

Panoro Energy



Geographically-focused
West Africa E&P with
attractive assets in
Gabon & Nigeria

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Panoro Energy ASA – Corporate Snapshot

Panoro is an Oslo-listed Exploration and Production company with near-term development assets in West Africa and substantial exploration and appraisal upside

Key Corporate Information

Fully paid ordinary shares	234,545,786
Market Capitalisation	NOK797m / US\$133m ¹
Net Cash (post Manati Closing)	NOK395m / US\$66m
2C Working Interest Contingent Resources	37.7 mmboe ⁽²⁾
Risked Prospective Resources (ex. Syn-Rift potential)	95mmboe ⁽³⁾

Share Price Performance – Past 12 Months



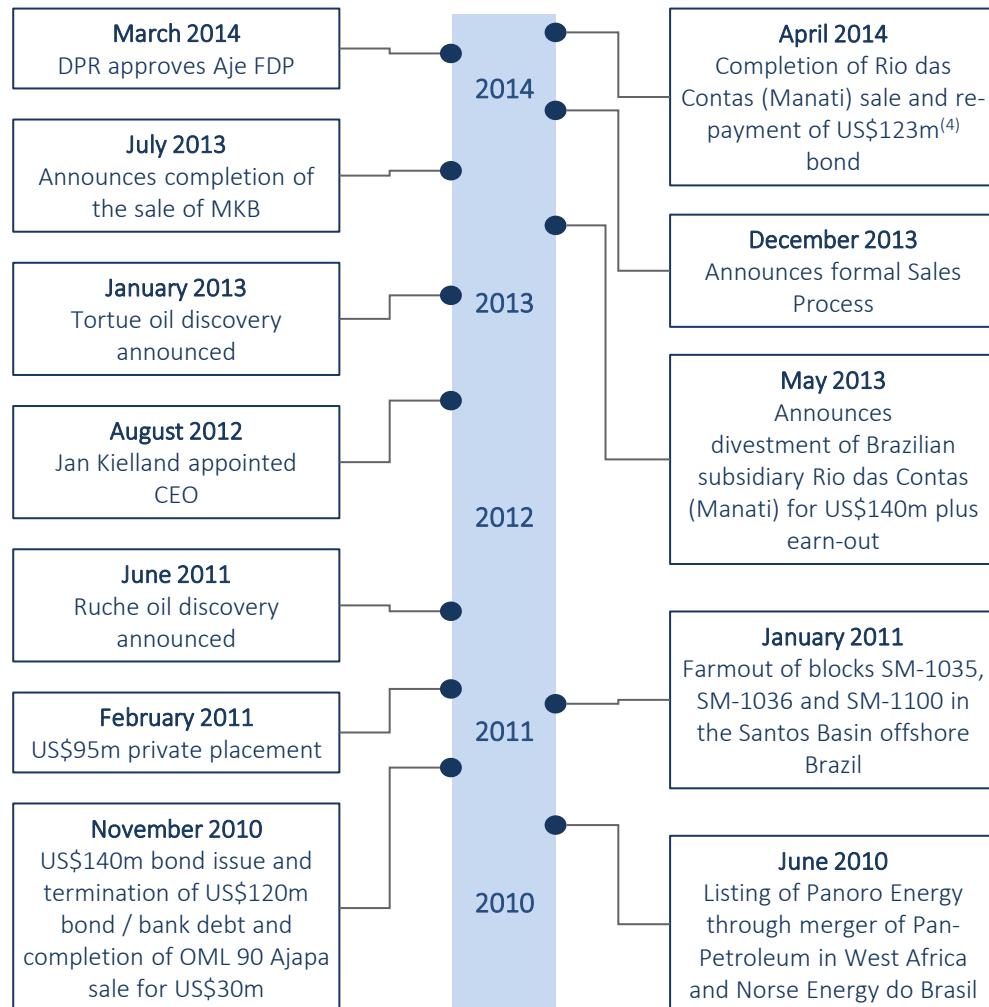
¹⁾ Based on a share price of NOK 3.40 as of 08/04/2014

²⁾ Aje: TRACS as of 31st December 2013 (net 2C of 26.6 mmboe); Dussafu 2C / Most Likely net Working Interest of 11.1 mmbbl from Gaffney Cline & Associates (GCA) as of 31st December 2013. Dussafu net Working Interest 2C is pre a potential back-in by the Tullow JV (Tulip) of 10% - if exercised this would reduce Panoro's Working Interest to 30%. Dussafu 2C contingent resources shown here are Panoro's Working Interest share of the gross field resources; they do not represent Panoro's actual net entitlement under the terms of the PSC that governs the asset, which would likely be lower

³⁾ Prospective resource estimates from operator

⁴⁾ Bond repayment includes repayment penalty and interest

Overview of History from Listing



Panoro Energy – Investment Highlights

Corporate Repositioning Complete

- During 2013 and 2014 Panoro was successfully repositioned strategically and financially through the divestment of its MKB (Congo) and Manati (Brazil) assets and the resulting repayment of the bond loan
- Cost control has been a major area of focus with total G&A costs reduced from US\$16.3m in 2012 to a forecast US\$6m in 2014 for Core G&A

Focused West African Oil Play

- Panoro is now a focused West African story with two non-operated development assets in Nigeria and Gabon and a clear path to over 9,500 bbl/d net Working Interest production by 2017 and total net Working Interest 2C resources of 37.7mmboe
- Panoro's 12.19% revenue interest in the Aje field in Nigeria provides 26.6 mmboe of 2C resource⁽¹⁾ with a meaningful position in a near-term oil development scheduled for first production in Q4 2015
 - ▶ Aje also brings significant upside from the potential gas / condensate development and further exciting exploration potential from the new syn-rift play analogous to the neighbouring Ogo-1 discovery.
 - ▶ 3D seismic survey commenced over the OML 113 licence in conjunction with Afren on the neighbouring OPL 310 licence – survey expected to be completed in May 2014
- Panoro's 33.33% interest in Dussafu in Gabon brings a Working Interest 11.1 mmbbl of 2C resource⁽¹⁾ and an aligned operator targeting early development of the field
 - ▶ Results of the recently acquired 3D seismic, over the outboard section of the licence area, hold potential for significant exploration in 200-300m water depth, consistent with recent pre-salt exploration in other areas of the basin
- Both assets are located in exciting and established geographic plays – the West African Transform Margin and the Gabon Pre-Salt play

¹ Aje: TRACS as of 31st December 2013 (net 2C of 26.6 mmboe); Dussafu 2C / Most Likely net Working Interest of 11.1 mmbbl from Gaffney Cline & Associates (GCA) as of 31st December 2013. Dussafu net Working Interest 2C is pre a potential back-in by the Tullow JV (Tulip) of 10% - if exercised this would reduce Panoro's Working Interest to 30%. Dussafu 2C contingent resources shown here are Panoro's Working Interest share of the gross field resources; they do not represent Panoro's actual net entitlement under the terms of the PSC that governs the asset, which would likely be lower

Panoro Energy – Investment Highlights Continued

Near-Term Newsflow

- Panoro has meaningful near and medium-term organic newsflow potential from its portfolio
- Nigeria's DPR has approved the Aje FDP and the JV partners are targeting first oil in Q4 2015
- The Dussafu JV partners agree that the discoveries represent a commercially viable development - a view supported by Gaffney Cline & Associates
- Processing of recently shot 3D seismic in Gabon on-going and 3D seismic survey underway over OML 113 licence
- Panoro will be running the previously announced corporate Sales Process in parallel with these asset activities and material developments will be announced to the market as appropriate

Strategic Options from Position of Strength

- Panoro today has a highly experienced, Africa focused team who are well able to mature the company's remaining assets whilst also ensuring optimisation of strategic alternatives
- Following the completion of the Manati sale, Panoro has approx. US\$66m of cash and no debt, which not only means that the company is well funded to mature its assets, but also that the announced Sales Process is undertaken from a position of strength
- The Sales Process is designed to uncover whether there is demand from a potential buyer at a valuation level that would be attractive to Panoro's shareholders. If the company does not achieve sufficient value from the process, it remains well positioned to deliver significant shareholder value through the maturing of its asset base

Delivery on Strategy and Divestment Process

Panoro has delivered on its announced divestment process, concluded its strategic review process and announced a formal Sales Process

2013 Divestment Process

Successful divestment processes:

- MKB sold and proceeds received
- Rio das Contas (Manati) sold for US\$140m plus up to US\$20m contingent earn-out
- Aje Divestment process resulted in US\$7m break-fee payment from Lekoil to Panoro and retention of the licence
 - ▶ Change in partnership structure, refocus on near-term oil production as well as regional exploration success means the licence is substantially more attractive than it was when asset sale was originally announced (June 2013)
- Overall, the divestment process has left the company in a robust financial position, with a highly attractive African portfolio, near-term production and significant exploration upside

