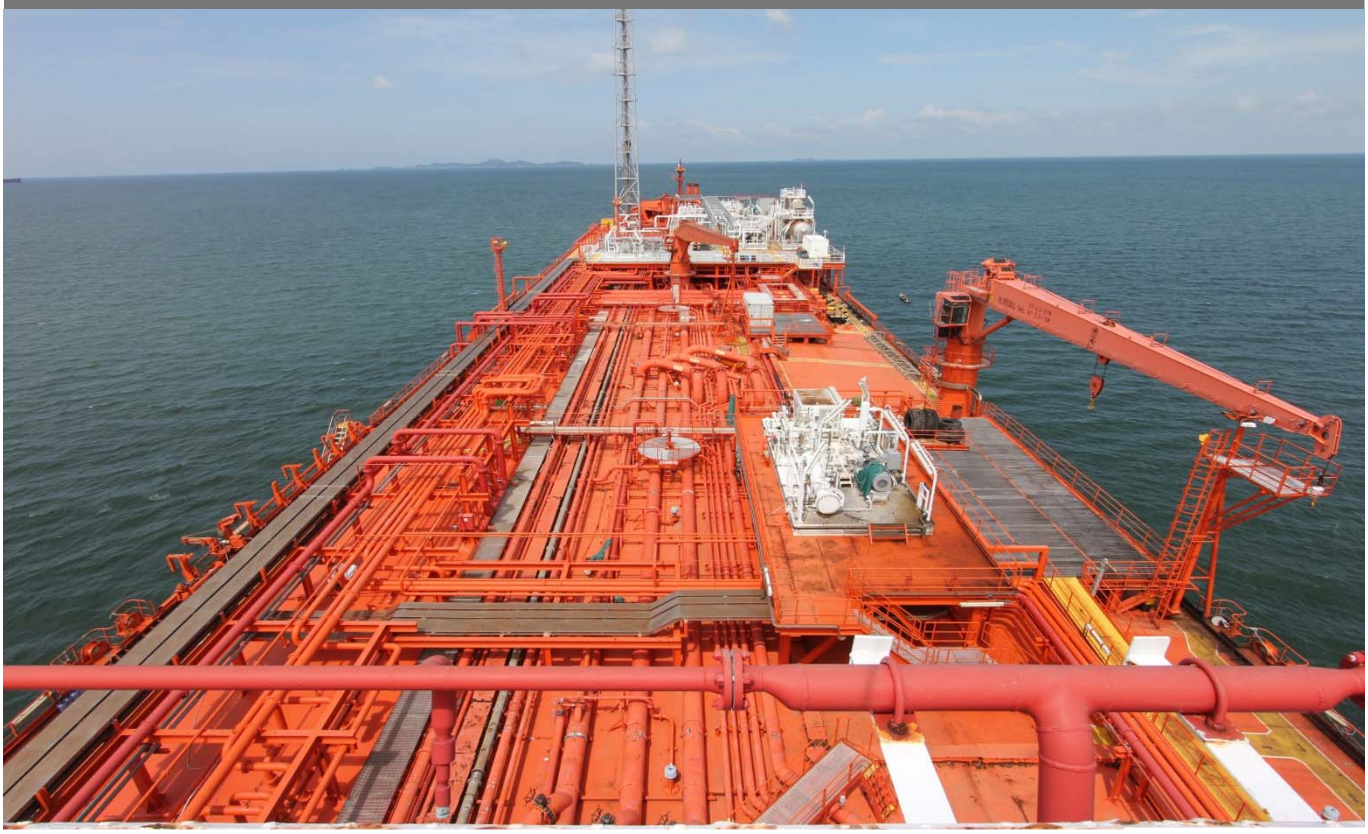
Panoro Energy

First Quarter Report 2015

May 26, 2015



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Contents

Highlights and events

First quarter 2015 highlights and subsequent events

- Cash balance of USD 36.1 million as of March 31, 2015 not including unspent net cash in JV accounts of USD 2.8 million.
- The Company is debt free
- Net loss from continued operations was USD 1.9 million, decreasing from USD 2.3 million in the previous quarter
- Appointment of John Hamilton as Chief Executive Officer (post period)
- Nomination of Garrett Soden and Torstein Sanness to the board of directors at the AGM on May 27, 2015
- Preliminary work on new seismic at Dussafu (Gabon) shows encouraging exploration potential with 11 mapped structures
- Operations at Aje development (Nigeria) remain on schedule with drilling anticipated to commence in Q3 2015
- New 3D seismic on OML 113 received, interpretation to follow

