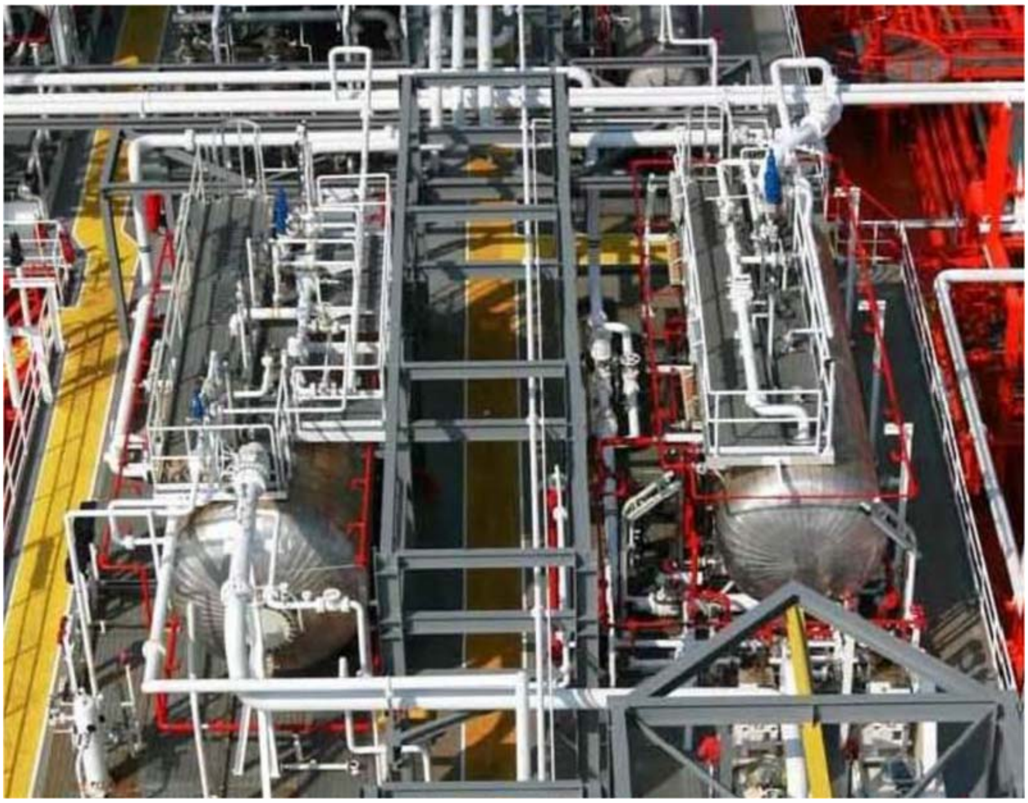
Fourth Quarter Report 2014

February 11, 2015



Contents

Highlights and events

Fourth quarter 2014 highlights and subsequent events

- Cash balance of USD 40.9 million as of December 31, 2014 not including unspent net cash in JV accounts of USD 5.6 million.
- No interest bearing debt.
- Net loss from continuing operations was USD 2.3 million, increasing from USD 1.9 million in the previous quarter due to one-off redundancy charges.
- Processing of the outboard 3D seismic data on Dussafu with expected interpretation and prospect inventory to be available by end of 1Q 2015.
- Final Investment Decision taken for development of the Aje oilfield in Nigeria with first oil production expected by the end of 2015.
- Continuing efforts to reduce G&A including closure of Oslo office.

Operational update

GABON

Dussafu Marine: Harvest (Operator, 66.67%), Panoro Energy (33.33%)

At the start of the quarter, the Ruche area field development plan (FDP) was approved by the Direction Général de Hydrocarbures (DGH), the national hydrocarbon governmental agency of Gabon. This approval followed the award of the Exclusive Exploitation Authorisation (EEA) for the Ruche area fields, namely the Ruche A oil discovery (which was formerly called Ruche), the Ruche B oil discovery (which was formerly called Tortue), Ruche C (which is the Moubenga discovery) and Ruche D (the Walt Whitman discovery). Panoro and our operating partner Harvest hold the 850 km^2 EEA area for a period up to 20 years from first production.

Front End Engineering Design (FEED) studies continued in the quarter. These studies consist of subsea, well and FPSO engineering to provide a detailed schedule, work program and budget for the EEA area development plan. However given the decline in oil prices that has occurred over the last few months, and the announced possible sale by the Operator, we believe it is very unlikely that this schedule will be maintained.

Exploration activities continued in parallel for Dussafu and depth processing was finalised for the outboard 3D seismic data, covering an area of 1,260 km^2. The quality of the seismic data in the pre-salt section is excellent and detailed interpretation is underway to confirm the contingent resources for the discovered fields and to estimate prospective resources for the remainder of the license area. Indications are very positive with multiple low risk near-field prospects of a similar size to Ruche A and Ruche B identified as well as several much larger structures with prospective resources of over 100 million barrels. The work will continue in the current quarter in order to finalise Panoro's view of the volume ranges and geologic risks of these prospects.

NIGERIA

OML 113 Aje field: Panoro Energy (6.5% participating interest, 16.255% paying interest and 12.19% entitlement to revenue stream)

Work on the Aje Cenomanian oil development project progressed during the quarter following on from the Final Investment Decision (FID) which was taken in October 2014. Phase 1 of the project consists of 2 subsea production wells, Aje-4 and Aje-5, tied back to a leased FPSO. Production from Aje-4 and Aje-5 is expected to be around 10,000 bopd and commence by the end of 2015.

Refurbishment works on the FPSO production facility for the project, the Front Puffin, have progressed according to schedule. The necessary subsea equipment continued fabrication and preparation for installation later this year. Discussions with rig owners for the well drilling and completion operations continued with a view to signing a rig contract during Q1 2015.

