

Pareto Securities' 21st Annual Oil & Offshore Conference

Panoro Energy

panoro energy

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Panoro Energy ASA – Company snapshot

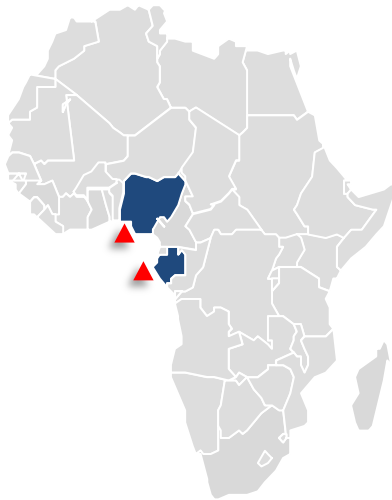
Listing: Oslo Stock Exchange (OSE)

Offices: Oslo and London

▲ Assets:

West Africa

- Aje (Nigeria)
- Dussafu (Gabon)



Key Facts

OSE ticker code:	PEN
Shares outstanding:	234.5 million
Market Cap :	~120 USD million
Cash position as of end 2Q-14	USD 60 million
Debt	0
2 projects in development phase with near term production commencing in 2015 and 2016	Aje and Dussafu
PEN expects to produce net 8 000-10 000 bbl/day from late 2016 from Aje and Dussafu combined	

Highlights - 2014



- Successful divestment of Manati for USD 140 million and repayment of bond leaving the company debt free
- Declaration of Commerciality signed and award of Exclusive Exploitation Authorisation on Dussafu permit. Field Development Plan submitted to the Gabonese Authorities
- Major advancements towards Final Investment Decision to develop the Aje Field (OML 113)
- Ongoing Strategic Review Process

Core Licenses Progressing at Pace

- Aje
 - May 2013, new partnership to focus on early cash flow from Cenomanian Oil
 - October 2013, major discovery in OPL 310 license next to OML 113 – one of the largest in 2013 globally
 - March/April 2014 seismic acquired over OML 113 license in conjunction with OPL 310 partners
 - March 2014 government approval of Aje Cenomanian Oil Development Plan
 - July 2014 TRACS certifies Cenomanian Oil reserves
 - Sept 2014 Final Investment Decision imminent
 - Target – First Oil Q4 2015
- Dussafu
 - October and November 2013, Ouboard Seismic acquired, also covering existing discoveries
 - March 2014 Gaffney Cline Classification of Dussafu resources
 - April 2014, initial PSTM results of outboard seismic give encouragement of significant prospectivity
 - June 2014 Declaration of Commerciality of Ruche area discoveries
 - July 2014 award of Exclusive Exploitation Authorization by Gabonese government to Dussafu Partners
 - August 2014 commencement of FEED for Ruche Cluster Development
 - Target Final Investment Decision late Q4-14 / early Q1-15
 - Target – First Oil Q4 2016

Dussafu

Large exploration and development block with multiple discoveries and prospects

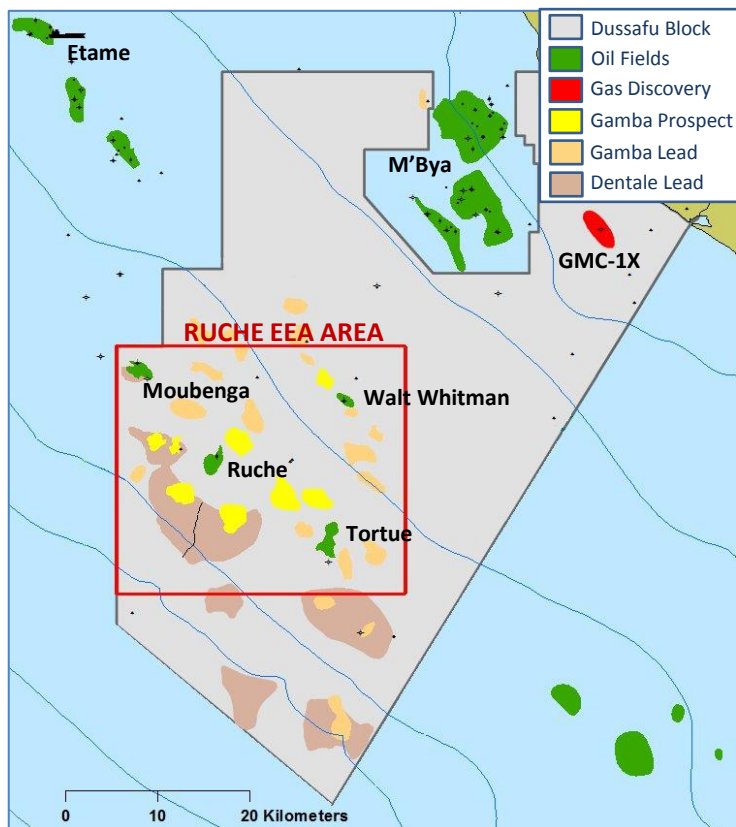
Dussafu (Gabon)