Operational update

GABON

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

Following the mid 2014 award of the 850 km^2 Exclusive Exploitation Authorisation (EEA) for the Ruche area fields and the Q4 2014 Field Development Plan (FDP) approval by the Direction Général de Hydrocarbures (DGH) in Gabon, the Dussafu Joint Venture (JV) has continued with activities associated with the Ruche development. Preliminary scoping Front End Engineering Design (FEED) studies initiated in Q4 2014 were completed during the quarter in order to provide a detailed schedule, work program and budget for development plan. The FEED studies included tendering of key components of the field development. Given the decline in oil prices that also occurred during the first quarter as well as the announced possible sale by the Operator, the JV made the decision in early March to delay the Final Investment Decision (FID). The JV budget was reduced accordingly.

On the exploration side, activities have continued in parallel and Panoro continued its review of the depth processed 1,260 km^2 outboard 3D seismic data. Preliminary work so far shows very encouraging exploration potential with 11 robust structures mapped on new data, all within tie back distance to proposed development. Within the EEA area, Panoro has identified low–mid–high gross un-risked prospective resources of 251-551-1,011 MMbbls, gross risked prospective resources of 86-183-329 MMbbls, and net risked prospective resources of 29-61-110 MMbbls. Panoro is continuing to review the further exploration potential both within and outside the EEA area.

NIGERIA

OML 113 Aje field: YFP (Operator), 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, targeted to commence by the end of 2015.

The Operator has taken 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. Discussions with rig owners for the well drilling and completion operations have continued and it is likely that drilling expected to commence in 3Q 2015.

Processing for the newly acquired 3D seismic data has been completed and final Pre Stack Depth Migration data has recently been received. This new 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

Post period end, the Board has appointed John Hamilton as Chief Executive Officer. Mr. Hamilton is a seasoned executive and has held several senior positions at leading publicly listed oil and gas companies. In tandem with Mr. Hamilton's appointment, Nishant Dighe is continuing as President and Chief Operating Officer, providing the Company with a strengthened team as it enters an important phase of its development. Due to potential conflicts of interest, Lars Brandeggen has decided to step down as a member of the board of directors at the Annual General Meeting to be held on May 27, 2015. The Nomination Committee has proposed the election of Garrett Soden and Torstein Sanness to the Board. Mr. Soden has experience across the natural resources sector in government, investment banking and public company management. Mr. Sanness has extensive experience and technical expertise in the oil and gas industry and is a well-recognized figure involved in major discoveries in the Norwegian continental shelf and globally.

Financial information

Income statement review

First quarter 2015 versus fourth quarter 2014

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 in the prior periods and presentation has 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 1.9 million from continuing operations for the first quarter 2015, a decrease of USD 0.4 million, compared to a loss of USD 2.3 million in the fourth quarter 2014.

Subsequent to the completion of the sale of Rio das Contas in the first quarter of 2014, 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 decreased slightly from USD 0.7 million in Q4 2014 to USD 0.6 million in 1Q 2015. This is consistent with the operator general and administrative costs on the JVs and in line with the budgeted expenditure, but which do not meet internal capitalisation criteria.

Strategic review costs were USD nil for the first quarter 2015 in comparison to USD 117 thousand in the fourth quarter 2014. These costs have discontinued following the decision to terminate the strategic review process in November 2014.

Severance and restructuring costs incurred in the quarter was nil compared to USD 0.3 million in Q4 2014. The amount in the previous quarter reflected the severance cost for the former Chief Executive Officer, the 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 in the previous quarter. 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.

General and Administration costs remained consistent and amounted to USD 1.3 million in both Q1 2015 and Q4 2014.

Depreciation declined slightly from USD 17 thousand in the fourth quarter 2014 to USD 14 thousand for the first quarter 2015.