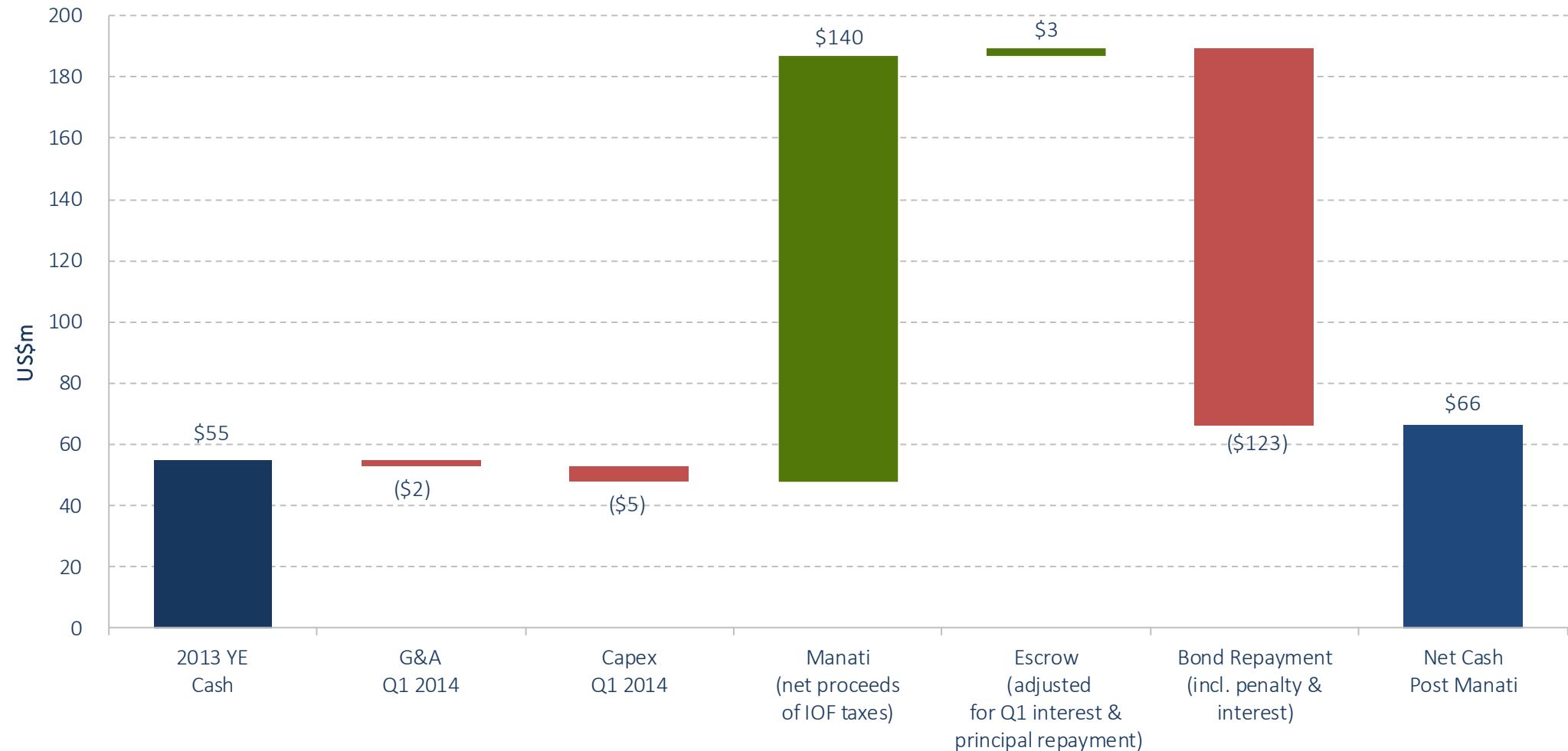
Strategic Review Process Announced (July 2013 Operational Update)

Structured Sales Process to be run by Evercore:

- Best opportunity to maximise short-term value to shareholders through a trade sale representing underlying asset value, while preserving the company's strategic alternatives should such value not be forthcoming
- Company will appeal to buyers looking to establish a West African platform or looking to increase their existing exposure to this region

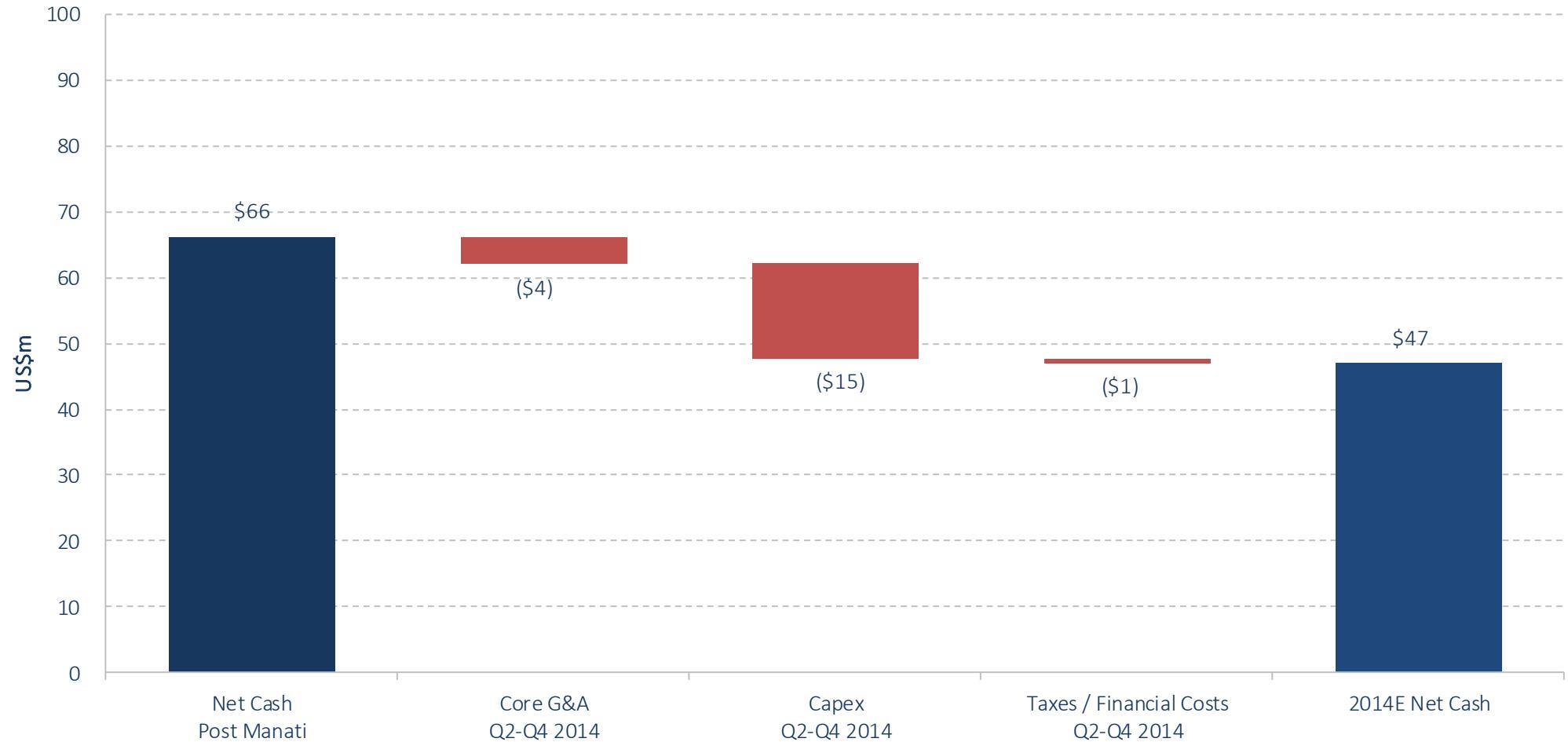
Overview of Financing Position Post Manati Divestment

With the completion of the Manati transaction and repayment of the bond, Panoro has a net cash position of approx. \$66m



Note: Unaudited Panoro estimates. Totals may not add up due to rounding

2014 Q2 – 2014 Year-end Estimated Financial Forecasts



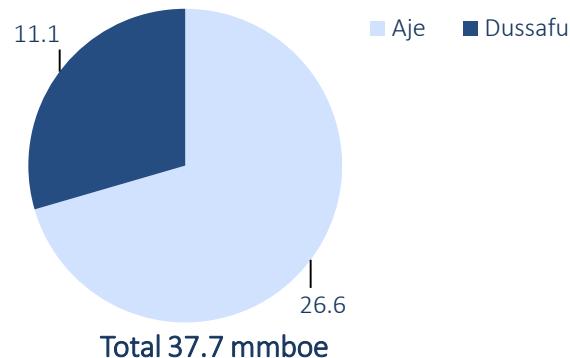
Note: Unaudited Panoro estimates. Totals may not add up due to rounding

Portfolio Overview – Resources and Production

Working Interest Production of approximately 2,300 bbl/d is forecast in 2016, rising to over 9,500 bbl/d by 2017

Panoro Energy – Discovered Resources:

Net Working Interest 2C⁽¹⁾

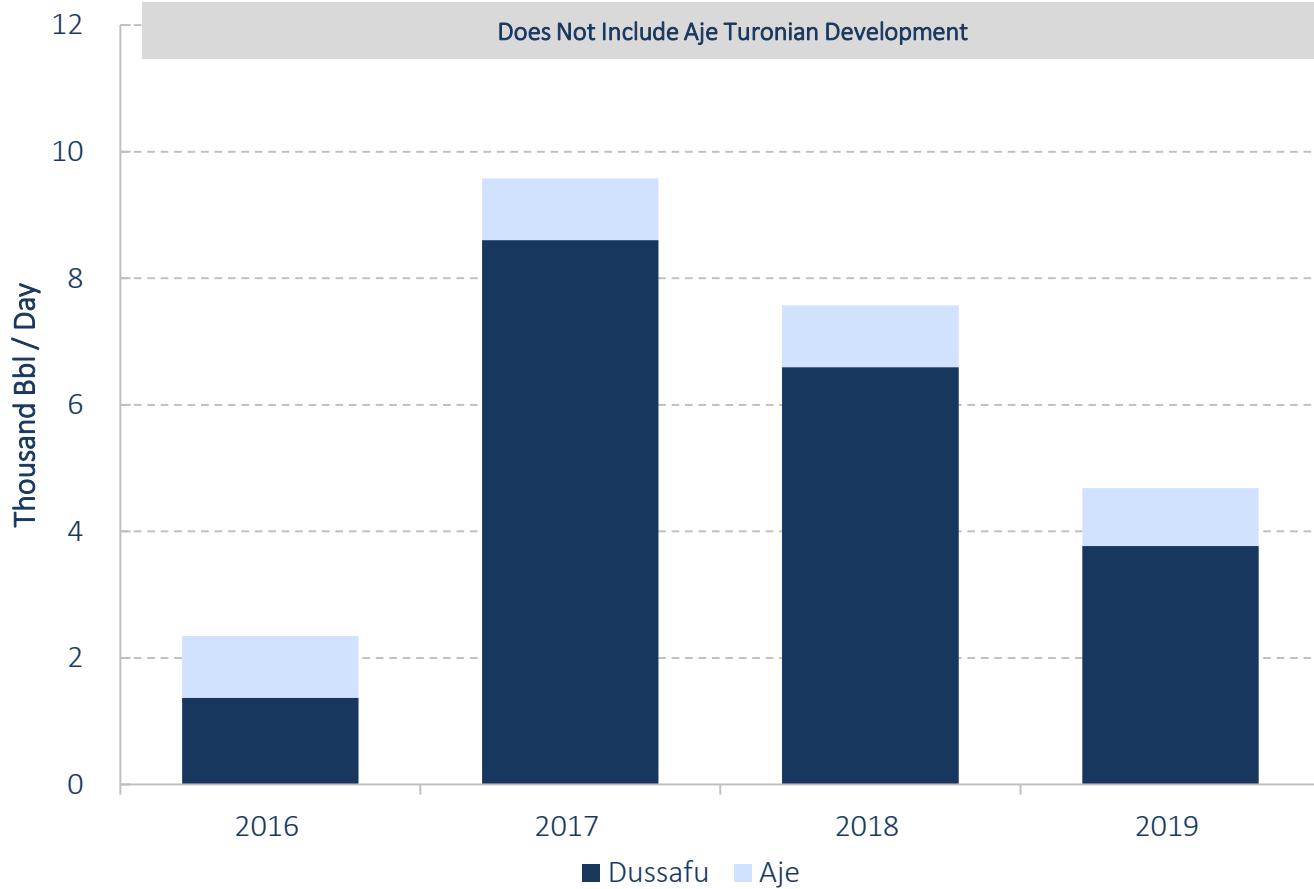


Panoro Energy – Exploration Potential:

Net Working Interest Prospective Resources⁽²⁾



Panoro Energy – 2C / Most Likely Working Interest Production Forecast⁽³⁾



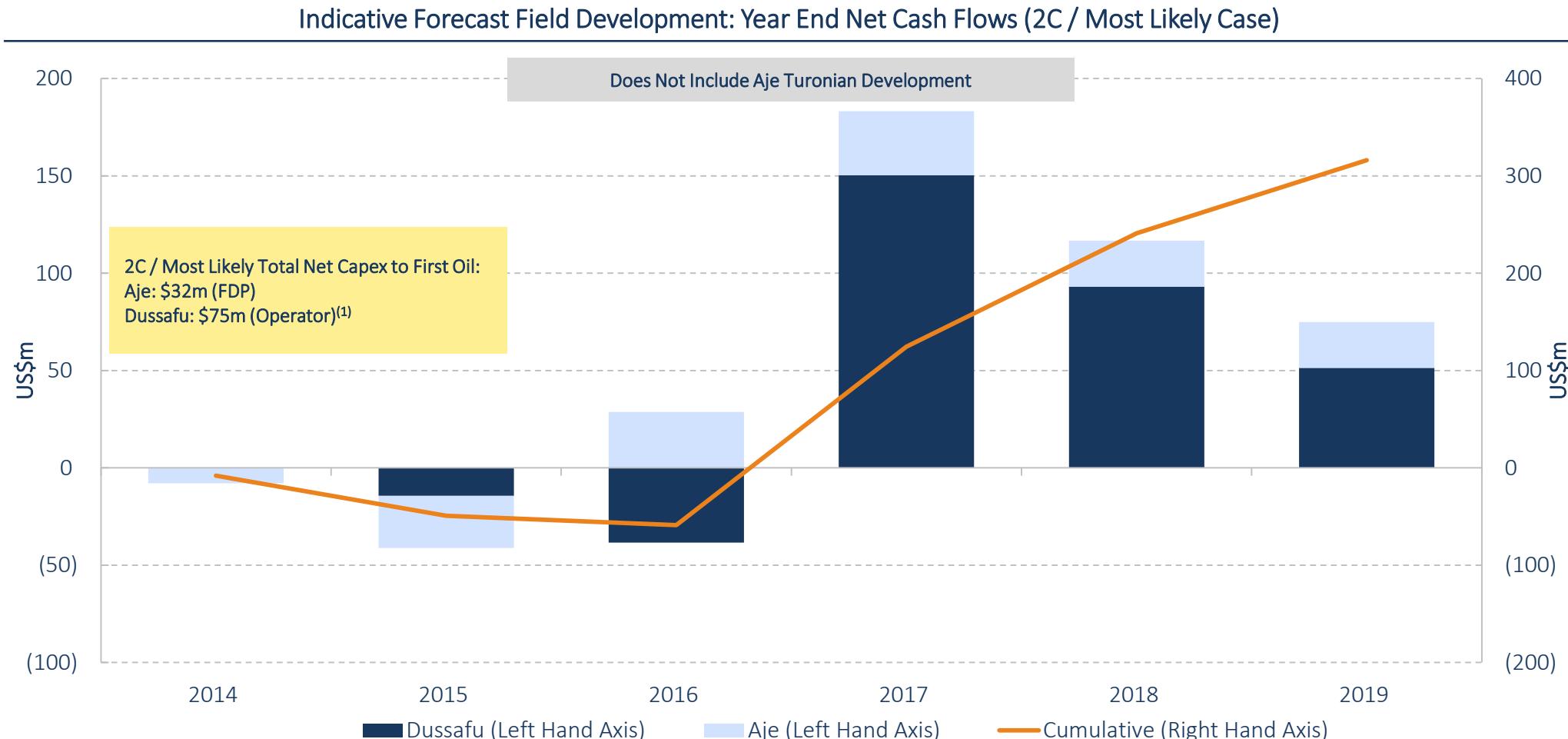
1) Aje: TRACS as of 31st December 2013 (net 2C of 26.6 mmboe); Dussafu 2C / Most Likely net Working Interest of 11.1 mmboe from Gaffney Cline & Associates (GCA) as of 31st December 2013. Dussafu net Working Interest 2C is pre a potential back-in by the Tullow JV (Tulip) of 10% - if exercised this would reduce Panoro's Working Interest to 30%. Dussafu 2C contingent resources shown here are Panoro's Working Interest share of the gross field resources; they do not represent Panoro's actual net entitlement under the terms of the PSC that governs the asset, which would likely be lower

2) Prospective resource estimates from operator - excludes syn-rift potential in Aje

3) Aje production based on the Aje JV's approved FDP's P50 case - net 12.19% revenue interest to Panoro. Dussafu Working Interest production is pre a potential back-in by the Tullow JV (Tulip) of 10%, and is based on GCA gross field production forecasts as of 31st December 2013 - given management's current estimate of first oil, these forecasts have been delayed by one year

Dussafu & Aje Field Development: Indicative Cash Flows

Panoro's assets are forecast to deliver significant positive cash flow from 2017 onwards and the company would expect project financing to be available to help fund the Dussafu development