In light of the decline in oil prices the Operator is evaluating measures to delay spending and reduce capital expenditures where possible without impacting execution and schedule significantly. The project is considered robustly economic at current oil prices and we expect the development to continue to progress close to schedule during the coming months.

Processing for the newly acquired 3D seismic data continued in the quarter and final Pre Stack Depth Migration data is expected to be available at the end of Q1 2015. These data will enable better development planning of the phase 2 Cenomanian oil wells, Aje-6 and Aje-7. This data will also be used to fully evaluate the exploration potential of the remainder of the OML 113 license area where we have already identified a number of prospects including the exciting syn-rift exploration play that was significantly de-risked through the Ogo discovery made in the neighbouring OPL 310 last year.

CORPORATE

On October 14, 2014, the Company's shareholders elected new Directors, Mr. Julien Balkany, Ms. Alexandra Herger, Mr. Lars Brandeggen. Mr. Balkany has also been appointed as the Chairman of the Board of Directors. In addition Ms. Silje Augustson has been re-elected thus providing continuity from the previous Board.

In early November 2014 the Board of Directors announced the termination of the corporate sales process. The Board along with Management will remain fully dedicated to review and assess all potential options for the benefit of its shareholders. On December 12th 2014 the Board announced that as part of its continuing efforts to reduce its overhead costs it would close its Oslo office. As a result of this corporate reorganization to improve efficiency, the Board has appointed its Chief Operating Officer, Mr. Nishant Dighe, as Chief Executive Officer to replace Mr. Jan Kielland.

Financial information

Income statement review

<u>Fourth quarter 2014 versus third quarter 2014</u>

From a financial statements perspective, the closure of operations in Brazil is disclosed as "discontinued operations" and as such has been reported separately from the "continuing business activities". In order to present the discontinued operations separately, an allocation of income and costs arising from Brazilian operations has been made and all periods presented have been reclassified to reflect these adjustments. On an overall basis, there is no restatement of results in the prior periods presented and only a split of continuing and discontinued operations has been made in these interim financial statements.

The analysis of results as presented below is based on reclassified income statement balances after segregating discontinued operations.

Panoro Energy reported a net loss of USD 2.3 million from continuing operations for the fourth quarter 2014, an increase of USD 0.4 million, compared to a loss of USD 1.9 million in the third quarter 2014.

Subsequent to the sale of Rio das Contas, no revenue and production costs are presented in the Group statement of comprehensive income in the respective lines as all its results have been included as part of the discontinued operations which have been detailed in note 4 to the interim financial statements.

Exploration related costs and operator G&A increased from USD 0.3 million in 3Q 2014 to USD 0.7 million in 4Q 2014. This is consistent with the operator general and administrative costs on the JVs which do not meet capitalisation criteria and in line with the budgeted expenditure. The expenditure has increased compared to previous quarter mainly due to administration involved in moving the projects towards final investment decision.

Strategic review costs show a slight increase in 4Q 2014 at USD 117 thousand from USD 113 thousand in 3Q 2014. These costs mostly related to legal and consulting charges and are of a one-off nature. The Company terminated the strategic review process on November 5, 2014 and such costs are not expected to be incurred from 2015 onwards. .

Severance and restructuring costs incurred in the quarter was USD 0.3 million compared to USD 33 thousand in Q3 2014. This reflects the severance cost for the previous Chief Executive Officer owing to closure of Oslo office and the Head Office portion of the severance costs for the employees in Brazil. The remainder of these costs is reflected in the Discontinued Operations line. The overall costs of severance has been allocated between both continuing and discontinued activities in order to align some of core head office functions which were historically undertaken from the Brazil office. The charge for the third quarter represents closure costs for some of the Company's dormant subsidiaries.

General and Administration costs remained consistent and amounted to USD 1.3 million in both the third and fourth quarters 2014.

Depreciation declined slightly from USD 19 thousand in the third quarter to USD USD 17 for the fourth quarter 2014.

Impairment charges for both quarters have been reallocated to the Discontinued Operations and related solely to Brazilian assets.

The underlying share based payments charges reflect a reversal of USD 80 thousand due to termination of the outstanding unvested share options of the previous CEO compared to a charge of USD 39 thousand in the third quarter 2014.

EBIT from continuing operations was thus a negative USD 2.3 million in the fourth quarter 2014, compared to a negative USD 1.8 million in the third quarter 2014.

Net financial items amounted to a negative USD 7 thousand in the fourth quarter 2014 compared to USD 0.2 million in the third quarter that was primarily made up of costs incurred on repatriation of funds from Brazil.

Loss before tax from continuing activities was USD 2.3 million in the fourth quarter 2014 which was higher by USD 0.4 million compared to previous quarter loss of USD 1.9 million. The increase in loss is due to higher one-off restructuring and redundancies costs and operator G&A.

Net loss for the period from discontinued operations was USD 1.0 million for the current quarter compared to a loss of USD 0.3 million for the third quarter of 2014. The fourth quarter results include the final severance and restructuring costs incurred in Brazil and as such the loss was higher.

The total net loss was USD 3.4 million, compared to a net loss of USD 2.2 million in the previous quarter.

Other comprehensive income of a negative USD 101 thousand was a result of translating Brazilian subsidiaries for reporting purposes. Other comprehensive income was a positive USD 4 thousand in the third quarter 2014. The reduction is due to a relatively smaller sized balance sheet in Brazil that is subject to exchange fluctuations.

Year to date 2014 versus Year to date 2013

From a financial statements perspective, the closure of operations in Brazil is disclosed as "discontinued operations" and as such has been reported separately from the "continuing business activities". In order to present the discontinued operations separately, an allocation of income and costs arising from Brazilian operations has been made and all periods presented have been reclassified to reflect these adjustments. On an overall basis, there is no restatement of results in the prior periods presented and only a split of continuing and discontinued operations has been made in these interim financial statements.