Operator Harvest Natural Resources (66.67%)

Working Interest 33.33%

Other Partners Back-in right of 10% held by joint venture of Tullow

Current stage Exploration and Development

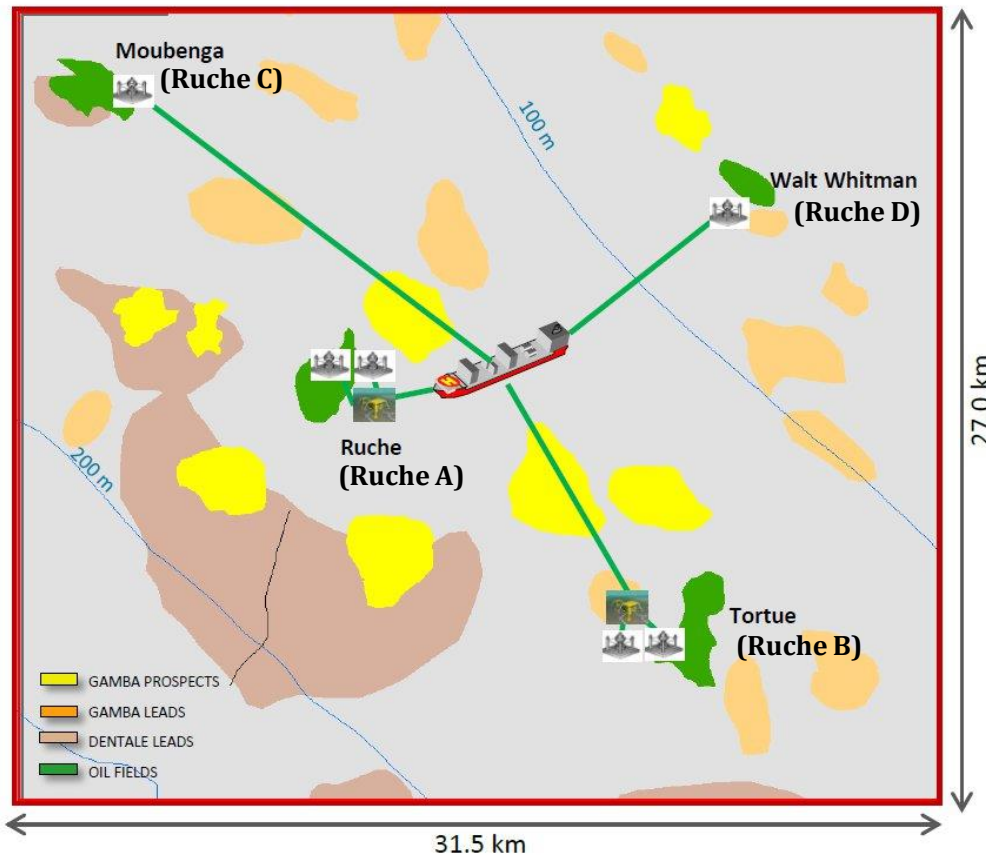


Project Status

- 2,775km² license in Southern Gabon pre-salt fairway
- Total of five pre-salt discoveries (4 oil, 1 gas) with upside/appraisal potential
- Panoro's oil discoveries in Ruche (2011) and Tortue (2013) have demonstrated the success in identifying oil-bearing structures
- Gaffney Cline reports received demonstrates commerciality of the discoveries with Economic Gross 2C Resources of 33.4MMbbl
- Important milestones achieved in Q2 2014 with Declaration of Commerciality and award of Exclusive Exploitation Authorisation
- Field Development Plan has been filed with the Government of Gabon
- Block now fully covered by 3D seismic data
- Outboard 3D seismic processing continuing with very positive initial results