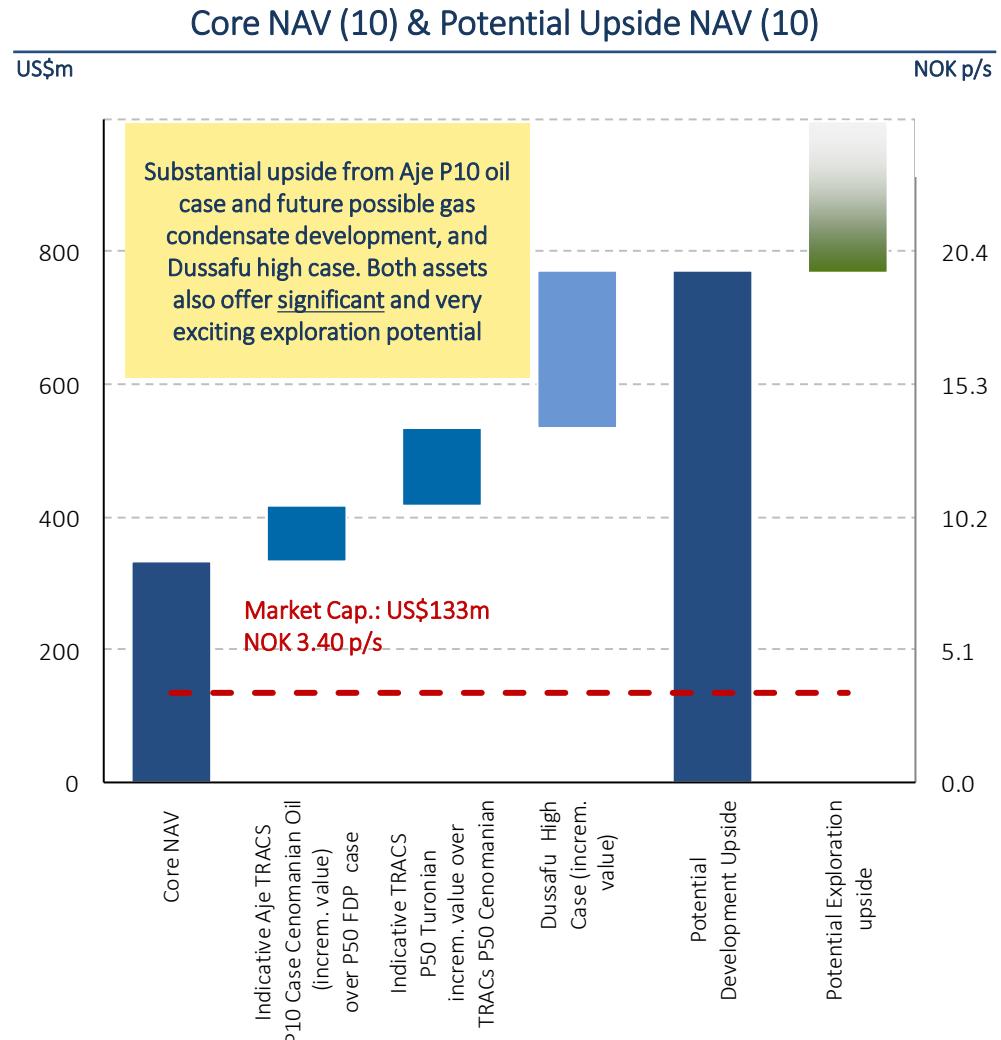
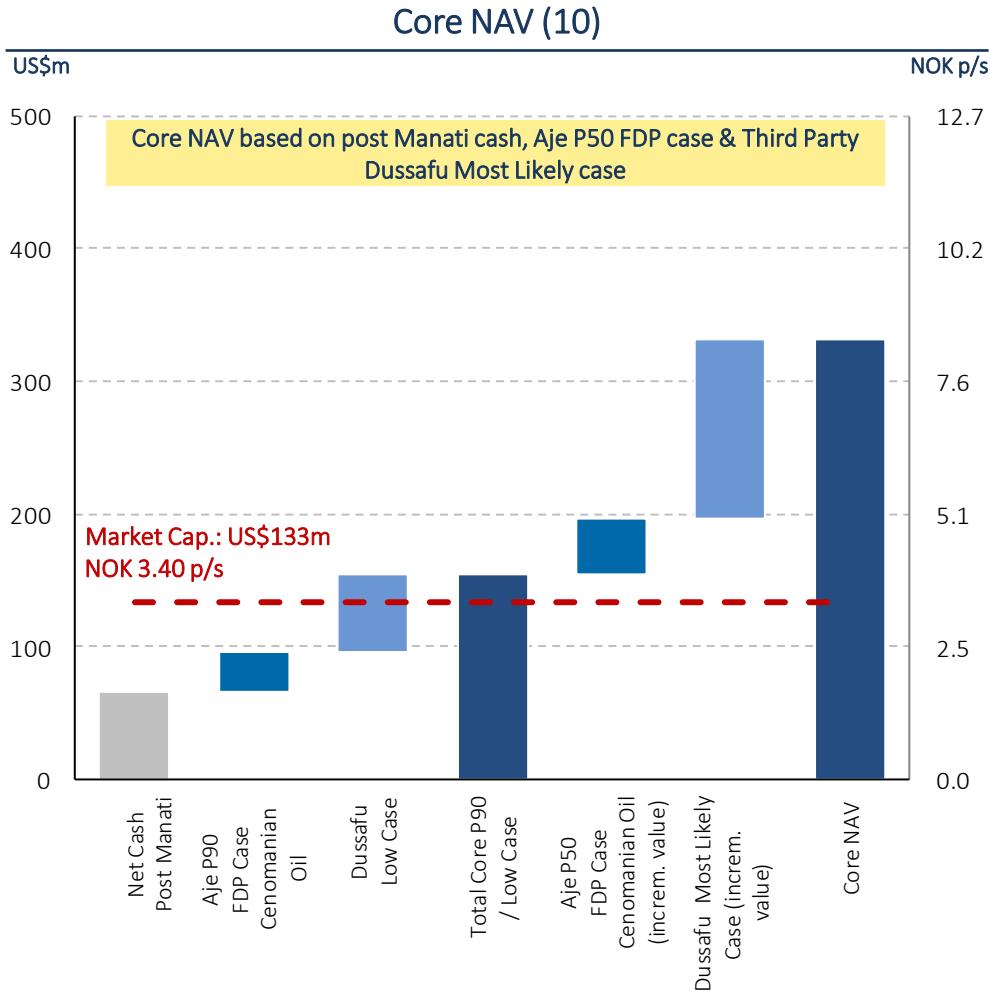
Note: net cash flows are based on year-end values

Aje Cenomanian Oil forecasts are based on the Aje JV's approved FDP's PSO case, oil price assumption of \$100/bbl with 2.5% annual escalation. Dussafu cashflows assume Tullow JV (Tulip) will exercise its back-in right of 10% (i.e. Panoro's Working Interest is reduced from 33.3% to 30%), and are based on GCA's unrisked contractor cash flows as of 31st December 2013 which assume a flat oil price of \$108/bbl; given management's current estimate of first oil these on GCA cash flows have been delayed by one year. Project cash flows exclude corporate G&A

⁽¹⁾ Capex to first oil assumes Tullow JV (Tulip) will exercise its back-in right of 10%

Panoro Sum of the Parts Valuation

Panoro is currently trading below the P90 / low case value of its assets and its cash position