Panoro Energy reported a net loss of USD 12.0 million from continued operations for the year ended December 31, 2014, compared to negative USD 25.0 million in the same period in 2013. The decline in net loss from continuing operations was primarily driven by lower interest costs in the current year.

There was no reported revenue from continuing activities in the current year compared to USD 7.0 million of other income in 2013 on termination of OML 113 sale agreement with Lekoil.

Exploration related costs and operator G&A amounted to USD 1.5 million, up from USD 0.7 million in 2013. The increase is a direct correlation to the advancement of both Aje and Dussafu through their respective development phases.

Strategic review costs in the current period amounted to USD 0.3 million representing identifiable overheads incurred on the process that has since been terminated on November 5, 2014. Such costs are not expected to be incurred in the forthcoming year.

Severance and restructuring costs represent USD 0.7 million and are primarily arising from closure of Oslo and Brazil offices. The overall costs of severance in Brazil has been allocated between both continuing and discontinued activities in order to align some of core head office functions which were historically undertaken from Brazil office.

General and administration costs decreased to USD 5.4 million for the full year in 2014, compared to USD 6.0 million in prior year. The reduction is due to efficiencies arising from cost reduction programme undertaken by management.

Depreciation decreased marginally by USD 16 thousand to USD 76 thousand during the year from USD 92 thousand in 2013.

This generated an EBIT from continuing operations of negative USD 8.0 million for the year ended December 31, 2014, compared to negative USD 3.5 million in the previous year. Prior year losses were lower due to USD 7 million of other income recognised on termination of sale agreement with Lekoil.

Net financial items amounted to a negative USD 4.0 million in 2014, including net interest and redemption costs of USD 12.5 million, net other financial costs of USD 0.1 million offset by the reversal of the effects of re-measurement of bond liability USD 8.7 million and a net foreign exchange loss of USD 61 thousand.

This compared to net financial items of a negative USD 21.4 million in the year ended December 31, 2013, including net interest costs of USD 15.2 million, the effects of re-measurement of bond liability USD 8.7 million and a net foreign exchange gain of USD 2.6 million.

Loss before tax from continuing operations was USD 12.1 million for the current year, compared to USD 24.8 million in 2013.

The net loss for the year from continuing operations was USD 12.0 million, compared to a net loss of USD 25.0 million in the prior year.

Discontinued operations for the year ended December 31, 2014 generated a positive USD 38.3 million of income offset by effects of recycling of accumulated currency translation of USD 35.2 million arising on sale of Rio das Contas that has been routed through statement of comprehensive income for disclosure purposes. This compares to negative USD 29.7 million in the comparative period. The results for current year mainly represent gain on sale of shares in Rio das Contas compared to the operating income from operations in Brazil in the comparative period.

Net income / (loss) for the year was negative USD 8.9 million including recycling of currency translation effects of USD 35.2 million to compared to negative USD 54.8 million for the period ended December 31, 2013.

Other comprehensive income of a positive USD 3.4 million reflects translation of Brazilian subsidiaries for reporting purposes. In addition, a positive USD 35.2 million movement of recycling of accumulated currency translation on sale of Rio das Contas is included as other comprehensive income. In comparison, translation differences were negative USD 19.1 million in the prior year.

Statement of financial position review

Movements to December 31, 2014 from September 30, 2014
Movements in the Group statement of financial position during the fourth quarter of 2014 were a combination of the following:

Non-current assets

Non-current assets amounted to USD 106.7 million at December 31, 2014, an increase of USD 6.7 million from September 30, 2014.

Licences and exploration assets amounted to USD 61.65 million, a decrease of USD 38.4 million since September 2014. The main reason for the decrease was the transfer of OML-113 related historical costs to development assets after the final investment decision was taken by the JV partners in the fourth quarter. The development assets balance amounted to USD 45.2 million as of December 31, 2014 with investments of USD 6.4 in the current quarter. In comparison, investment in licences and exploration assets during the quarter amounted to USD 0.3 million.

Property, furniture, fixtures and equipment was USD 94 thousand declining from USD 110 thousand at September 30, 2014. The decline represents effects of depreciation offset by addition of equipment.

Current assets

Current assets amounted to USD 47.2 million per December 31, 2014, compared to USD 57.2 million per September 30, 2014.

Trade and other receivables stood at USD 6.3 million, an increase from USD 4.7 million at the end of September 2014. The main increase in receivable is the balance of Aje development cash calls prepaid during the period against development expenditure. The main item being the cash deposit earmarked for capital expenditure on the FPSO vessel and sub-sea installations. Cash and bank balances stood at USD 40.9 million per December 31, 2014, a decrease from USD 52.5 million per September 30, 2014.

Equity

Equity amounted to USD 148.1 million per December 31, 2014, compared to USD 151.6 million at the end of September 2014. The change reflects the loss for the period.

Non-current liabilities

Total non-current liabilities amounted to USD 4.4 million per December 31, 2014, unchanged from September 30, 2014 which represents a deferred tax liability arising on a business combination in 2010.

Current liabilities

Current liabilities amounted to USD 1.5 million at December 31, 2014, compared to USD 1.2 million at the end of September 2014.

Accounts payable, accruals and other liabilities amounted to USD 1.5 million, an increase from USD 1.2 million at the end of September 2014. The increase is mainly a result of accrual of severance related liabilities.

Movements to December 31, 2014 from December 31, 2013
Movements in the Group statement of financial position the year were a combination of the following:

Non-current assets

Non-current assets amounted to USD 106.7 million at December 31, 2014, a decrease of USD 0.1 million from December 31, 2013.