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

Share based payments charge for Q1 2015 was nil compared to a net reversal of USD 80 thousand in the fourth quarter 2014. All outstanding options were fully vested during 4Q 2014.

EBIT from continuing operations was thus a negative USD 1.9 million in the first quarter 2015, compared to a negative USD 2.3 million in the fourth quarter 2014.

Net financial items amounted to an income of USD 44 thousand in the first quarter 2015 compared to negative USD 7 thousand in the fourth quarter 2014.

Loss before tax from continuing activities was USD 1.9 million in the first quarter 2015 which was lower by USD 0.4 million compared to previous quarter loss of USD 2.3 million. The decrease in loss is due to one-off restructuring and redundancies costs incurred in Q4 2014.

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

The total net loss was USD 2.2 million, compared to a net loss of USD 3.3 million in the Q4 2014.

Other comprehensive income of USD 29 thousand was a result of translating Brazilian subsidiaries for reporting purposes. For Q4 2014, the other comprehensive loss was USD 101 thousand.

First quarter 2015 versus first quarter 2014

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 1.9 million from continuing operations for the first quarter 2015, compared to a loss of USD 5.8 million in the first quarter 2014.

Following the completion of the sale of Rio das Contas in the first quarter of 2014, no revenue and production costs are presented in the Group statement of comprehensive income as all its results have been included as part of the discontinued operations as detailed in note 4 to the interim financial statements.

Exploration related costs and operator G&A increased from USD 0.4 million in Q1 2014 to USD 0.6 million in 1Q 2015. This is consistent with the operator general and administrative costs on the JVs and in line with the budgeted expenditure in the respective periods, which do not meet internal capitalisation criteria.

Strategic review costs were USD nil for Q1 2015 in comparison to USD 23 thousand in the first quarter 2014. These costs have discontinued following the decision to terminate the strategic review process in November 2014. The costs in the comparative period mostly related to legal charges.

Severance and restructuring costs incurred in the quarter was nil compared to USD 18 thousand in Q1 2014. The overall costs of severance in the comparative period 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.

General and Administration costs increased slightly and amounted to USD 1.3 million in Q1 2015 compared to USD 1.2 million in Q1 2014.

Depreciation declined from USD 21 thousand in the first quarter 2014 to USD 14 thousand for the first quarter 2015.

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

Share based payments charge for Q1 2015 was nil compared to USD 37 thousand charge for Q1 2014. Some options were in the vesting period in Q1 2014 and hence the charge.

EBIT from continuing operations was thus a negative USD 1.9 million in the first quarter 2015, compared to a negative USD 1.7 million in the first quarter 2014.

Net financial items amounted to an income of USD 44 thousand in the first quarter 2015 compared to negative USD 4.0 million in the first quarter 2014. The first quarter 2014 charge relates to three month interest and early redemption charges on repayment of senior secured callable bond.

Loss before tax from continuing activities was USD 1.9 million in the first quarter 2015 which was lower by USD 3.9 million compared to Q1 2014 loss of USD 5.8 million. The decrease in loss is due to higher net financial costs in Q1 2014.

Net loss for the period from discontinued operations was USD 0.3 million for the current quarter compared to an income of USD 5.8 million for the first quarter of 2014. The first quarter 2014 results from discontinued operations include income from sale of subsidiary (Rio das Contas) and consolidated results from Manati field.

The total net loss was USD 2.2 million, compared to a net income of USD 71 thousand in the Q1 2014.

Other comprehensive income of a positive USD 29 thousand was a result of translating Brazilian subsidiaries for reporting purposes. For Q1 2014, the other comprehensive income was positive USD 3.4 million and included a positive USD 35.2 million recycling of accumulated currency translation on sale of subsidiary. The presentation of recycling of currency translation has been reclassified to align with the presentation in 2014 annual audited financial statements.

Statement of financial position review

Movements to March 31, 2015 from December 31, 2014

Movements in the Group statement of financial position during the first quarter of 2015 were a combination of the following:

Non-current assets

Non-current assets amounted to USD 111.6 million at March 31, 2015, an increase of USD 4.9 million from December 31, 2014.

