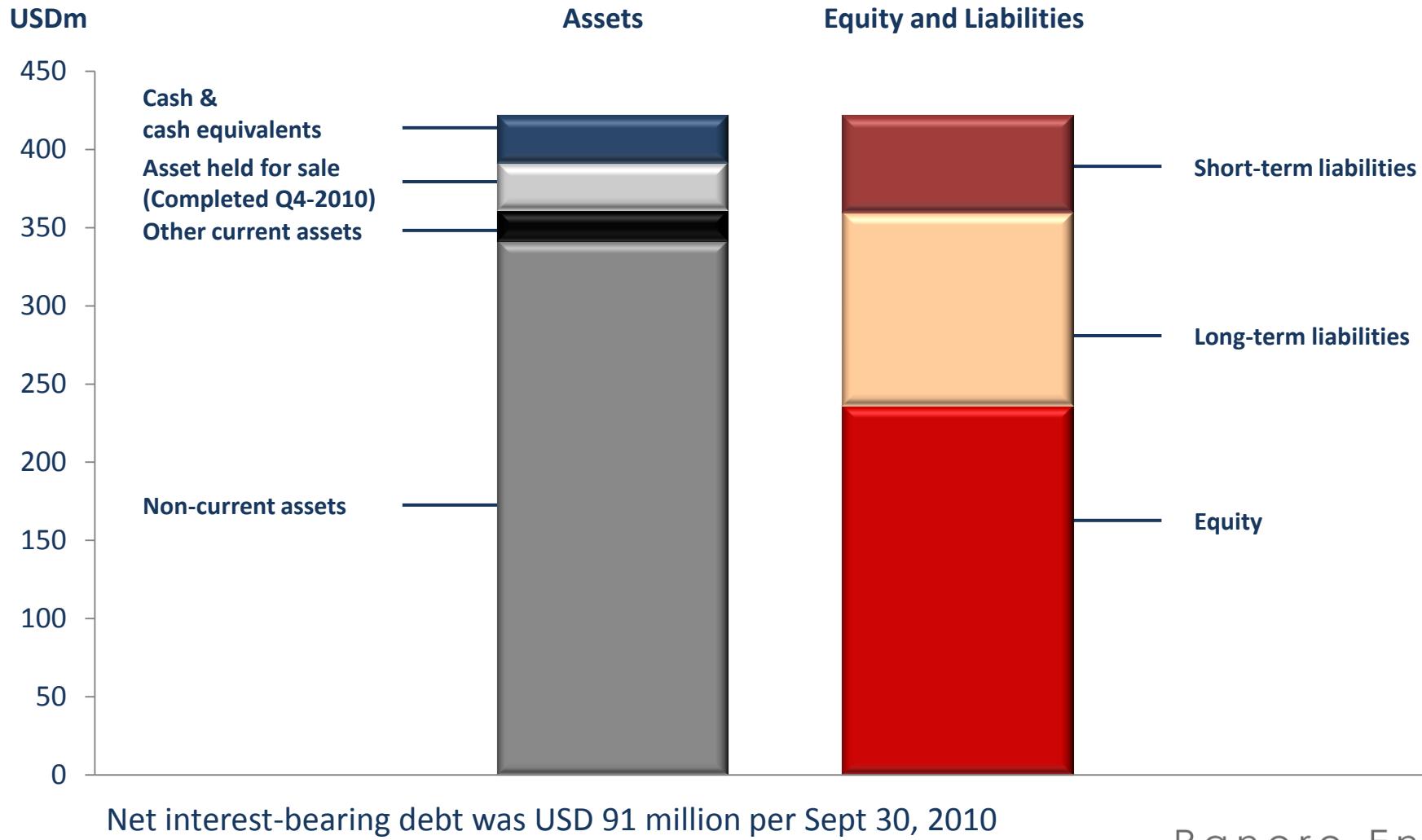


Profit & Loss Statement (USD '000)