Licences and exploration assets amounted to USD 61.5 million, a decrease of USD 33.3 million compared to prior year. The main reason for the decline was a transfer of OML 113 related historical costs to Development assets after the final investment decision taken by JV partners in October 2014. The development costs of USD 45.2 million have been transferred during the fourth quarter of 2014. The overall investment during the year in licences and exploration and development activities was USD 11.9 million that was spent on orders of long-lead items, FPSO deposit, 3D seismic data acquisition and reprocessing and costs incurred on preparation of Field Development Plan on both Aje and Dussafu.

Property, furniture, fixtures and equipment remained largely unchanged at USD 0.1 million and USD 0.2 million for December 31, 2014 and December 31, 2013 respectively.

Current assets

Current assets amounted to USD 47.2 million per December 31, 2014, compared to USD 57.7 million per December 31, 2013.

Trade and other receivables stood at USD 6.3 million, increasing from USD 1.0 million at the end of December 2013 due to an increase in the receivable balance of prepaid Aje development cash calls during the period.

Cash and bank balances stood at USD 40.9 million per December 31, 2014, a decrease from USD 56.7 million per December 31, 2013. The decrease is mainly impacted by the receipt of the USD 140 million proceeds from the sale of Rio das Contas at the end of March 2014 and the subsequent settlement of the Bond to bondholders on April 4, 2014 effectively leaving the Company debt-free. Further, decline in cash represents operating and non-operating expenditure and investment in exploration and development activities.

Assets classified as held for sale

Assets classified as held for sale was nil per December 31, 2014 following the completion of the sale of the Company's subsidiary Rio das Contas to GeoPark.

Equity

Equity amounted to USD 148.1 million per December 31, 2014, compared to USD 118.4 million at the end of December 2013. The change reflects the profit for the period and a positive movement in currency translation reserves.

Non-current liabilities

Total non-current liabilities amounted to USD 4.4 million per December 31, 2014 and December 31, 2013 which represents a deferred tax liability arising on a business combination in 2010.

Current liabilities

Current liabilities amounted to USD 1.5 million at December 31, 2014, compared to USD 124.2 million at the end of December 2013.

Interest bearing debt was nil per December 31, 2014 down from USD 118.9 million at the end of December 2013 following the settlement of the Bond to bondholders on April 4, 2014. Accounts payable, accruals and other liabilities amounted to USD 1.5 million, a decrease from USD 5.3 million at the end of December 2013. The decrease is a result of lower liabilities towards joint ventures in West Africa at the end of December 2014.

Liabilities directly associated with assets classified as held for sale

Liabilities directly associated with assets classified as held for sale was nil per December 31, 2014 down from USD 14.4 million per December 31, 2013, following the completion of the sale of the Company's subsidiary Rio das Contas to GeoPark.

Funding

Cash and bank balances amounted to USD 40.9 million at December 31, 2014. Following the completion of the sale of the Company's subsidiary Rio das Contas to GeoPark and subsequent full repayment of the bond on April 4, 2014, the Company was left debt-free.

Outlook

- Development of Aje Cenomanian oil field over the next year targeting first oil by Q4 2015
- Continue interpretation of 3D seismic for Dussafu by end of Q1 2015 to finalise inventory of prospective resource
- The processed 3D seismic on OML 113 is expected to be received by end of 1Q 2015
- Continue to focus on controlling project costs and reducing capital expenditure.

The Board of Directors

Panoro Energy ASA

February 11, 2015

Julien Balkany
Chairman

Silje Christine Augustson
Board member

Alexandra Herger
Board member

Lars Brandeggen
Board member

Condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2014

Q4 2013	Q3 2014	Q4 2014	Amounts in USD 000	Note	2014	2013
(Unaudited)					*(Unaudited)*	
Continuing Operations						
7,000	-	-	Other income		-	7,000
-	**-**	**-**	**Total revenues**		**-**	**7,000**
-	-	-	Production costs		-	-
(429)	(251)	(667)	Exploration related costs and operator G&A		(1,523)	(653)
(800)	(113)	(117)	Strategic review costs		(327)	(1,856)
-	(33)	(285)	Severance and restructuring costs		(686)	-
(1,363)	(1,310)	(1,327)	General and administrative costs		(5,388)	(5,956)
4,408	**(1,707)**	**(2,396)**	**EBITDA**		**(7,924)**	**(1,465)**
(14)	-	-	Gain / (loss) on sale of exploration and evaluation assets (net of tax)		-	(1,681)
(21)	(19)	(17)	Depreciation		(76)	(92)
(131)	(39)	80	Share based payments		(34)	(218)
4,242	**(1,765)**	**(2,333)**	**EBIT - Operating income/(loss)**		**(8,034)**	**(3,456)**
(3,332)	(33)	71	Interest costs net of income	9	(12,524)	(15,239)
(69)	(53)	(1)	Other financial costs net of income		(129)	(80)
102	-	-	Effects of re-measurement of bond liability	9	8,694	(8,694)
92	(73)	(77)	Net foreign exchange gain/(loss)		(61)	2,641
1,035	**(1,924)**	**(2,340)**	**Income/(loss) before tax**		**(12,054)**	**(24,828)**
(209)	-	25	Income tax benefit/(expense)		25	(209)
826	**(1,924)**	**(2,315)**	**Net income/(loss) for the period from continuing operations**		**(12,029)**	**(25,037)**
Discontinued operations						
(38,728)	(298)	(1,020)	Net income / (loss) for the period from discontinued operations	4	3,145	(29,715)
(37,902)	**(2,222)**	**(3,335)**	**Net income / (loss) for the period**		**(8,884)**	**(54,752)**
(5,654)	4	(101)	Exchange differences arising from translation of foreign operations		3,406	(19,139)
-	-	-	Recycling of accumulated currency translation on sale of subsidiary		35,195	-
(5,654)	**4**	**(101)**	**Other comprehensive income/(loss) for the period (net of tax)**		**38,601**	**(19,139)**
(43,556)	**(2,218)**	**(3,436)**	**Total comprehensive income/(loss) for the period**		**29,717**	**(73,891)**
			Net income /(loss) for the period attributable to:			
(37,902)	(2,222)	(3,355)	Equity holders of the parent		(8,884)	(54,752)
			Total comprehensive income/(loss) for the period attributable to:			
(43,556)	(2,218)	(3,436)	Equity holders of the parent		29,717	(73,891)
			Earnings per share (Note 5)			
(0.16)	(0.01)	(0.01)	(USD) – Basic and diluted for income/(loss) for the period attributable to equity holders of the parent - Total		(0.04)	(0.23)
(0.00)	(0.01)	(0.01)	(USD) – Basic and diluted for income/(loss) for the period attributable to equity holders of the parent - Continuing operations		(0.05)	(0.11)