Licences and exploration assets amounted to USD 62.6 million, an increase of USD 1.1 million since December 2014. The increase represents capital expenditure on Dussafu permit progressing 2015 work programme with expenditure covering FEED, G&G and Engineering Management and the annual Surface Rental for the EEA area. The development assets balance amounted to USD 48.2 million as of March 31, 2015 with investments of USD 3.0 million in the current quarter.

Property, furniture, fixtures and equipment was USD 81 thousand declining from USD 94 thousand at December 31, 2014. The decline represents effects of depreciation offset by addition of equipment.

Other non-current assets as of March 31, 2015 represent USD 0.8 million guarantee deposit in support of a guarantee to FPSO provider Rubicon which is providing the vessel for Aje Cenomanian oil development.

Current assets

Current assets amounted to USD 39.5 million per March 31, 2015, compared to USD 47.2 million per December 31, 2014.

Trade and other receivables stood at USD 3.4 million, a decrease from USD 6.3 million at the end of December 2014. The main decline in receivable is the utilisation of the balance of Aje development cash calls prepaid during the previous quarter period to progress development activities. Cash and bank balances stood at USD 36.1 million per March 31, 2015, a decrease from USD 40.9 million per December 31, 2014.

Equity

Equity amounted to USD 145.9 million per March 31, 2015, compared to USD 148.1 million at the end of December 2014. The change reflects the loss for the period.

Non-current liabilities

Total non-current liabilities amounted to USD 4.4 million per March 31, 2015, unchanged from December 31, 2014 which represents a deferred tax liability arising on a business combination in 2010.

Current liabilities

Current liabilities amounted to USD 0.8 million at March 31, 2015, compared to USD 1.5 million at the end of December 2014.

Accounts payable, accruals and other liabilities amounted to USD 0.8 million, a decrease from USD 1.5 million at the end of December 2014. The decrease during the quarter is mainly a result of payment of severance and payroll tax liabilities and project legal fees in the UK accrued at the end of previous quarter. There was also the effect of a decline in general level of payables due to Oslo office closure.

Funding

Although, the Company has USD 36.1 million in cash and bank balances as of March 31, 2015 (excluding USD 2.8 million unspent cash in the JVs), a significant portion of this cash is earmarked for investment in development of the Aje Cenomanian Oil field which is expected to start production by end of 2015. As is inherent in every oil field development, project delays and cost overruns could potentially increase the investment required. Given the uncertainty around the financial situation of certain JV Partners, as has been publicly released by these companies, it is possible that the cost of investment for Panoro may increase in the foreseeable future. Consequently the Company may need to further improve its financial base to cover these costs and to have a fully funded business plan for the next 12 months. Such improvements might come from portfolio optimization, including dilution of interest in its projects in exchange for project funding, assets sales, farm downs and/or a potential strengthening of the balance sheet through conventional financial sources. In an event additional funding is necessary and cannot be secured under the best terms and in the best interest of shareholders, the Company has the option to withdraw from its projects thereby reducing the spending commitment on development activities. Management and the Board have taken active measures to source appropriate funding and are confident that a gap, if any, for funding and liquidity can be filled.

Outlook

- Continued development activity on the Aje Cenomanian oil field targeting first oil by the end of 2015
- Refinement and development of Dussafu prospect inventory based on 3D seismic data
- Commencement of interpretation of the processed 3D seismic on OML 113
- Actively review opportunities for growth in the current market environment
- Deliver shareholder value from our current portfolio