Dussafu – Exclusive Exploitation Authorisation

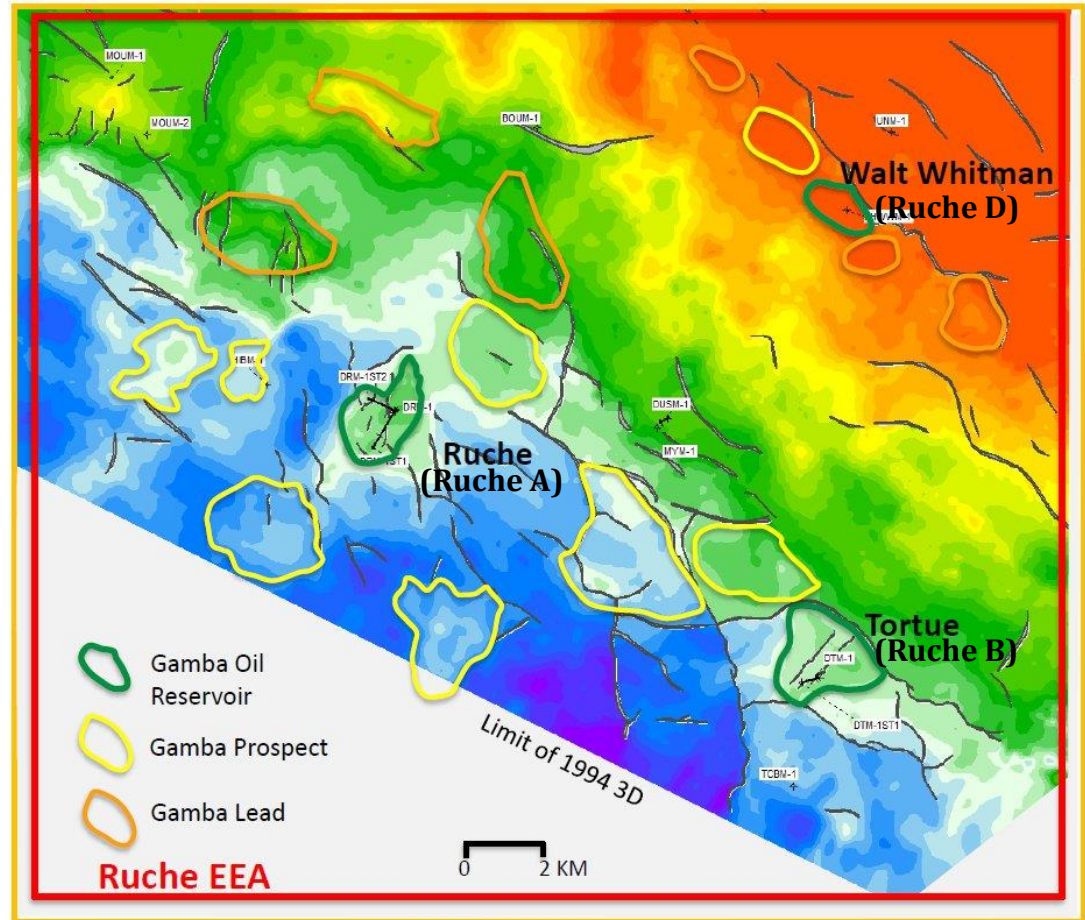
Ruche EEA



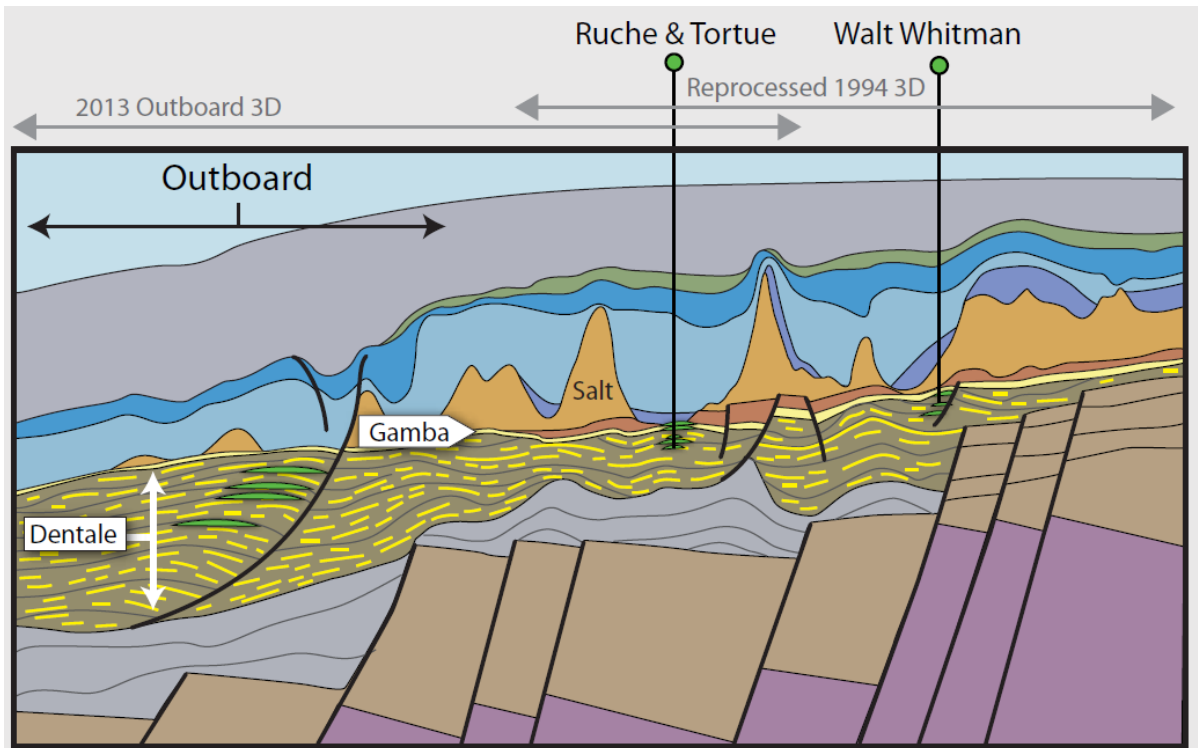
- EEA awarded 17th July 2014
 - Area of 850.5 km²
- Dussafu JV now has authorisation to exploit hydrocarbon resources in EEA area for up to 20 years
- Detailed development and production program submitted (FDP)
 - Single FPSO with tiebacks
 - Central Ruche location for FPSO
 - Multiple horizontal and vertical wells into four fields
 - Subsea tiebacks
- EEA area also captures prospective resources in satellite structures