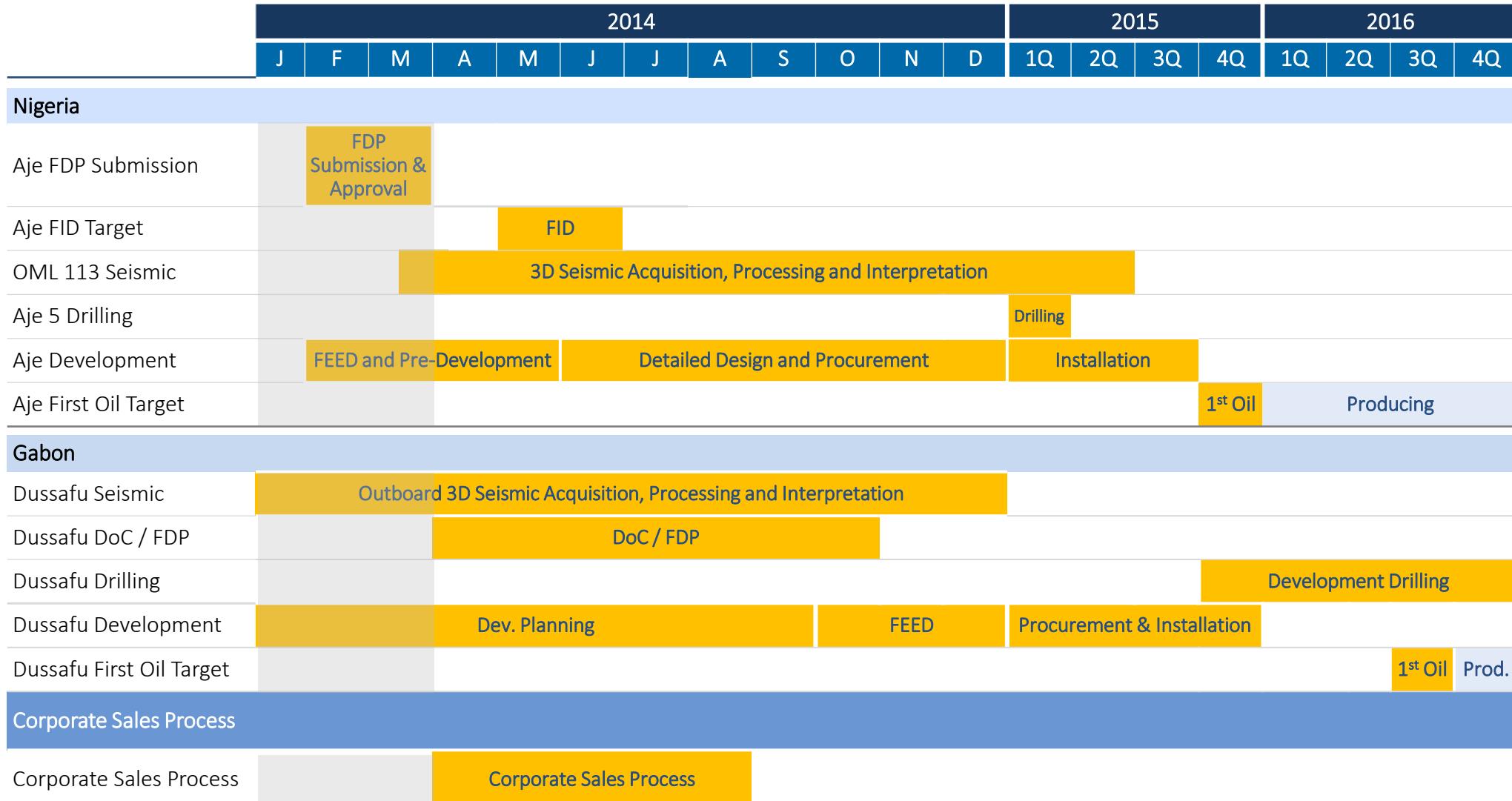


Note:

Aje Cenomanian Oil P90 & P50 values are based on the Aje JV's approved FDP's cases, oil price assumption of \$100/bbl with 2.5% annual escalation. The Aje P10 upside (which assumes a 5-well case) and P50 Cenomanian Oil & Turonian gas condensate development based on TRACS as of 31st December 2013 - oil price assumption of \$100/bbl with 2.5% annual escalation. Dussafu NAVs have been computed based on Dussafu cashflows which assume that the Tullow JV (Tulip) will exercise its back-in right of 10% (i.e. Panoro's Working Interest is reduced from 33.3% to 30%), and are based on GCA's unrisked contractor cash flows as of 31st December 2013 which assume a flat oil price of \$108/bbl; given management's current estimate of first oil these on GCA cash flows have been delayed by one year and discounted accordingly. NAV excludes potential value of Manati earn-out which at current exchange rates is estimated to be worth approx. \$3m on an NPV(10) basis; in the event that the BRL / USD exchange rate appreciates to 2.0 the NPV(10) of the earn-out rises to approx. \$9m

Key Corporate Milestones and Work Programme

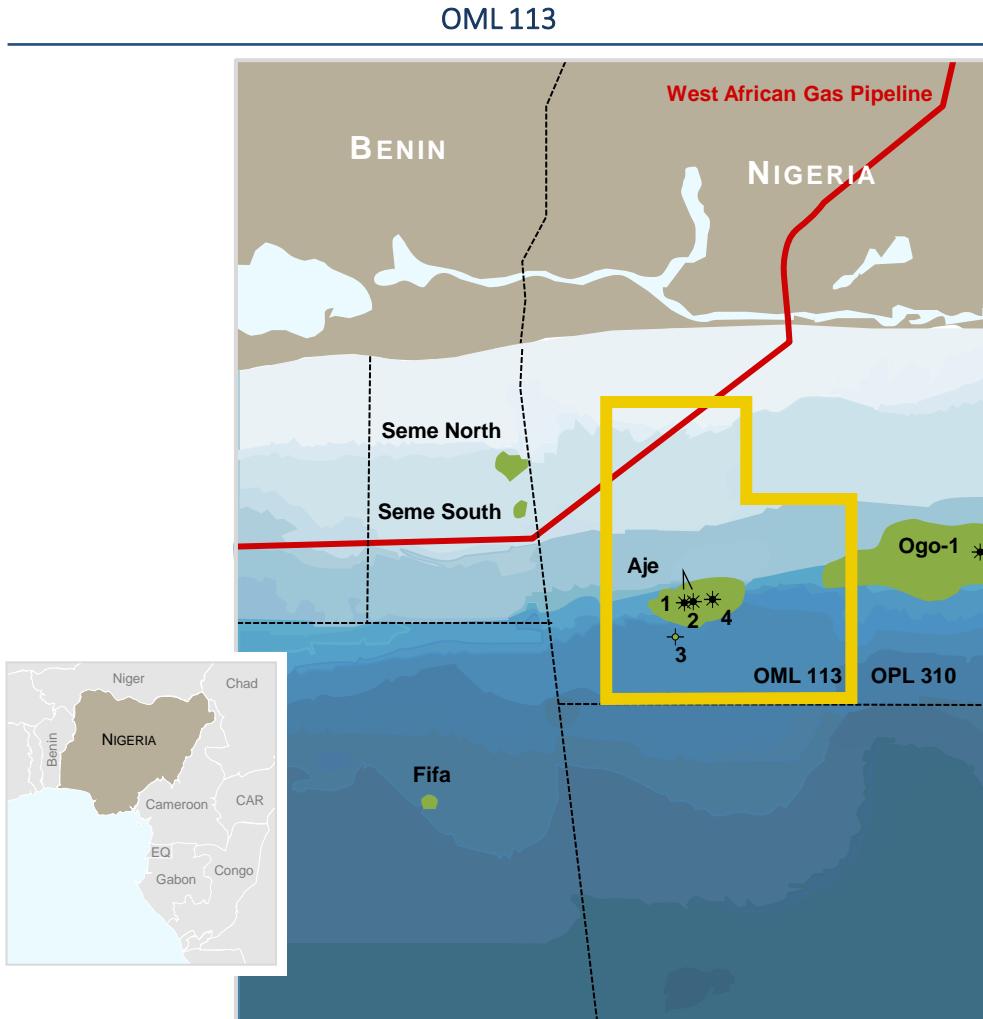
Panoro has a strong pipeline of newsflow from its asset base



OML 113

Introduction to Aje

Fast track early oil development with fully aligned partnership (since Chevron's exit in July 2013) with subsequent gas / condensate and material exploration potential



(1) 16.255% paying interest, 6.502% working interest. Panoro is entitled to 12.2% of the revenue stream from Aje field

Aje (Nigeria)

Operator	Yinka Folawiyo Petroleum (YFP)
Revenue Interest	12.19% ⁽¹⁾
Other Partners	New Age, Jacka Resources, FHN (Afren), EER
1 st Production	Q4 2015
Current stage	Field Development Plan Finalisation

OML 113

Yinka Folawiyo Petroleum (YFP)