The Board of Directors

Panoro Energy ASA

Oslo, May 26, 2015

Julien Balkany
Chairman

Silje Christine Augustson
Board member

Lars Brandeggen
Board member

Alexandra Herger
Board member

Condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED MARCH 31, 2015

Amounts in USD 000	Note	Q1 2015	Q4 2014	Q1 2014
			(Unaudited)	
CONTINUING OPERATIONS				
Revenues		-	-	-
Total Revenues		**-**	**-**	**-**
Exploration related costs and operator G&A		(619)	(667)	(437)
Strategic review costs		-	(117)	(23)
Severance and restructuring costs		-	(285)	(18)
General and administrative costs		(1,306)	(1,327)	(1,202)
Depreciation		(14)	(17)	(21)
Share based payments		-	80	(37)
EBIT - Operating income/(loss)		**(1,939)**	**(2,333)**	**(1,738)**
Interest costs net of income		56	71	(12,750)
Other financial costs net of income		(3)	(1)	(54)
Effects of re-measurement of bond liability		-	-	8,694
Net foreign exchange gain/(loss)		(9)	(77)	75
Income/(loss) before tax		**(1,895)**	**(2,340)**	**(5,773)**
Income tax benefit/(expense)		-	25	-
Net income/(loss) for the period from continuing operations		**(1,895)**	**(2,315)**	**(5,773)**
DISCONTINUED OPERATIONS				
Net income/(loss) for the period from discontinued operations	4	(258)	(1,020)	5,844
Net income / (loss) for the period		**(2,153)**	**(3,335)**	**71**
Exchange differences arising from translation of foreign operations		29	(101)	3,369
Recycling of accumulated currency translation on sale of subsidiary		-	-	35,195
Other comprehensive income/(loss) for the period (net of tax)		**29**	**(101)**	**38,564**
Total comprehensive income/(loss) for the period		**(2,124)**	**(3,436)**	**38,635**
Net income /(loss) for the period attributable to:				
Equity holders of the parent		(2,153)	(3,335)	71
Total comprehensive income/(loss) for the period attributable to:				
Equity holders of the parent		(2,124)	(3,436)	38,635
Earnings per share				
(USD) – Basic and diluted for income/(loss) for the period attributable to equity holders of the parent - **Total**		(0.01)	(0.01)	0.00
(USD) – Basic and diluted for income/(loss) for the period attributable to equity holders of the parent – **Continuing operations**		(0.01)	(0.01)	(0.02)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2015

Amounts in USD 000	Note	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
Non-current assets			
Licenses and exploration assets	6	62,550	61,480
Development assets	6	48,161	45,169
Property, furniture, fixtures and office equipment		81	94
Other non-current assets		813	-
Total Non-current assets		**111,605**	**106,743**
Current assets			
Trade and other receivables		3,432	6,279
Cash and cash equivalents		36,092	40,941
Total current assets		**39,524**	**47,220**
Total Assets		**151,129**	**153,963**
Equity			
Share capital	7	56,333	56,333
Other equity		89,600	91,724
Total Equity attributable to equity holders of the parent		**145,933**	**148,057**
Non-current liabilities			
Deferred tax liabilities		4,376	4,376
Total Non-current liabilities		**4,376**	**4,376**
Current liabilities			
Accounts payable, accruals and other liabilities		820	1,530
Total current liabilities		**820**	**1,530**
Total Liabilities		**5,196**	**5,906**
Total Equity and Liabilities		**151,129**	**153,963**

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

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE PERIOD ENDED MARCH 31, 2015

Amounts in USD 000	Q1 2015	Q4 2014	Q1 2014
		(Unaudited)	
Cash flows from operating activities			
Net (loss)/ income from continuing operations	(1,895)	(2,340)	(5,773)
Net (loss)/ income from discontinued operations	(258)	(106)	52,825
Net (loss)/ income for the period before tax	**(2,153)**	**(2,446)**	**47,052**
Adjusted for:			
Depreciation	14	17	23
Effect of re-measurement of bond liability	-	-	(8,694)
Impairment, assets and receivables write-off	90	159	173
Exploration related costs and operator G&A	619	-	-
(Gain)/loss on disposal of assets	-	-	(53,759)
Net finance costs	(69)	(448)	12,684
Share-based payments	-	(112)	9
Foreign exchange gains/losses	3	584	317
Increase/(decrease)in trade and other payables	(710)	541	1,935
(Increase)/decrease in trade and other receivables	72	3,343	(3,175)
Taxes paid	-	-	-
Net cash flows from operating activities	**(2,134)**	**1,638**	**(3,435)**
Cash flows from investing activities			
Investment in exploration, production and other assets including exploration related costs and operator G&A	(1,947)	(12,701)	(2,534)
Movement in related non-current assets	(813)	-	-
Proceeds from the disposal of subsidiary (net of costs)	-	-	139,100
Net cash flows from investing activities	**(2,760)**	**(12,701)**	**136,566**
Cash flows from financing activities			
Net financial income / (costs)	69	24	(78)
Movement in restricted cash balance	-	-	(177,423)
Net cash flows from financing activities	**69**	**24**	**(177,501)**
Effect of foreign currency translation adjustment on cash balances	(24)	(546)	(80)
Change in cash and cash equivalents during the period	(4,849)	(11,585)	(44,450)
Cash and cash equivalents at the beginning of the period	40,941	52,526	54,152
Cash and cash equivalents at the end of the period	**36,092**	**40,941**	**9,702**