Dussafu Gamba Oil Resources

- Many Gamba oil fields currently producing in Gabon
- Reservoir is very high quality
- We already have 3 small Gamba oil fields in the EEA area
- 8 well defined and robust Gamba structures – similar in size to Ruche and Tortue
- 6 less well defined structures
- All form low risk exploration with easy tie-backs to Ruche facilities
- Short cycle time to production and low cost to move prospective resources into reserves

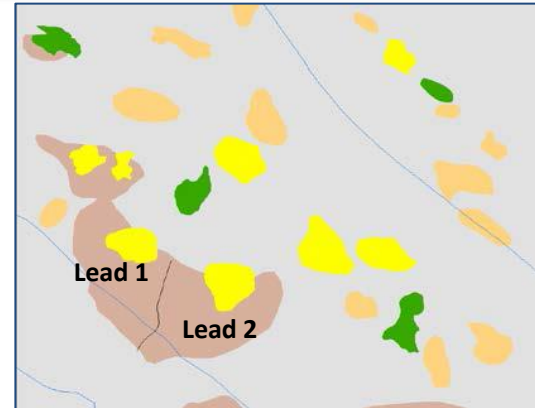
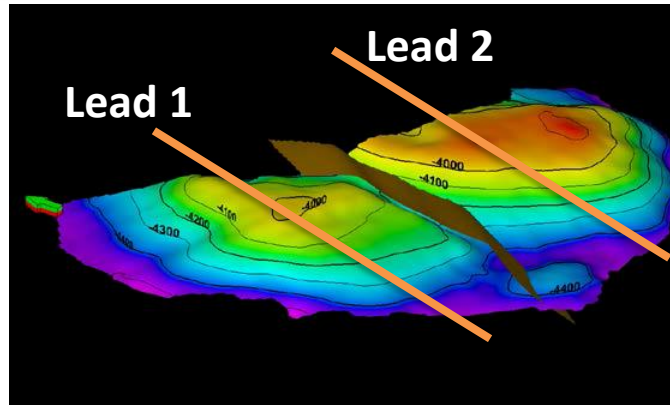