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

Certain amounts shown here do not correspond to the previously published quarterly information and reflect adjustments made for disclosure of discontinued operations, refer Note 4.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2014

Amounts in USD 000	Note	December 31, 2014	September 30, 2014	December 31, 2013
		(Unaudited)	*(Unaudited)*	*(Audited)*
Non-current assets				
Licenses and exploration assets	6	61,480	99,889	94,755
Development assets		45,169	-	-
Property, furniture, fixtures and office equipment		94	110	189
Deferred tax assets		-	-	11,899
Total Non-current assets		**106,743**	**99,999**	**106,843**
Current assets				
Trade and other receivables		6,279	4,693	969
Cash and cash equivalents	7	40,941	52,526	54,152
Restricted cash	7	-	-	2,604
Total current assets		**47,220**	**57,219**	**57,725**
Assets classified as held for sale		-	-	96,856
Total Assets		**153,963**	**157,218**	**261,424**
Equity				
Share capital	8	56,333	56,333	56,333
Other equity		91,724	95,263	62,115
Equity attributable to equity holders of the parent		**148,057**	**151,596**	**118,448**
Non-current liabilities				
Deferred tax liabilities		4,376	4,376	4,376
Total Non-current liabilities		**4,376**	**4,376**	**4,376**
Current liabilities				
Current interest bearing debt	9	-	-	118,912
Accounts payable, accruals and other liabilities		1,530	1,246	5,268
Total current liabilities		**1,530**	**1,246**	**124,180**
Liabilities directly associated with assets classified as held for sale		-	-	14,420
Total Liabilities		**5,906**	**5,622**	**142,976**
Total Equity and Liabilities		**153,963**	**157,218**	**261,424**

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

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE YEAR ENDED DECEMBER 31, 2014

Q4 2013	Q3 2014	Q4 2014	*Amounts in USD 000*	2014	2013
			(Unaudited)		
			Cash flows from operating activities		
1,035	(1,924)	(2,340)	Net (loss)/ income from continuing operations	(12,054)	(24,828)
(36,656)	(298)	(106)	Net (loss)/ income from discontinued operations	15,845	(19,104)
(35,621)	(2,222)	(2,446)	**Net (loss)/ income for the period before tax**	3,971	(43,932)
			Adjusted for:		
51	20	17	Depreciation	79	2,459
-	-	-	Recycling of accumulated currency translation on sale of subsidiary	35,195	-
(102)	-	-	Effect of re-measurement of bond liability	(8,694)	8,694
(10,500)	-	-	Other income	-	(10,500)
46,815	222	159	Impairment and asset write-off	755	46,815
14	176	-	(Gain)/loss on disposal of subsidiary / assets	(53,495)	1,681
3,168	16	(448)	Net finance costs	12,064	14,189
144	(42)	(112)	Share-based payments	(108)	235
260	292	584	Foreign exchange gains/losses	212	(707)
1,175	(2,980)	541	Increase/(decrease) in trade and other payables	1,443	2,584
(828)	(508)	3,343	(Increase)/decrease in trade and other receivables	(459)	1,177
(888)	-	-	Taxes paid	-	(4,432)
3,688	**(5,026)**	**1,638**	**Net cash flows from operating activities**	**(9,217)**	**18,263**
			Cash flows from investing activities		
(3,619)	(3,953)	(12,701)	Investment in exploration, production and other assets	(19,911)	(22,030)
-	-	-	Proceeds from the disposal of subsidiary (net of costs)	139,100	35,000
4,000	-	-	Incidental income on termination of sale agreement	-	7,000
2,652	-	-	Cash and cash equivalents classified as held for sale	-	(17,015)
3,033	**(3,953)**	**(12,701)**	**Net cash flows from investing activities**	**119,189**	**2,955**
			Cash flows from financing activities		
(8,311)	1,202	24	Net financial cost (paid)/income received	386	(15,403)
(13,850)	-	-	Repayment of Bond	(123,394)	(13,850)
11,639	-	-	Movement in restricted cash balance	-	276
(10,522)	**1,202**	**24**	**Net cash flows from financing activities**	**(123,008)**	**(28,977)**
1,129	222	(546)	Effect of foreign currency translation adjustment on cash balances	(175)	(8,712)
(2,672)	**(7,555)**	**(11,585)**	**Change in cash and cash equivalents during the period**	**(13,211)**	**(16,471)**
56,824	60,081	52,526	Cash and cash equivalents at the beginning of the period	54,152	70,623
54,152	**52,526**	**40,941**	**Cash and cash equivalents at the end of the period**	**40,941**	**54,152**