12.19%⁽¹⁾

New Age, Jacka Resources, FHN (Afren), EER

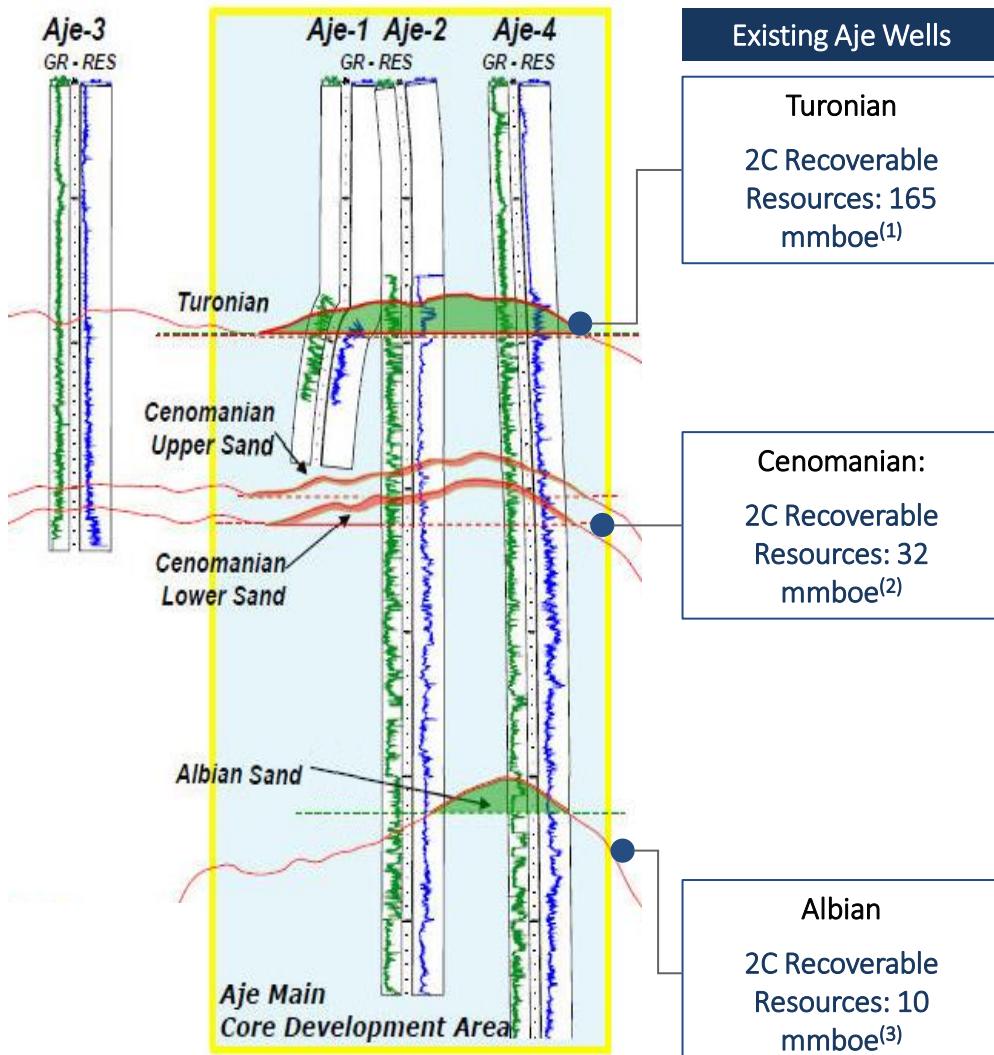
Q4 2015

Field Development Plan Finalisation

Key Facts

- Gas, condensate and oil discovery in water depth 100-1,500 meters, 24 km from coastline, approx. 200km away from the Delta region and close to Lagos and West-Africa Gas Pipeline for gas monetisation
- Discovery of Major field, Ogo, in adjacent OPL 310, with operator estimated gross P50 resources of 774mmboe, in Syn-Rift opens up exciting new play fairway
 - 3D seismic survey commenced over the OML 113 licence in conjunction with Afren on the neighbouring OPL 310 licence – survey expected to be completed in May 2014
- Within the state of Lagos where there is no current production
 - As a Frontier (Dahomey) Basin, Aje benefits from a reduced 50% Petroleum Profits Tax (PPT) as opposed to 85%
- Focus on moving forward with early 2 well oil project, agreed by all licence partners – expect early Cenomanian first oil in Q4 2015
 - More Cenomanian wells as second phase
 - Gas condensate project to follow as a third phase
 - Aje Divestment process resulted in US\$7m break-fee payment from Lekoil to Panoro and retention of the licence
 - Change in partnership structure and new focus on planned oil development to relatively near-term oil production as well as regional exploration success means licence is substantially more attractive than it was when asset sale was originally announced

Aje Project Overview and Hydrocarbon Reservoirs



1) Sourced from TRACS 31st December 2013

2) DPR approved P50 FDP figures

3) Source from Chevron resource assessment June 2010. Note this does not include condensate

Aje Project Overview

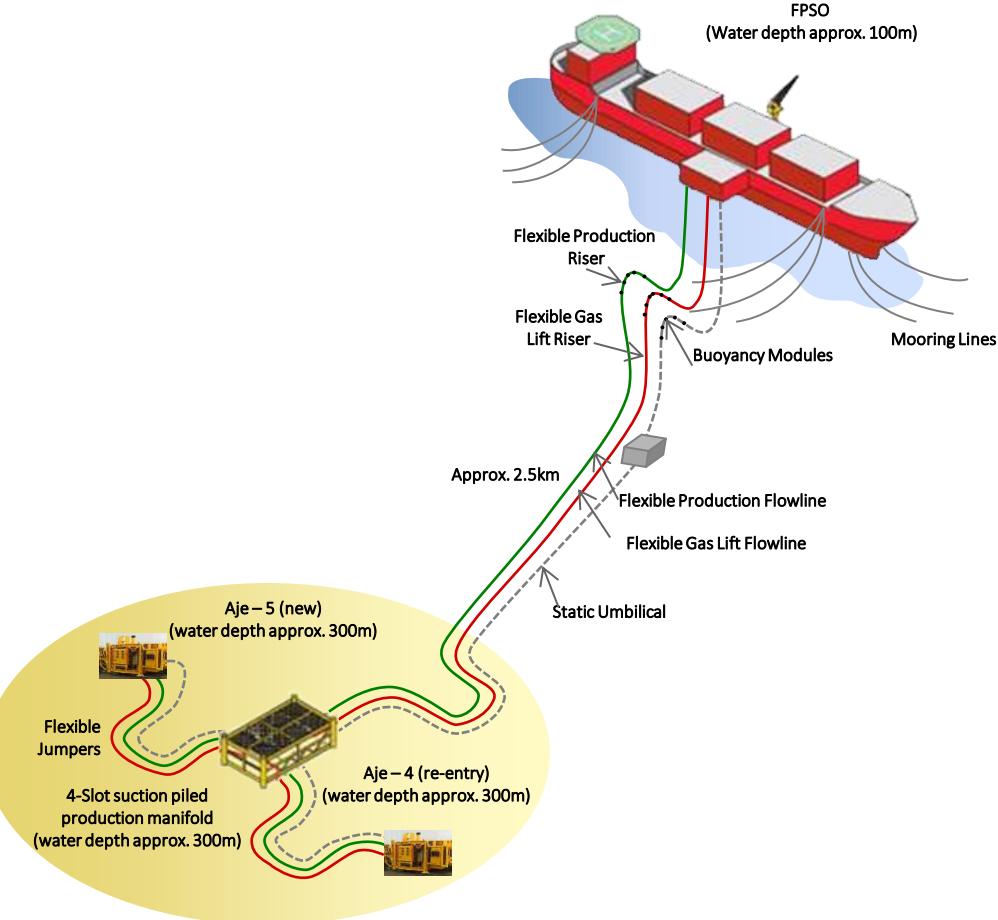
- The Aje Field includes discoveries over four reservoirs:
 - The Turonian which is a gas condensate discovery
 - The Cenomanian which includes 2 separate oil bearing reservoirs
 - The Albian which is a deeper gas condensate discovery
- The Joint Venture's current plan is initially to develop the Cenomanian oil reservoirs with an FPSO. The Aje-4 well will be re-used and a new Aje-5 well will be drilled
- Further Cenomanian drilling will follow later, after gathering production information
- The Cenomanian oil development has received FDP approval & FID is targeted mid-year
 - Strong project team has been put in place for project delivery
 - Fast Track development targeting first oil in Q4 2015 – certain long-lead items already acquired
 - Significant gas / condensate upside is not being addressed in this initial development phase
- Joint Venture now beginning to examine the higher value Turonian gas and condensate monetisation strategy to follow Cenomanian development
 - The larger gas-condensate reservoirs in the Turonian (and potentially the Albian) will be developed subsequently
- Considerable interest in this part of the Transform Margin resulting from OPL 310 (Ogo well) discoveries
- The significant exploration potential in OML 113 will be revisited in 2014

Historic Drilling Overview

- Four vertically independent oil and gas / condensate columns:
 - Aje-1: Oil and gas discovery well. Flow tested at 19 mmcf/d and 2,400 bbl/d
 - Aje-2: Oil and gas encountered. Flow tested at 3,700 bbl/d
 - Aje-3: Poor reservoir quality encountered
 - Aje-4: Oil and gas encountered

Aje Development Concept and Fiscal Regime

Field Development Plan – Diagrammatic Representation



Field Fiscal Regime

- OML 113 is a 835km² Sole Risk licence and the fiscal terms comprise a 10% oil royalty and 50% PPT rate. All production remaining after deduction of royalty oil, operating costs and depreciation is subject to PPT
- Significant sunk cost pool available for amortisation
- 25% carried interest for indigenous participant

Partner	Equity	Paying	Revenue
Panoro	6.50%	16.26%	12.19%

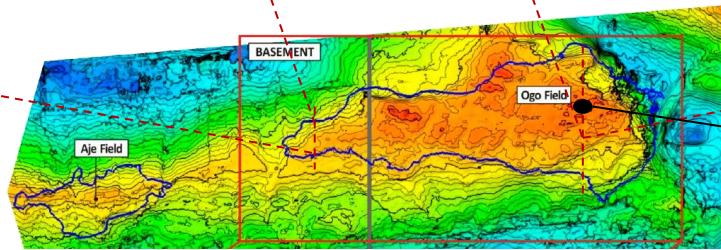
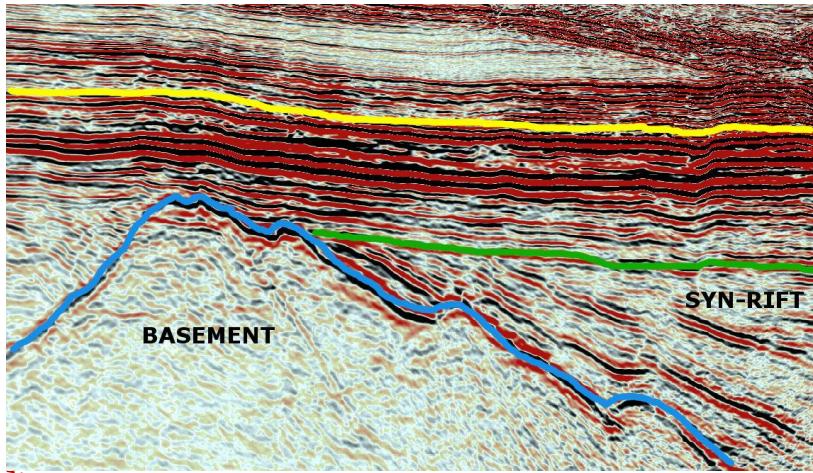
Current Field Development Plan