Dussafu Outboard Potential

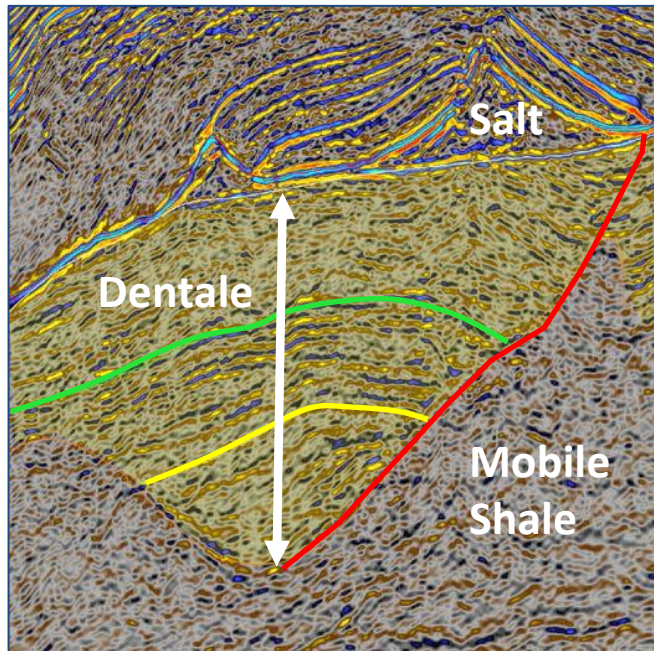


- New 3D seismic outboard of Ruche and Tortue
- Thickened Dentale section apparent
- Structure may be fold related rather than diapir induced
- Potential prospect sizes much larger than Ruche and Tortue
- Multiple stacked sandstones in Dentale
- Tortue well has de-risked Dentale reservoir quality
- EEA area includes 2 of these large prospects – JV now has exploitation rights to these for up to 20 years

Dentale Outboard Leads 1 & 2 (3D PSTM)

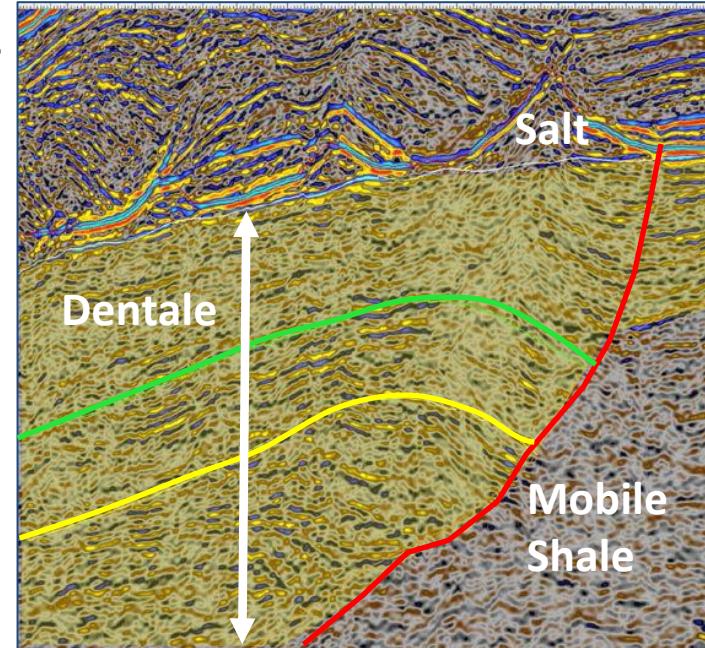


Lead 1





8 km

Lead 2




Dussafu key value drivers going forward

Cluster Development:

- Declaration of commerciality 
- Award of Exclusive Exploitation Authorisation 
- Field development plan Government Approval Q4 2014
- Field development FID Decision Q1 2015

Exploration

- Seismic acquisition 
- Seismic final PSDM processing Q4 2014
- Defining outboard exploration campaign Q1 2015

Aje

Near term oil development followed by gas/condensate development and exploration upsides

Project Status

- Partners are focused on 2015 oil production
- Initial 2 well Cenomanian oil project, agreed by all JV partners
 - FDP approval received end March
 - Ongoing discussions with FPSO providers, and other key equipment providers
 - Rigs being considered for Q1 2015 drilling
 - Cenomanian first oil expected in Q4 2015
- Based on field performance a further 2 Cenomanian development wells may be drilled
- Turonian gas condensate project will follow in later phase
- OML 113 3D seismic being processed