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

Certain amounts shown here do not correspond to the previously published quarterly information and reflect adjustments made for disclosure of discontinued operations, refer Note 4.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2014 *Amounts in USD 000*	**Issued capital**	**Share premium**	**Additional paid-in capital**	**Retained earnings**	**Other reserves**	**Currency translation reserve**	**Total**
	Attributable to equity holders of the parent						
At January 1, 2014 - (Audited)	**56,333**	**288,858**	**66,021**	**(210,787)**	**(37,647)**	**(44,331)**	**118,447**
Net income/(loss) for the period - Continuing Operations	-	-	-	(5,773)	-	-	(5,773)
Net income/(loss) for the period - Discontinued Operations	-	-	-	5,844	-	35,195	41,039
Other comprehensive income/(loss)	-	-	-	-	-	3,369	3,369
Total comprehensive income/(loss)	-	-	-	71	-	38,564	38,635
Employee share options	-	-	9	-	-	-	9
At March 31, 2014 - (Unaudited)	**56,333**	**288,858**	**66,030**	**(210,716)**	**(37,647)**	**(5,767)**	**157,091**
Net income/(loss) for the period - Continuing Operations	-	-	-	(2,017)	-	-	(2,017)
Net income/(loss) for the period - Discontinued Operations	-	-	-	(1,381)	-	-	(1,381)
Other comprehensive income/(loss)	-	-	-	-	-	134	134
Total comprehensive income/(loss)	-	-	-	(3,398)	-	134	(3,264)
Employee share options	-	-	(55)	-	-	-	(55)
At June 30, 2014 - (Unaudited)	**56,333**	**288,858**	**65,975**	**(214,114)**	**(37,647)**	**(5,633)**	**153,772**
Net income/(loss) for the period - Continuing Operations	-	-	-	(1,924)	-	-	(1,924)
Net income/(loss) for the period - Discontinued Operations	-	-	-	(298)	-	-	(298)
Other comprehensive income/(loss)	-	-	-	-	-	4	4
Total comprehensive income/(loss)	-	-	-	(2,222)	-	4	(2,218)
Employee share options	-	-	42	-	-	-	42
At September 30, 2014 - (Unaudited)	**56,333**	**288,858**	**66,017**	**(216,336)**	**(37,647)**	**(5,629)**	**151,596**
Net income/(loss) for the period - Continuing Operations	-	-	-	(2,315)	-	-	(2,315)
Net income/(loss) for the period - Discontinued Operations	-	-	-	(1,020)	-	-	(1,020)
Other comprehensive income/(loss)	-	-	-	-	-	(101)	(101)
Total comprehensive income/(loss)	-	-	-	(3,335)	-	(101)	(3,436)
Employee share options	-	-	(103)	-	-	-	(103)
At December 31, 2014 - (Unaudited)	**56,333**	**288,858**	**65,914**	**(219,671)**	**(37,647)**	**(5,730)**	**148,057**

For the year ended December 31, 2013 *Amounts in USD 000*	**Issued capital**	**Share premium**	**Additional paid-in capital**	**Retained earnings**	**Other reserves**	**Currency translation reserve**	**Total**
	Attributable to equity holders of the parent						
At January 1, 2013 - (Audited)	**56,333**	**288,858**	**65,786**	**(156,035)**	**(37,647)**	**(25,192)**	**192,103**
Net income/(loss) for the period - Continuing Operations	-	-	-	(5,018)	-	-	(5,018)
Net income/(loss) for the period - Discontinued Operations	-	-	-	6,127	-	-	6,127
Other comprehensive income/(loss)	-	-	-	-	-	2,177	2,177
Total comprehensive income/(loss)	-	-	-	1,109	-	2,177	3,286
Employee share options	-	-	(70)	-	-	-	(70)
At March 31, 2013 - (Unaudited)	**56,333**	**288,858**	**65,716**	**(154,926)**	**(37,647)**	**(23,015)**	**195,319**
Net income/(loss) for the period - Continuing Operations	-	-	-	(18,291)	-	-	(18,291)
Net income/(loss) for the period - Discontinued Operations	-	-	-	4,257	-	-	4,257
Other comprehensive income/(loss)	-	-	-	-	-	(14,628)	(14,628)
Total comprehensive income/(loss)	-	-	-	(14,034)	-	(14,628)	(28,662)
Employee share options	-	-	70	-	-	-	70
At June 30, 2013 - (Unaudited)	**56,333**	**288,858**	**65,786**	**(168,960)**	**(37,647)**	**(37,643)**	**166,727**
Net income/(loss) for the period - Continuing Operations	-	-	-	(2,554)	-	-	(2,554)
Net income/(loss) for the period - Discontinued Operations	-	-	-	(1,371)	-	-	(1,371)
Other comprehensive income/(loss)	-	-	-	-	-	(1,034)	(1,034)
Total comprehensive income/(loss)	-	-	-	(3,925)	-	(1,034)	(4,959)
Employee share options	-	-	144	-	-	-	144
At September 30, 2013 - (Unaudited)	**56,333**	**288,858**	**65,930**	**(172,885)**	**(37,647)**	**(38,677)**	**161,912**
Net income/(loss) for the period - Continuing Operations	-	-	-	826	-	-	826
Net income/(loss) for the period - Discontinued Operations	-	-	-	(38,728)	-	-	(38,728)
Other comprehensive income/(loss)	-	-	-	-	-	(5,654)	(5,654)
Total comprehensive income/(loss)	-	-	-	(37,902)	-	(5,654)	(43,556)
Employee share options	-	-	91	-	-	-	91
At December 31, 2013 - (Audited)	**56,333**	**288,858**	**66,021**	**(210,787)**	**(37,647)**	**(44,331)**	**118,447**

The accompanying notes form an integral part of these condensed consolidated financial statements.
Certain amounts shown here do not correspond to the previously published quarterly information and reflect adjustments made for disclosure of discontinued operations, refer Note 4.

Notes to the condensed consolidated financial statements

1. Corporate information

The holding Company, Panoro Energy ASA, was incorporated on April 28, 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 office is Dronning Maudsgt. 1-3, 0124 Oslo, Norway.