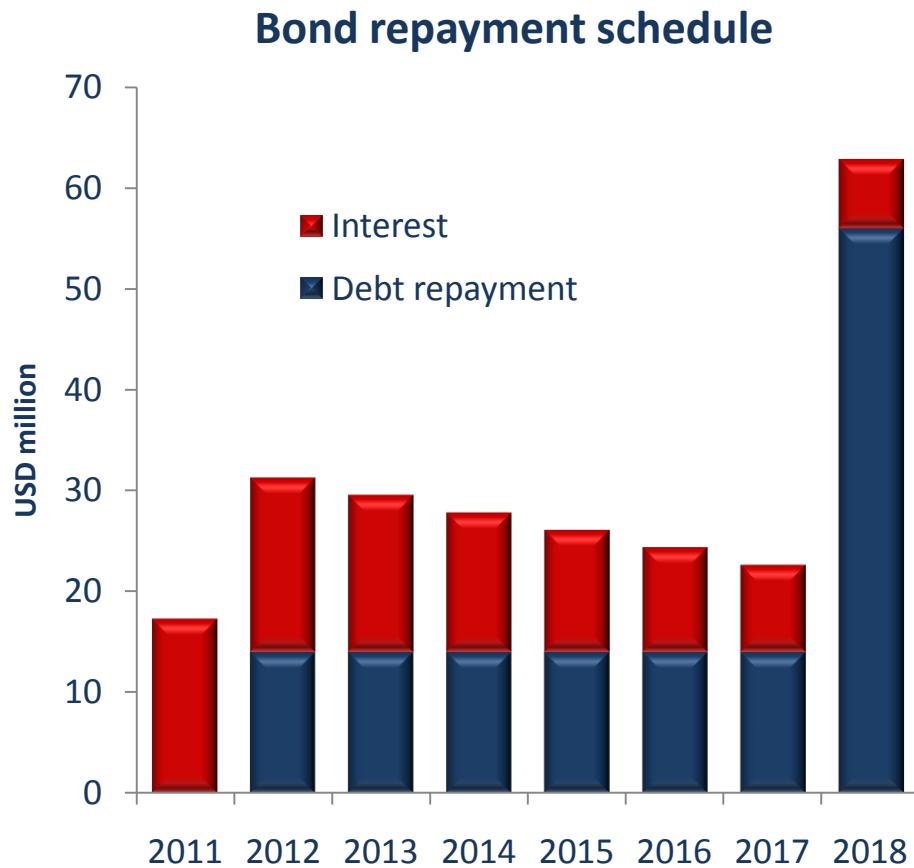
Condensed consolidated statement of comprehensive income	Q2-2010	Q3-2010
Oil and Gas revenue	9,695	11,734
Other income	-	-
Total revenues and other income	9,695	11,734
Production costs	(1,164)	(1,220)
Exploration and dry-hole costs	(4,659)	(96)
General and administrative costs	(2,786)	(3,207)
Merger and restructuring costs	(4,678)	(198)
EBITDA	(3,592)	7,013
Depreciation	(1,966)	(2,324)
Share-based payments		(106)
EBIT - Operating income/(loss)	(5,558)	4,583
Gain on acquisition of subsidiary	2,931	-
Net finance income/(costs)	(5,678)	(4,000)
Net foreign exchange gain/(loss)	(47)	1,431
Warrants effect - gain/(loss)	(577)	129
Income/(loss) before tax	(8,929)	2,143
Income tax benefit/(expense)	2,008	(2,871)
Net income/(loss) for the period	(6,921)	(728)

Balance sheet

Per September 30, 2010



Debt structure



8-year secured bond loan:

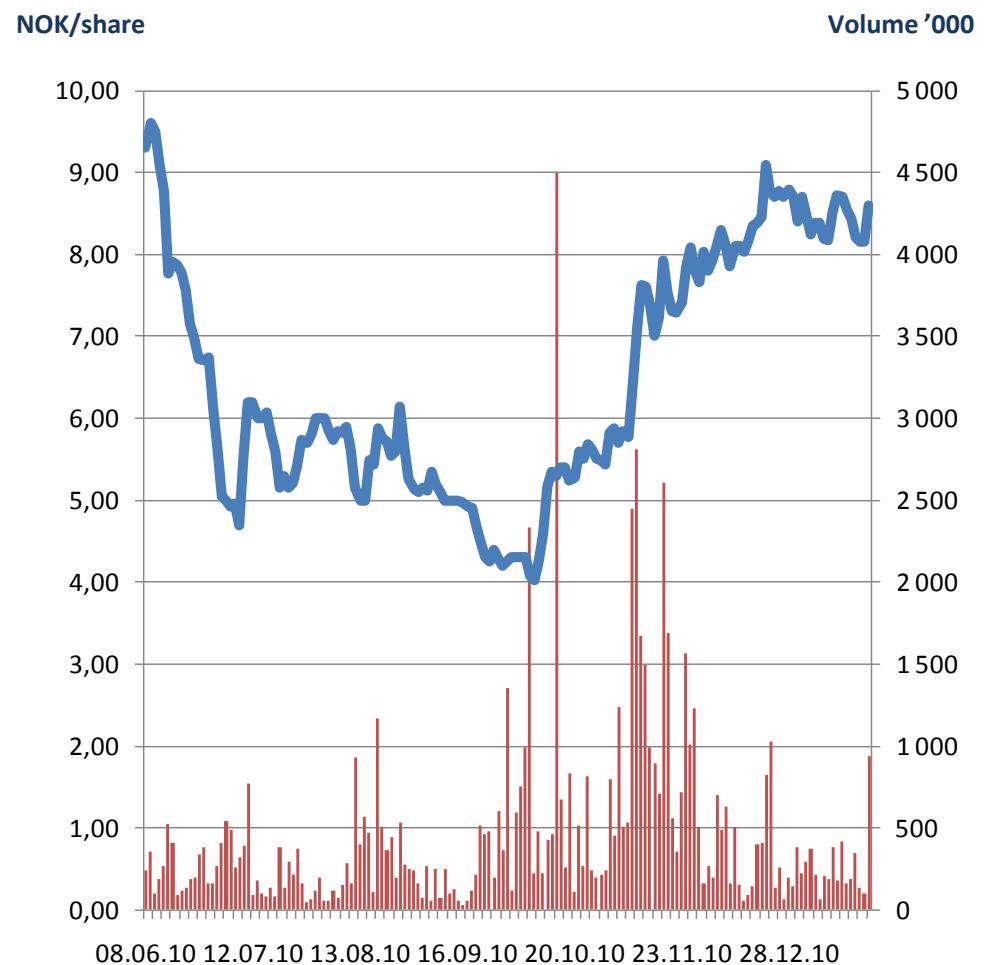
- USD 105 million @ 12.0% interest
- NOK 205 million @ 13.5% interest
- Total approx. USD 140 million
- Pledged to the Manati field

Shareholder overview and share price

	Name	# of shares	%
1	Goldman Sachs Int	58 861 681	35,90
2	UBS AG London Branch	48 014 631	29,30
3	Goldman Sachs & Co	3 042 732	1,86
4	Morgan Stanley & Co	1 594 792	0,97
5	Dr Phil Vingoe	1 339 669	0,82
6	Nishant Dighe	1 259 669	0,77
7	Varma Mutual Pension	1 238 690	0,76
8	KLP Aksje Norge	1 151 433	0,70
9	DNB Nor SMB	1 125 000	0,69
10	Bank of New York Mellon	940 256	0,57
11	JP Morgan Chase Bank	930 000	0,57
12	DWPBANK AG	922 871	0,56
13	Arctic Securities	761 689	0,46
14	Westcap A/S	747 020	0,46
15	BNP Paribas	700 000	0,43
16	Banque Cantonale	700 000	0,43
17	Clearstream Banking	621 272	0,38
18	Nordnet Bank AB	568 460	0,35
19	CSPN Holding AS	530 000	0,32
20	Six Sis AG	527 747	0,32

Top 20 **125 577 612** **76,6**

Total **163 947 081** **100,0**



Shareholders per Jan 19, 2011