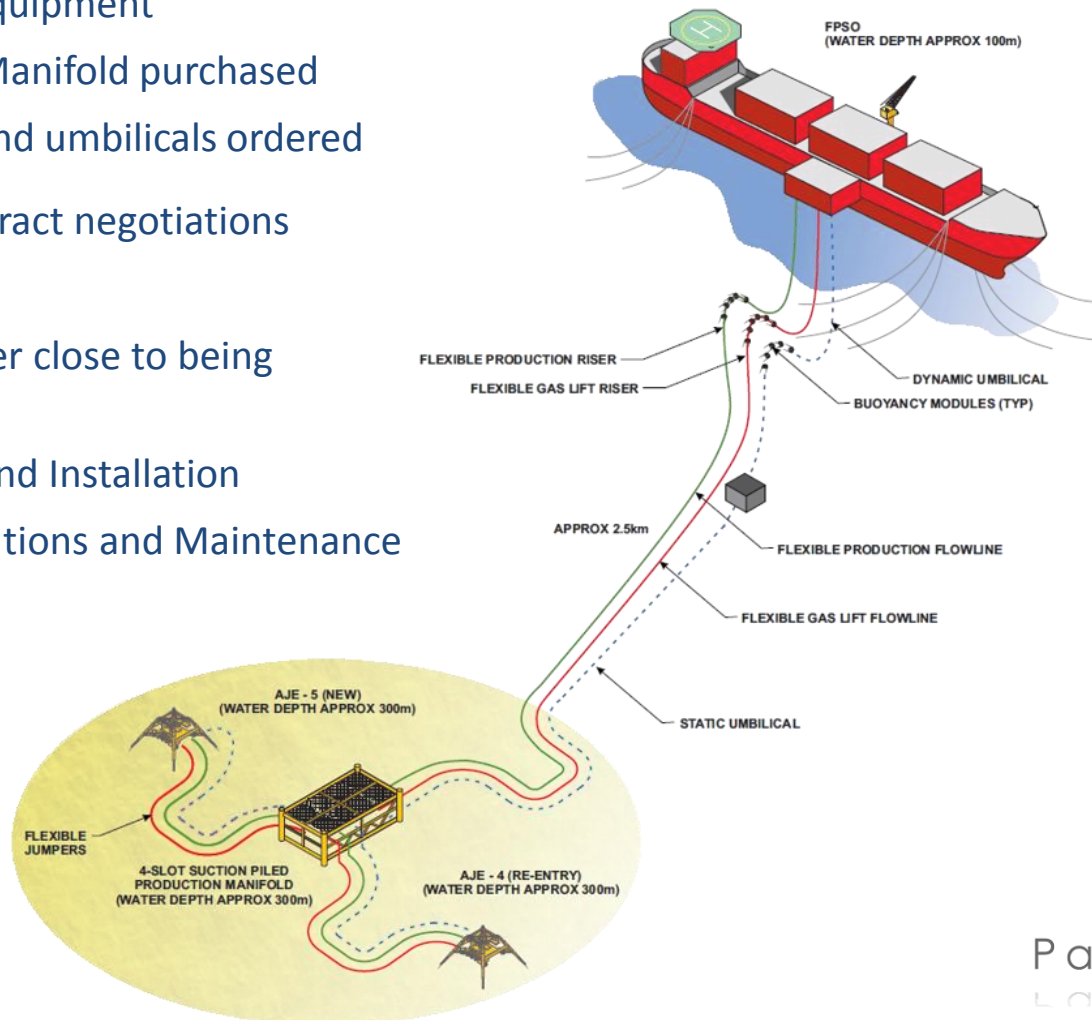


*Panoro : 16.255% paying interest, 6.502% working interest.
Panoro is entitled to 12.2% of the revenue stream from Aje field
Operator: Yinka Folawiyo Petroleum
Other partners: NewAge, FHN (Afren), EER, Jacka Resources*

Aje Cenomanian Oilfield Development Concept

Aje Field Appraisal and Development Scheme

- Key Subsea Equipment
 - Trees and Manifold purchased
 - Flowlines and umbilicals ordered
- Ongoing Contract negotiations
 - Drilling rig
 - FPSO charter close to being finalised
 - Transport and Installation
 - FPSO Operations and Maintenance




Aje key value drivers going forward

Cenomanian Oil Development:

- Field development plan Government Approval 
- Field development FID Decision Q3 2014
- First Oil Q4 2015

Exploration

- Seismic acquisition 
- Seismic final PSDM processing Q1 2015
- Defining exploration campaign including Ogo Q3 2015

Turonian Gas-Condensate Development:

- Development Concept Study 2015

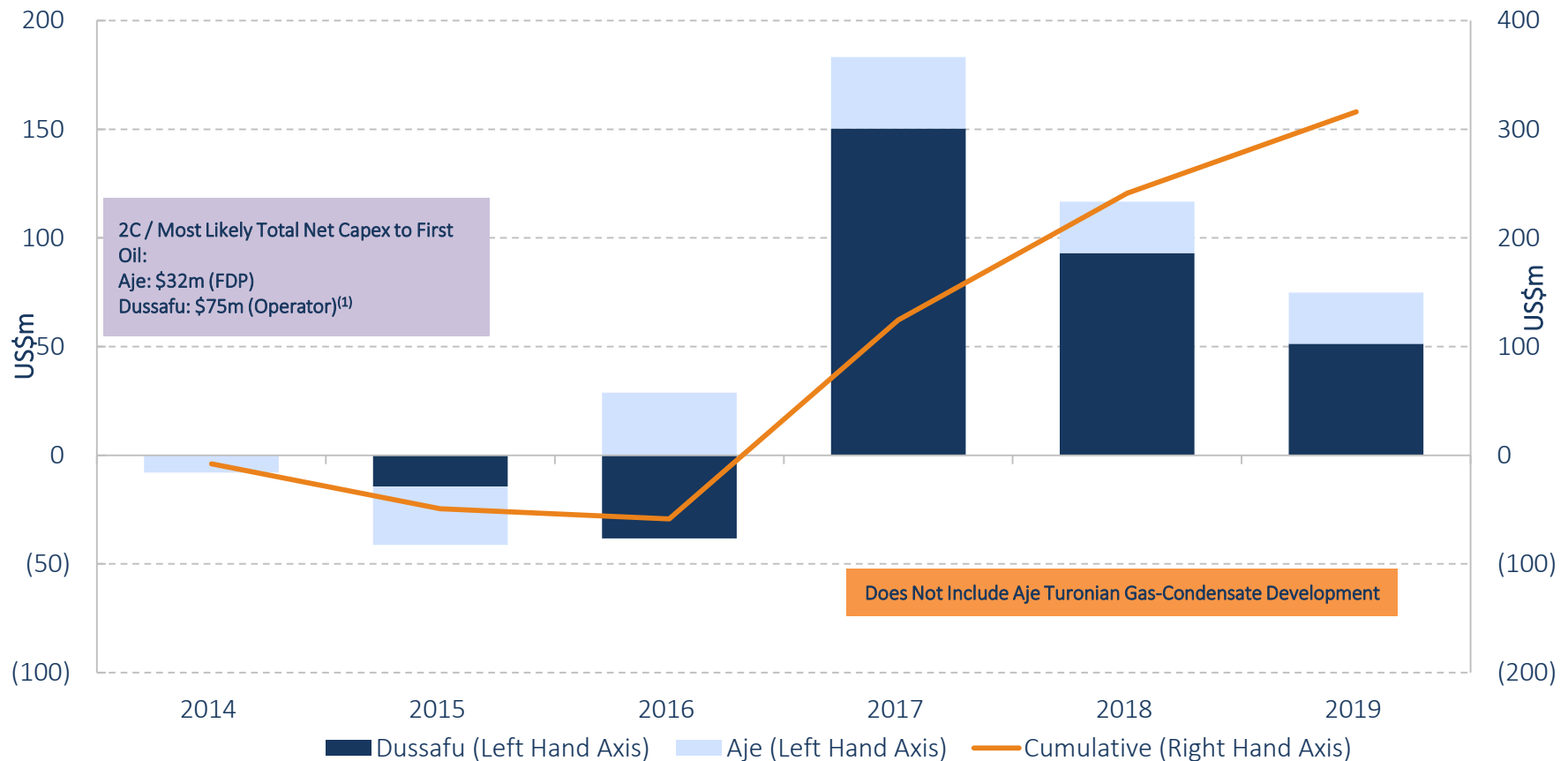
Aje and Dussafu Project timelines

	2014												2015				2016			
	J	F	M	A	M	J	J	A	S	O	N	D	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Nigeria																				
OML 113 Seismic				3D Seismic Acquisition and Processing																
Aje FDP Submission		FDP																		
Aje FID									FID											
Aje Development	FEED and Pre-development								Engineering and Procurement				Installation							
Aje 4 and 5 Drilling													Drilling							
Aje First Oil																1 st Oil	Producing			
Gabon																				
Dussafu Seismic	Outboard 3D Seismic Acquisition and Processing																			
Dussafu DoC / FDP				DoC / EEA / FDP																
Dussafu FID													FID							
Dussafu Development	Development Planning								FEED				Engineering, Procurement & Installation							
Dussafu Drilling																	Development Drilling			
Dussafu First Oil																				1 st Oil

Dussafu & Aje Field Development: Cash Flow Forecast

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

Forecast Field Development: Year End Net Cash Flows (2C / Most Likely Case)