The Company and its subsidiaries are engaged in exploration and production of oil and gas resources in West Africa. The unaudited condensed consolidated financial statements of the Group for the year December 31, 2014 were authorised for issue by the Board of Directors on February 11, 2015.

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 in the Company's 2013 Annual report. The 2013 Annual report is available on the Company's website at http://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.

2.1 Significant accounting policies

The accounting policies adopted in preparation of these condensed consolidated financial statements are consistent with those followed in the preparation of the Group's Annual consolidated financial statements for the year ended December 31, 2013, except for the adoption of new standards and interpretations effective as of January 1, 2014.

Several new standards and amendments apply for the first time in 2014. However, they do not impact the annual consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group.

3. Segment information

From 1Q 2014, the Group operated predominantly in one business segment being the exploration of oil and gas in West Africa. After the divestment of Company's interest in Manati field at the end of March 2014, the Group is only left with West African operating business. Furthermore, during 2Q the Company has taken a decision to cease all operations in Brazil and as such segment has been classified as a discontinued operation. Details of discontinued operations can be referred to in note 4. As such, the segment information for September 30, 2014 and December 31, 2014 does not include Brazilian operations. However, for the purpose of comparative information, the Brazilian segment has been included.

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

- The West African segment holds the following assets:
  - The Dussafu licence representing the Group's 33.3% working interest in the Dussafu Marin exploration licence in Gabon.
  - The OML113-Aje represents the Group's 6.5% participating interest (12.19% profit interest) in the OML113-Aje exploration licence in Nigeria.
- The 'Corporate and others' category consists of head office and service company operations that are not directly attributable to the other segment.

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

Q4 2013	Q3 2014	Q4 2014		2014	2013
	(Unaudited)		**OPERATING SEGMENTS - WEST AFRICA**	*(Unaudited)*	
			in USD 000		
(415)	(227)	(622)	EBITDA	(1,462)	(1,406)
(14)	-	-	Gain / (loss) on disposal of licenses	-	(1,681)
-	103,492	-	Segment assets excluding held for sale	112,335	94,544
-	-	-	Segment assets classified as held for sale	-	-
			CORPORATE		
			in USD 000		
4,823	(1,480)	(1,774)	EBITDA	(6,462)	(59)
21	19	17	Depreciation and amortisation	76	92
-	51,420	-	Segment assets excluding held for sale	40,434	50,517
			DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE		
			in USD 000		
(38,728)	(298)	(1,020)	Income / (loss) for the period from discontinued operations	3,145	(29,715)
-	2,306	-	Segment assets excluding held for sale	1,194	19,507
-	-	-	Segment assets classified as held for sale	-	96,856
			CONSOLIDATED		
			in USD 000		
4,408	(1,707)	(2,396)	EBITDA	(7,924)	(1,465)
21	19	17	Depreciation and amortisation	76	92
(14)	-	-	Gain / (loss) on disposal of licenses	-	(1,681)
(38,728)	(298)	(1,020)	Income / (loss) for the period from discontinued operations	3,145	(29,715)
-	157,218	-	Segment assets excluding held for sale	153,963	164,568
-	-	-	Segment assets classified as held for sale	-	96,856

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. Discontinued operations and disposals of shares in subsidiary

Subsequent to the sale of it's fully owned Subsidiary Rio das Contas, the Board of Directors have formally decided to exit Brazil and wind-down the operations. As a result, remaining licences in BS-3 area have been relinquished and abandonment plans have been filed with ANP. The office premises in Rio de Janeiro have also been closed with only key personnel managing the exit formalities on a transitional basis.

The Company intends to keep a low-cost corporate presence for its subsidiary Panoro Energy do Brasil Ltda, which is entitled to the contingent earn-out from GeoPark over the next four years.

As a result, the operations of Company's subsidiaries in Brazil have been classified as discontinued operations under IFRS 5. The results of Brazilian segment for the previous quarters have therefore been carved out of the operating results and presented below as discontinued operations:

Q4 2013	**Q3 2014**	**Q4 2014**		**2014**	**2013**
USD 000 - (Unaudited)				***USD 000 - (Unaudited)***	
10,642	-	-	Oil and gas revenue	10,393	43,646
3,500	-	-	Other income	-	3,500
14,142	**-**	**-**	**Total revenues**	**10,393**	**47,146**
(2,876)	-	-	Production costs	(1,398)	(10,877)
(53)	-	-	Exploration related costs and operator G&A	-	(269)
(67)	-	-	Strategic review costs	-	(334)
-	-	(504)	Severance and restructuring costs	(746)	-
(1,197)	(332)	(405)	General and administration costs	(2,200)	(4,767)
9,949	**(332)**	**(909)**	**EBITDA**	**6,049**	**30,899**
(30)	-	-	Depreciation	(3)	(2,367)
(46,180)	(222)	(159)	Impairment	(755)	(46,815)
40	(3)	24	Share based payments	142	(17)
-	(176)	-	Gain / (loss) on sale of subsidiary (note 4.1)	45,169	-
(36,221)	**(733)**	**(1,044)**	**EBIT - Operating income / (loss)**	**50,602**	**(18,300)**
542	80	18	Interest costs net of income	666	2,232
(542)	(10)	(1)	Other financial costs net of income	(77)	(1,102)
(435)	365	7	Net foreign exchange gain / (loss)	(151)	(1,934)
(36,656)	**(298)**	**(1,020)**	**Income / (loss) before tax**	**51,040**	**(19,104)**
(2,072)	-	-	Income tax benefit / (expense)	(12,700)	(10,611)
(38,728)	**(298)**	**(1,020)**	**Net income / (loss) for the period from discontinued operations – excluding recycling of currency adjustments**	**38,340**	**(29,715)**
-	-	-	Recycling of accumulated currency translation on sale of subsidiary	(35,195)	-
-	-	-	**Net income / (loss) for the period from discontinued operations**	3,145	-
(0.17)	-	-	Earnings per share – basic and diluted (USD) for the period from discontinued operations	0.01	(0.13)

In order to have consistency of results, certain costs have been allocated to continuing operations under general & administration costs and severance and restructuring costs for prior and current periods presented. Such adjustments were necessary to apportion realistic costs to continuing activities considering the shared roles of CFO and Investor Relations personnel which were both based in Brazil over the past two years. Such allocation has been consistently applied in the current quarter and prior quarters that have been reclassified.

