

Update on strategic sales process

Panoro Energy ASA ("Panoro" or "the company") would like to provide the following information regarding the initiated process of a structured sale of the company (the "Sales Process") as originally announced on 20 December 2013.

This statement is issued to equalise information between all shareholders ahead of the Extraordinary General Meeting ("EGM") that is summoned for 14 October 2014.

Extensive sales process and rejected bids

Panoro, together with its well-recognised adviser, Evercore Partners International LLP ("Evercore"), have engaged in a thorough process of contacting potential acquirers of the company and its assets since the completion of the Manati transaction 28 March 2014. In total, 67 relevant parties have been contacted and a total of 20 parties proceeded to signing Non-Disclosure Agreements with the company. A comprehensive data room was made available and formal responses were received from as many as eight parties in May/June.

From these responses, several asset level transaction proposals (both for Dussafu and for Aje) were received, as well as corporate offers. However, all offers had varying degrees of financing and/or transaction execution uncertainties. The Board and the management have had thorough negotiations with the parties in an attempt to modify the proposals received to the point where they could be considered executable. However, none of the proposals, which were offers from separate parties for each of the assets, resulted in agreements that were to the benefit of the shareholders of Panoro.

In the processes mentioned above, received offers implied a valuation of around USD 60 million for Dussafu and around USD 30 million for Aje. However, the Board concluded that these levels did not reflect fair values of the assets, nor did the offers reflect a premium to the equity value of the company at the time. This decision was taken based on the then prevailing market price of Panoro of NOK 3.7 per share, and cognisant of both the need to retain an amount of cash in the company for considerable time against potential contingent liabilities as well as the considerable time and costs to wind up the company and ultimately return all cash to shareholders.

Current activities and maturing developments

Even if it has been the intention of the Board and management to provide transparency of the processes and its outcome, please note that extensive discussions are still ongoing with several parties. Thus, Panoro has not found it expedient, and cannot due to legal obligations, to publish the full details of the processes followed to date. It is in the Board's opinion that Panoro still needs to withhold certain information where it could be detrimental to the chances of success of these discussions.

While the management has followed the route to conclude a sale of the company, value enhancing activities have taken place. Panoro is partner in two ongoing oil field developments in West Africa; Aje (Nigeria) and Dussafu (Gabon). Both assets have during the last 12 months been significantly de-risked, and in fact, a Final Investment Decision (FID) was announced yesterday for the Aje field. The project is well underway to deliver gross 10,000 bbls per day in late 2015.

The Dussafu project is scheduled to be sanctioned early 2015 and brought on stream in late 2016. Both projects have a significant exploration potential. The Panoro management expects a significant annual net cash flow in excess of USD 100 million from 2016 when both fields have commenced production. It is in the Board and management's opinion that such cash flow potential is not reflected in the current market valuation of Panoro.

Challenging macro environment

While none of the received offers have to date turned out to be as compelling as some might have been hoped, this result should also be seen against the backdrop of a challenging environment. There is a fierce cost and cash flow focus among the oil companies and the industry consultants Wood Mackenzie estimates that a massive USD 330 billion of upstream assets currently are offered in the market. In addition, the oil price has come down some 20% the last three months and there is an escalating humanitarian situation in West Africa, making transactions at fair value increasingly hard to achieve.

The way forward

Since the company received various offers this summer, Panoro, together with Evercore, have continued to engage actively in serious discussions with several parties around both potential asset and corporate transactions. These discussions are still ongoing, although there can be no certainty that a final offer on acceptable terms will result from these discussions. However, Panoro is aiming to conclude these talks within a short period of time.

The management's first priority is and has always been to work to maximising the value for shareholders and is confident that the public nature of the process, coupled by the thorough and proactive market testing, has led to conclusion that the market's appetite for the company and/or its assets has been ascertained. During the last 18 months the running cost has reduced by approximately 75%. The company's oil and gas assets are being further de-risked and the company is in good shape with a solid financial

platform.

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Please visit www.panoroenergy.com for more information. Panoro Energy ASA is listed on the Oslo Stock Exchange (ticker code: "PEN").