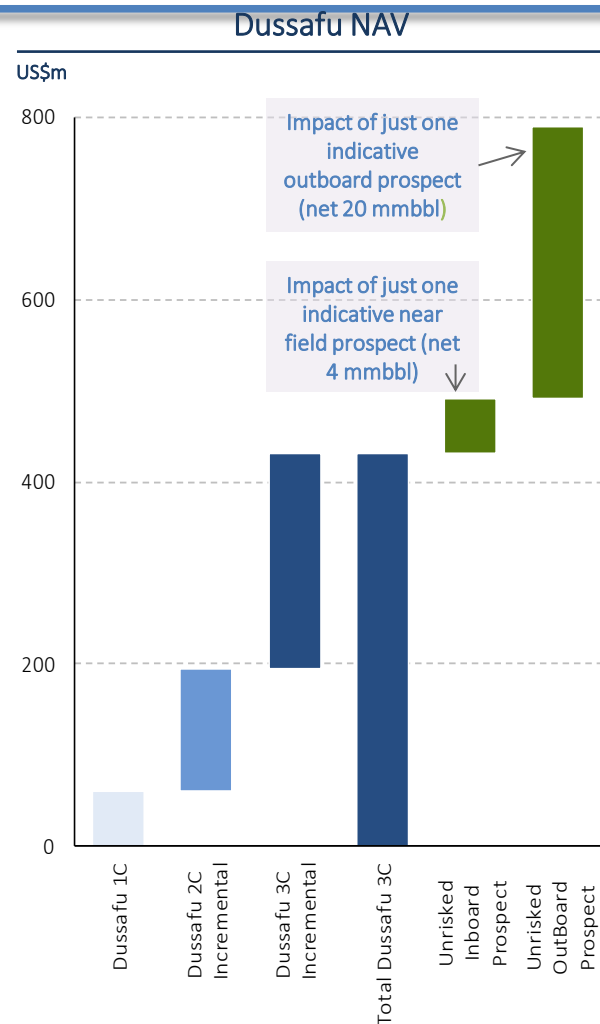
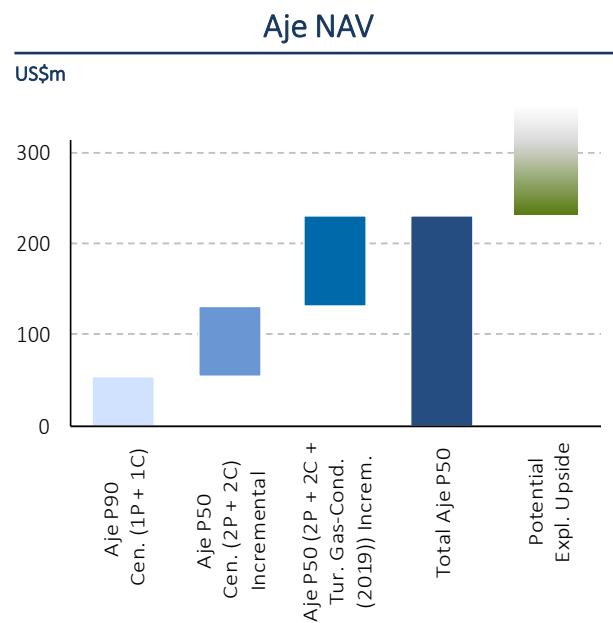
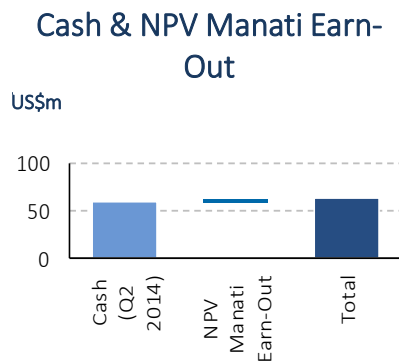
Note: net cash flows are based on year-end values

Aje Cenomanian Oil forecasts are based on the Aje JV's approved FDP's P50 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 unrisks 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 NAV Build-Up

- Panoro has a strong cash position with incremental value from the Manati earn-out
- Substantial value exists in Panoro's discovered resource base in Aje and Dussafu
- In both Aje and Dussafu based on existing 3D and 2D seismic. This has been confirmed using interim results from newly acquired 3D seismic. Prospects sizes and risks will be finalised once 3D processing and interpretation has been completed



Notes : 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 unrisks 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 (mid-year) – discount rate of 10%. Aje NPVs as of from 01/01/2014 from TRACS report dated 25th July 2014 – TRACS NPVs based on oil price assumption of \$100 escalated at 2.5% p.a and discounted at 10% per year.

Outlook

- Aje (OML 113)
 - Final Investment Decision (FID) expected in Q3
 - Processed 3D seismic expected Q1 2015
- Dussafu
 - Processed 3D seismic for outboard section of Dussafu expected Q4
 - Government approval of field development plan
 - Final Investment Decision (FID) expected in late Q4-14 / early Q1-15
- Ongoing Strategic Review process

Thank you for your attention

Q&A