- **Wells Planned**
 - ▶ Aje - 5 (new) and Aje - 4 (re-entry)
 - Aje-4 will be completed as a Cenomanian oil producer
 - Aje-5 designed to target the Cenomanian reservoir close to existing Aje-2 location
- **Current activity**
 - ▶ Field development planning underway
 - 3 trees have been procured
 - A number of FPSO candidates are being evaluated

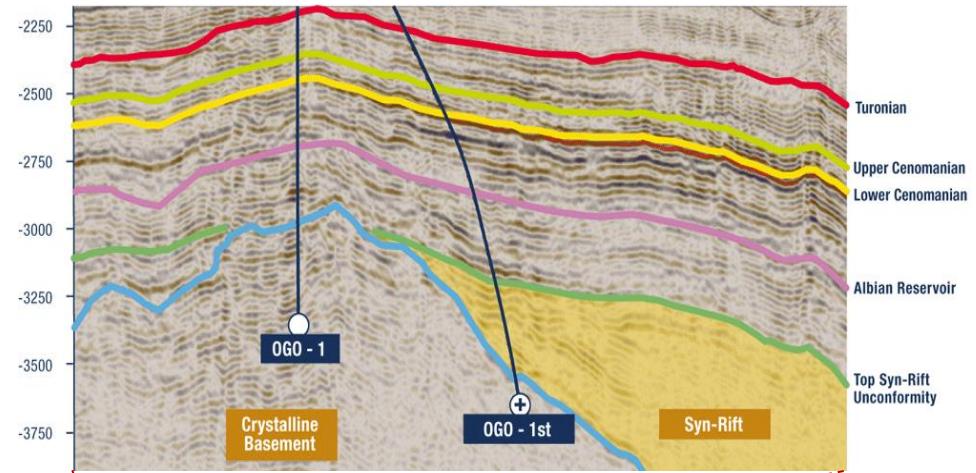
Ogo Discovery and Syn Rift Potential

Aje also brings exciting exploration potential from the new syn-rift play analogous to the neighbouring Ogo field

Syn Rift Potential in OML 113



Insights into Ogo Discovery in OPL 310



OML 113 and OPL 310 Structures

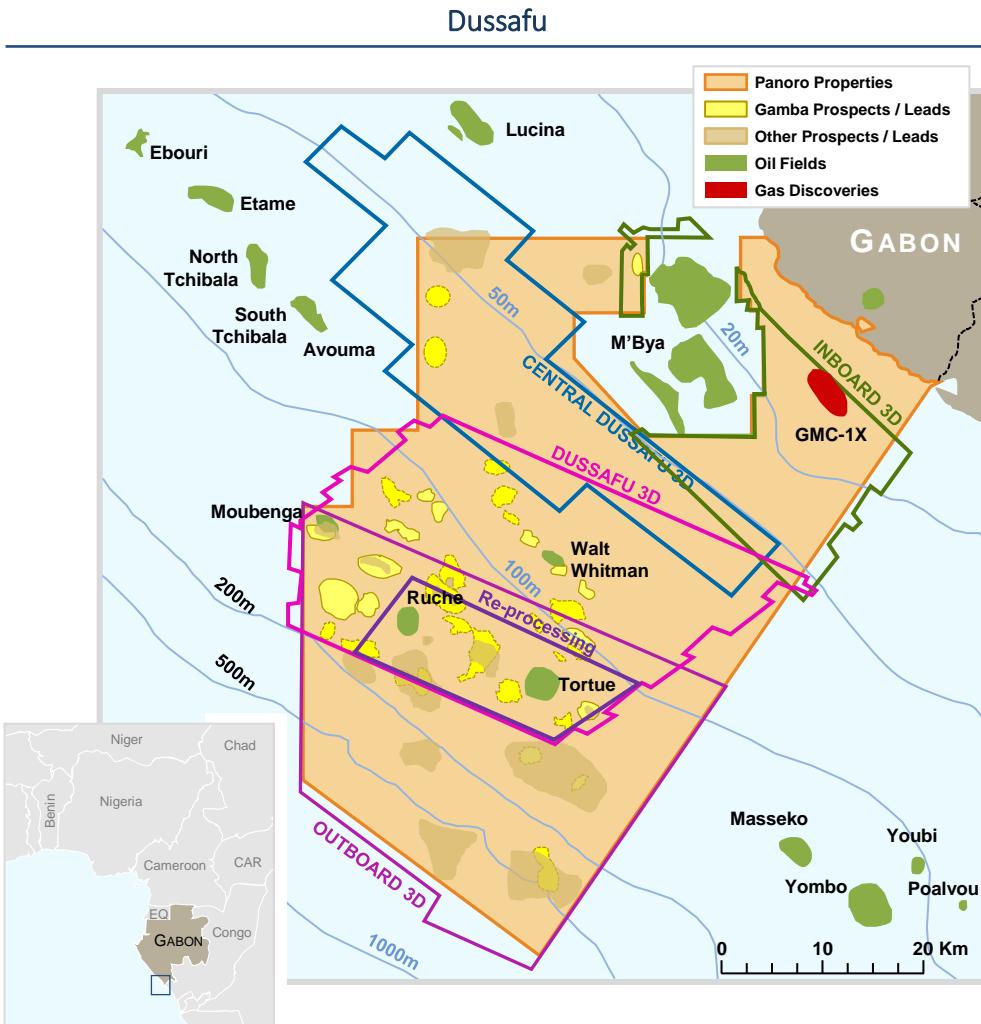
Source: Afren

- Afren's Ogo discovery on the neighbouring OPL 310 licence has opened up a new and exciting Syn-Rift play in the area
 - ▶ Described by Afren as "one of the largest discoveries in 2013" with estimated gross P50 resources of 774 mmboe
- Initial indication by Afren that the Ogo discovery extends into Panoro's OML 113 licence (Afren are also a partner in OML 113)
- New Syn-Rift play provides substantial future upside potential to current FDP approved Aje development

Dussafu

Dussafu Overview

Proven hydrocarbon Gamba and Dentale fairway with attractive economics, PSC with excellent fiscal terms, shallow water and low cost development, production infrastructure with available capacity nearby



1) Pre Tullow Joint Venture (Tulip) back-in right of 10%

2) GCA as of 31st December 2013

Dussafu Key Facts

Operator	Harvest
Working Interest	33.33% ⁽¹⁾
Partners	Harvest Natural Resources (66.67%)
1 st Production	2016
Current stage	Development Planning

Dussafu Overview

- 2,775km² licence in Southern Gabon pre-salt fairway
- Five existing pre-salt discoveries (4 oil, 1 gas) with upside/appraisal potential, gross field 2C resources 33.4 mmbbl (recoverable post economic limit test)⁽²⁾
- Declaration of commerciality for these 5 discoveries strongly supported by JV partnership, and discussions are on-going between the partnership and Gabonese authorities
 - ▶ Current activities focused on reservoir modelling and development planning
- 1,130km² outboard 3D acquired in Q4 2013 currently being processed – preliminary results due in May 2014 (time maps)

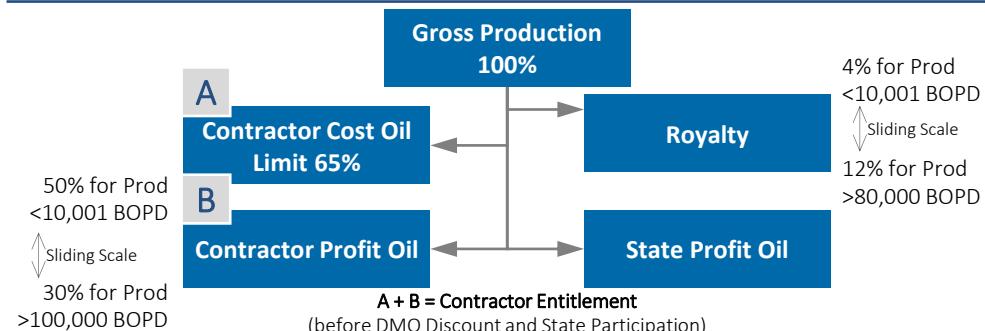
Dussafu Conceptual Development Plan & Fiscal Terms

The exploration phase of Dussafu has been highly successful and the development stage is now commencing: gross field 2C of 33.4 mmbbl has been delivered on the block so far

Overview of Dussafu Progress

- Fast Track development being proposed to deliver first oil in 2016
- Further exploration will continue in parallel with development. Unrisked prospective resources of around 1 billion bbl (gross). To be further de-risked with outboard 3D and inboard seismic interpretation work
- Considerable interest in Southern Gabon pre-salt demonstrated by recent awards in deep water to major oil companies. Signature bonuses reported to range from \$20- \$40m
- Development Work-in-Progress
 - Subsurface Reservoir Engineering, Project and Facilities Engineering, Logistics Planning, Well Completion Design, Equipment Selection
- Target First Production in Q3 2016
 - Initial Tortue development wells drilled in 2015
 - FPSO to be installed 2015
 - Continued development through 2016-2017