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent						
For three month months ended March 31, 2015 *Amounts in USD 000*	**Issued capital**	**Share premium**	**Additional paid-in capital**	**Retained earnings**	**Other reserves**	**Currency translation reserve**	**Total**
At January 1, 2015 - (Audited)	**56,333**	**288,858**	**65,914**	**(219,672)**	**(37,647)**	**(5,729)**	**148,057**
Net income/(loss) for the period - Continuing Operations	-	-	-	(1,895)	-	-	(1,895)
Net income/(loss) for the period - Discontinued Operations	-	-	-	(258)	-	-	(258)
Other comprehensive income/(loss)	-	-	-	-	-	29	29
Total comprehensive income/(loss)	-	-	-	(2,153)	-	29	(2,124)
Employee share options	-	-	-	-	-	-	-
At March 31, 2015 - (Unaudited)	**56,333**	**288,858**	**65,914**	**(221,825)**	**(37,647)**	**(5,700)**	**145,933**

	Attributable to equity holders of the parent						
For three months ended December 31, 2014 *Amounts in USD 000*	**Issued capital**	**Share premium**	**Additional paid-in capital**	**Retained earnings**	**Other reserves**	**Currency translation reserve**	**Total**
At September 30, 2014 - (Unaudited)	**56,333**	**288,858**	**66,017**	**(216,337)**	**(37,647)**	**(5,628)**	**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 - (Audited)	**56,333**	**288,858**	**65,914**	**(219,672)**	**(37,647)**	**(5,729)**	**148,057**

	Attributable to equity holders of the parent						
For three month months ended March 31, 2014 *Amounts in USD 000*	**Issued capital**	**Share premium**	**Additional paid-in capital**	**Retained earnings**	**Other reserves**	**Currency translation reserve**	**Total**
At January 1, 2014 - (Audited)	**56,333**	**288,858**	**66,021**	**(210,787)**	**(37,647)**	**(44,330)**	**118,448**
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)**	**(5,766)**	**157,092**

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

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 condensed consolidated financial statements of the Group for the period ended March 31, 2015 were authorised for issue by the Board of Directors on May 26, 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 2014 Annual report. The 2014 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 and assumptions

The accounting policies adopted in preparation of these condensed consolidated financial statements are consistent with those followed in the preparation of the Group's 2014 Annual report.

These interim financial statements are based on the going concern assumption. However, there are uncertainties related to this assessment. Given the uncertainty around the financial situation of Partners, as has been publicly shared by these companies, it is possible that the cost of investment for Panoro may increase in the foreseeable future. Consequently the Company may need to further improve its financial base to cover these costs and to have a fully funded business plan for the next 12 months. Such improvements might come from portfolio optimization, including dilution of interest in its projects in exchange of project funding, assets sales, farm downs and/or a potential strengthening of the balance sheet through conventional financial sources. In an event additional funding is necessary and cannot be secured under the best terms and in the best interest of shareholders, the Company has the option to withdraw from its projects thereby reducing the spending commitment on development project. Details can be referred to in notes 1 and 18 to the Group's 2014 Annual Report.

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. As such, the information for March 31, 2015 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% revenue 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. Further, it also includes the residual corporate business in Brazil which is expected to be dormant in the foreseeable future.

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. Details of group segments are reported below.