4.1. Disposal of shares in subsidiary

On May 14, 2013, the Company's wholly owned subsidiary Panoro Energy do Brasil Ltda entered into a sales and purchase agreement (SPA) to divest its Brazilian subsidiary Rio das Contas to GeoPark Brasil Ltda for a total consideration of USD 140 million plus contingent earn-out. Rio das Contas is the direct beneficial owner of 10% of the BCAM-40 Block in the Camamu-Almada basin offshore Brazil, which includes the Manati and Camarão Norte fields where Panoro Energy held a 10% interest. Cash proceeds from the transaction was used to redeem Panoro Energy's outstanding bond loans (ISIN NO 001 059097.9 and NO 001 059096.1) which left the Company debt free.

The purchase consideration for the shares in Rio das Contas comprised an initial payment of USD 140 million, adjusted by working capital, with effective date of the transaction April 30, 2013 to be paid in cash upon closing. In addition, a contingent earn-out will be paid in cash over the 5-year period from January 1, 2013 to December 31, 2017. The annual earn-out payments will equal 45 % of the annual net cash flow exceeding USD 25 million. The total earn-out is capped at USD 20 million.

On March 26, 2014, the Brazilian Petroleum Agency (ANP) approved the sale of RdC to GeoPark by replacing the parental guarantee which was one of the main conditions to completion. Subsequent to ANP approval, all shares in RdC have been transferred to GeoPark and the consideration received has been used to repay the bond liability in full.

The disposal of subsidiary resulted in a provisional net gain of USD 53.4 million (including 1Q results of USD 8.2 million) which has been recognised in the statement of comprehensive income under discontinued operations.

In addition to recognising the gain on sale of subsidiary, the Group has also recognised a deferred tax expense of USD 11.8 million which represents a write-down of the previously recognised deferred tax asset in Brazil. The deferred tax arose on tax losses in Brazil which were absorbed by the gain generated on the sale of Rio das Contas. Cash outflows on account of income tax are not expected on conclusion of the sale transaction per management's interpretation of the current tax rules.

The accumulated currency translation reserve of negative USD 35.2 million for Rio das Contas has also been realised and as such transferred to retained earnings as of the date of disposal. This balance was reclassified in the fourth quarter 2014 for the clearer presentation of the statement of comprehensive income and has been routed through the face of the income statement as other comprehensive item. The overall effect of such presentation change is nil on the overall results.

5. Earnings per share

Q4 2013	Q3 2014	Q4 2014		2014	2013
	(Unaudited)		***Amounts in USD 000, unless otherwise stated***	*(Unaudited)*	
(37,902)	(2,222)	(3,335)	Net profit / (loss) attributable to equity holders of the parent – Total	(8,884)	(54,752)
826	(1,924)	(2,315)	Net profit / (loss) attributable to equity holders of the parent - continuing operations	(12,029)	(25,037)
234,546	234,546	234,546	Weighted average number of shares outstanding - in thousands	234,546	234,546
(0.17)	(0.01)	(0.01)	Basic and diluted earnings per share (USD) - Total	(0.04)	(0.23)
(0.00)	(0.01)	(0.01)	Basic and diluted earnings per share (USD) – Continuing operations	(0.05)	(0.11)

Diluted earnings per share

The Group had 2,161,673 outstanding share options as of December 31, 2014 (September 30, 2014: 3,091,671 options and December 31, 2013: 5,816,673 options) that are potentially dilutive ordinary shares.

6. License interests, exploration and evaluation assets and development assets

	Licence interest, exploration and evaluation assets *USD 000*	Development assets *USD 000*
Net book value		
At January 1, 2014 *(Audited)*	94,755	-
Additions	3,268	8,626
Transfer to development assets	(36,543)	36,543
At December 31, 2014 *(Unaudited)*	61,480	45,169

7. Cash and bank balances

	December 31, 2014 *(Unaudited)* *USD 000*	December 31, 2013 *(Audited)* *USD 000*
Cash and cash equivalents	40,941	54,152
Restricted cash	-	2,604
Cash and bank balances at the end of the period	40,941	56,756

8. Share capital

The total number of ordinary shares in issue throughout year ended December 31, 2014 was 234,545,786 with a nominal value of NOK 342,547,498.77.

9. Interest bearing debt

The Company had entered into a sale agreement with GeoPark Holdings to sell its entire shareholding in its fully owned subsidiary Rio das Contas (RdC) which also holds Manati field. The shares in RdC and Manati were pledged as security under the bond agreement which required mandatory redemption of the loan on completion of sale transaction. Under the terms of the bond agreement, mandatory redemption premium of 6% was applied to the principal balance on redemption date of April 4, 2014. A payment of USD 123.4 million was made on the same date to fully repay the debt obligations.

Since the redemption premium is recognised in the financial statements, the re-measurement effects of USD 8.7 million have been reversed in the statement of comprehensive income for the full year.

Other information

Financial calendar

February 12, 2015	Fourth quarter 2014 results

Glossary and definitions

Bbl	One barrel of oil, equal to 42 US gallons or 159 liters
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
MMBOE	Million barrels of oil equivalents
MMBtu	Million British thermal units
MMm^3	Million cubic meters
Tcf	Trillion cubic feet

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, 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 presentation, and we undertake no obligation to update or revise any of this information

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