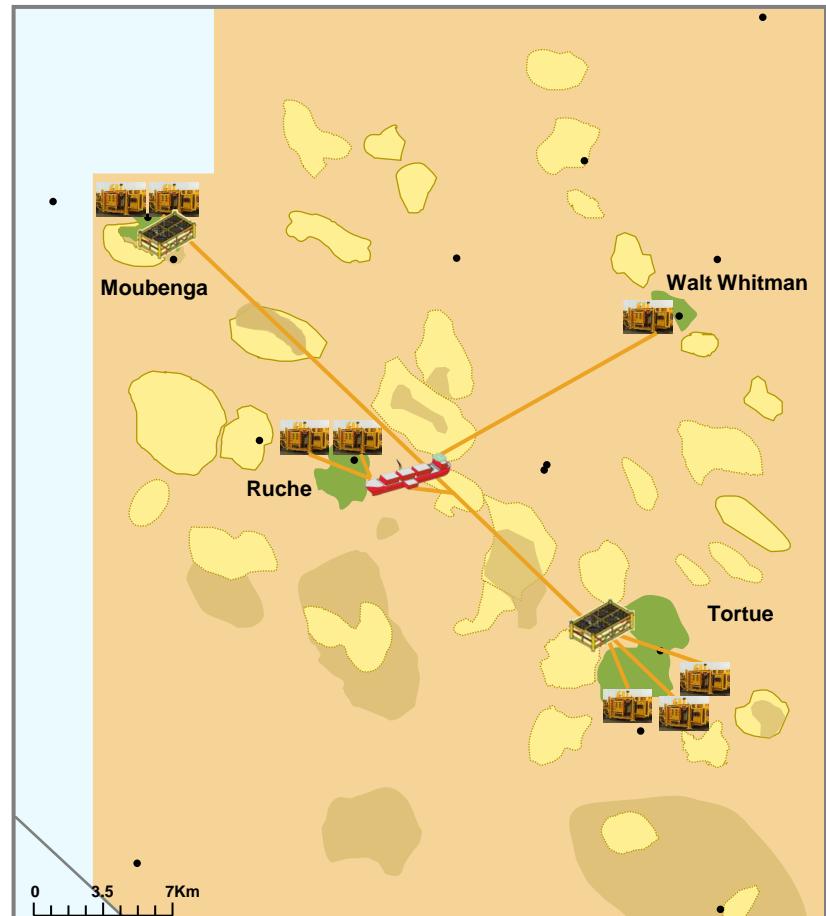
Field Fiscal Regime



Tullow Joint Venture (Tulip) Back-in Right: up to 10% interest

Domestic Market Obligation: max 25% of Contractor Entitlement to be sold to Gabon at 15% discount

Development Overview

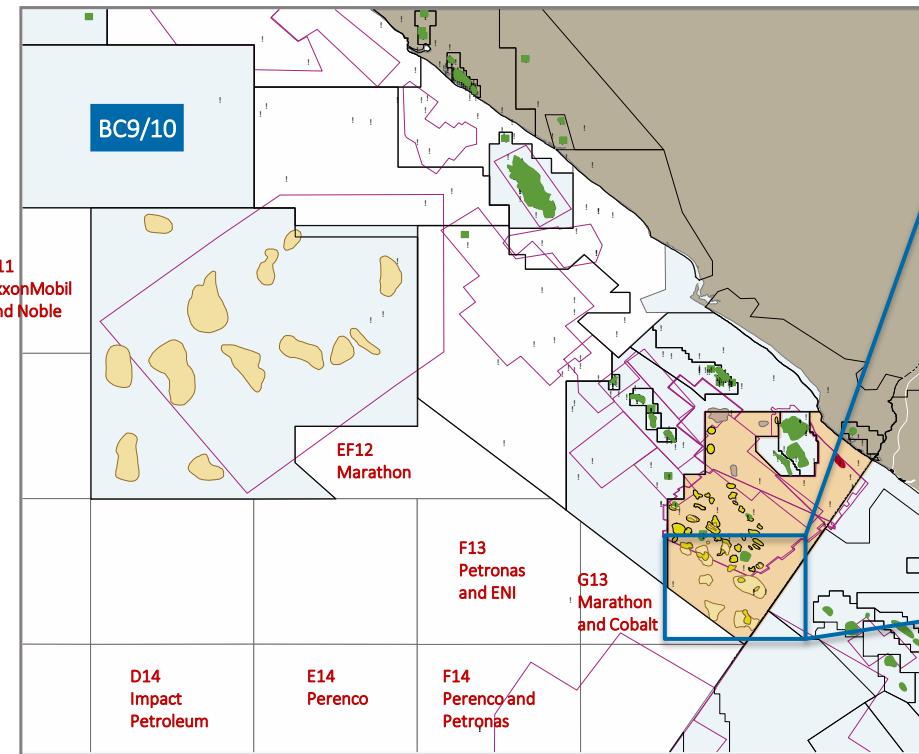


Dussafu Outboard / Exploration Potential

Considerable interest in Southern Gabon pre-salt is demonstrated by recent awards in deep water to major oil companies. Signature bonuses reported to range from \$20-\$40m

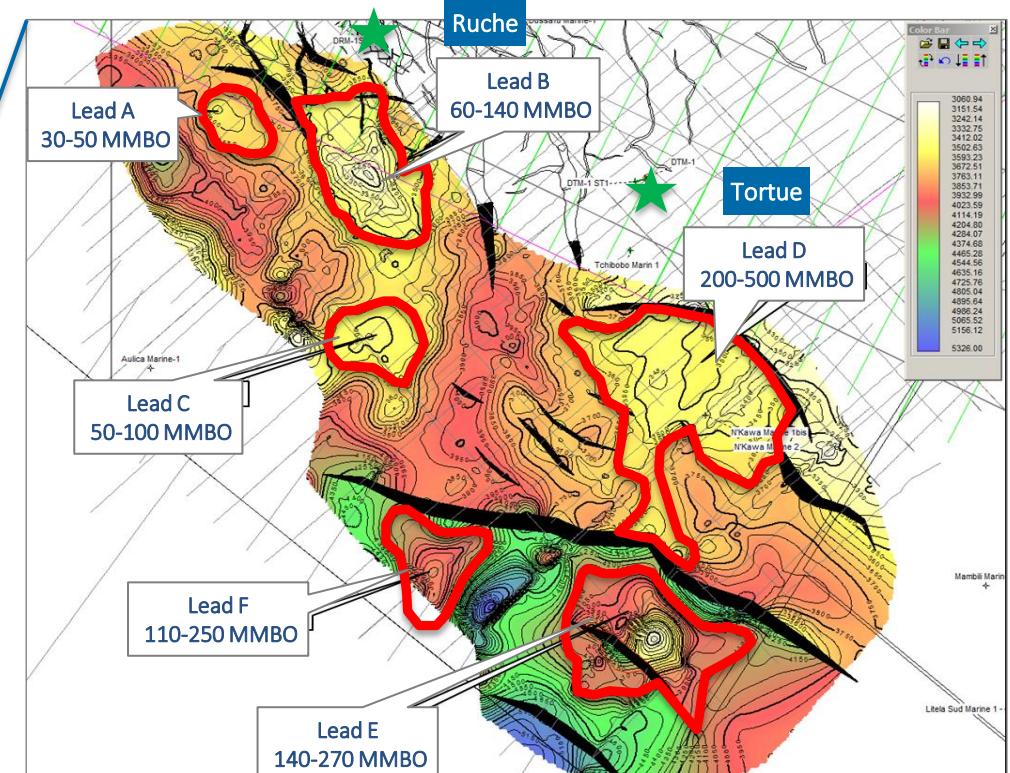
Dussafu Outboard Leads in Relation to Nearby Dentale Exploration Activity

- 1,130km² outboard 3D acquired in the Dussafu Permit in Q4 2013, processing on-going
- Licensing round has attracted interest from the majors – a number of licences currently being negotiated



Note: Major interest indicated in diagram is not finalised and is subject to change

Dussafu Outboard Leads Based on 2D seismic



Conclusion

Why Invest in Panoro?

- Panoro has undergone a transformational period in 2013 and with the completion of the Manati transaction is a debt-free company with approx. US\$66m of cash
- Panoro is now a geographically-focused West African E&P company with very attractive assets in Nigeria and Gabon
 - ▶ Strong management team with significant experience of working in Africa
- The company has a strong asset base, with 37.7 mmboe of Working Interest 2C resources and 95 mmboe of risked prospective resources (excluding Syn-Rift potential)
- Both Aje and Dussafu are moving towards first oil, with FID decisions expected in 2014, and production starting in Q4 2015
- In addition, there is significant upside across both licences with new 3D seismic data on both licences either acquired or being acquired
 - ▶ Aje has significant value upside in the development of the larger gas condensate reservoirs, while the recent Ogo discovery adjacent to Aje also opens up the possibility of a syn-rift play in Panoro's acreage
 - ▶ The outboard acreage of Dussafu has a number of significant leads, while deepwater Gabon more generally has attracted the attention of a number of majors and large independents
- Panoro's asset base is currently significantly undervalued by the current market price: the company is trading at less than the value of the P90 / most likely cases and post Manati cash balance
 - ▶ In addition, further value potential could arise from Manati sale earn-out
- Potential for short-term value catalyst from on-going Sales Process