	Q1 2015	Q4 2014	Q1 2014
OPERATING SEGMENT - WEST AFRICA		***(Unaudited)***	
in USD 000			
Income / (loss) for the period from continuing operations	(643)	(1,233)	(460)
Segment assets	114,425	112,335	95,874
CORPORATE			
in USD 000			
Income / (loss) for the period from continuing operations	(1,252)	(1,082)	(5,313)
Depreciation and amortisation	14	17	23
Segment assets	35,937	40,434	184,586
DISCONTINUED OPERATIONS			
in USD 000			
Income / (loss) for the period from discontinued operations	(258)	(1,020)	5,844
Segment assets	767	1,194	6,242
CONSOLIDATED			
in USD 000			
Income / (loss) for the period from continuing operations	(1,895)	(2,315)	(5,773)
Income / (loss) for the period from discontinued operations	(258)	(1,020)	5,844
Depreciation and amortisation	14	17	23
Segment assets	151,129	153,963	286,702

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 its fully owned Subsidiary Rio das Contas in Q1 2014, 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:

	Q1 2015	**Q4 2014**	**Q1 2014**
		(Unaudited)	
		USD 000	
Oil and gas revenue	-	-	10,393
Total revenues and other income	**-**	**-**	**10,393**
Production costs	-	-	(1,398)
Redundancies and restructuring costs	-	(504)	-
General and administration costs	(190)	(405)	(861)
EBITDA	**(190)**	**(909)**	**8,134**
Depreciation	-	-	(2)
Impairment	(90)	(159)	(173)
Share based payments	-	24	28
Gain/(loss) on exploration and evaluation and tangible assets (net of tax)	-	-	10,238
EBIT - Operating income / (loss)	**(280)**	**(1,044)**	**18,225**
Interest costs net of income	16	18	527
Other financial costs net of income	-	(1)	(46)
Effects of re-measurement of bond liability	-	7	-
Net foreign exchange gain / (loss)	6	-	(162)
Income / (loss) before tax	**(258)**	**(1,020)**	**18,544**
Income tax benefit / (expense)	-	-	(12,700)
Net income/(loss) for the period from discontinued operations	**(258)**	**(1,020)**	**5,844**

5. Earnings per share

Amounts in USD unless otherwise stated	Q1 2015	Q4 2014 *(Unaudited)*	Q1 2014
Net profit/(loss) attributable to equity holders of the parent - Total	(2,153)	(3,335)	71
Net profit/(loss) attributable to equity holders of the parent – Continuing	(1,895)	(2,315)	(5,773)
Weighted avg. no. of shares outstanding - in thousands	234,546	234,546	234,546
Basic and diluted earnings per share (USD) – Total	(0.01)	(0.01)	0.00
Basic and diluted earnings per share (USD) – Continuing	(0.01)	(0.01)	(0.02)

Diluted earnings per share

The Group had 925,005 outstanding share options as of March 31, 2015 (December 31, 2014: 2,161,673 options) that are potentially dilutive ordinary shares. As of March 31, 2014: 5,610,003 share options were outstanding.

6. License interests, exploration and evaluation assets

	Licence interest, Exploration and Evaluation assets *USD 000*	Development assets *USD 000*
Net book value		
At January 1, 2015 (*Audited)*	61,480	45,169
Additions	1,070	2,992
At March 31, 2015 (*Unaudited)*	62,550	48,161

7. Share capital

The total number of ordinary shares in issue throughout the period ended March 31, 2015 was 234,545,786 with a nominal value of NOK 342,547,498.77.

8. Subsequent events

The Board appointed Mr. John Hamilton as the new Chief Executive Officer of the Company. Lars Brandeggen has decided to step down as a member of the board of directors of Panoro at the Annual General Meeting that will be held on May 27, 2015. In his resignation, Mr. Brandeggen cites potential conflicts of interest due to other engagements. The Nomination Committee also proposes the election of Garrett Soden and Torstein Sanness to the Board. Mr. Soden has experience across the natural resources sector in government, investment banking and public company management. Mr. Sanness has extensive experience and technical expertise in the oil and gas industry and is a well-recognized figure involved in major discoveries in the Norwegian continental shelf and globally.

Other information

Financial calendar

May 27, 2015	First quarter 2015 results and Annual General Meeting
August 20, 2015	Second quarter 2015 results
November 19, 2015	Third quarter 2015 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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