Panoro Energy

Third quarter report 2015

November 18, 2015

Contents

Highlights and events

Third quarter 2015 highlights and subsequent events

- Cash balance of USD 17.1 million as at September 30, 2015 and no debt in comparison to the cash balance of USD 33.3 million at June 30, 2015.
- Production drilling on Aje (Nigeria) Cenomanian oil development completed during Q4 and first oil production targeted for end January 2016
- Upgrade of the Dussafu (Gabon) prospect inventory to Pmean approximately 1 billion barrels, acquisition of site survey data and selection of possible drilling sites
- Interpretation of new 3D PSDM seismic on OML 113 in Nigeria underway; results to be announced Q1 2016
- Net loss from continuing operations for the quarter ended September 30, 2015, of USD 1.7 million compared to USD 34.1 million in Q2 2015

Operational update

GABON

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

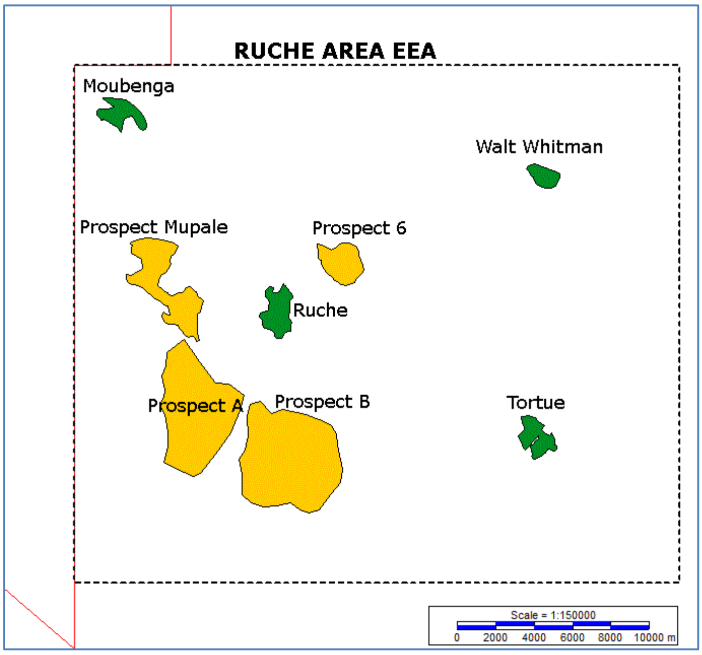
Activities during the quarter included the acquisition of geophysical site survey data over four potential drilling locations, and the refinement and development of the Dussafu prospect inventory using output from the newly processed 3D seismic data. The survey provided information about the seabed and shallow geological conditions, essential for safe siting and drilling operations.

Four locations have been high-graded for potential exploratory drilling in 2016. These locations are Prospect 6, Prospect A, Prospect B and Prospect Mupale. The Joint Venture has conducted a tender for a jack-up drilling rig to potentially drill a well in the second quarter of 2016.

We are very encouraged by the quality of the 3D seismic data which has enabled us to enhance the Dussafu prospect inventory during the quarter. The Joint Venture's estimate for unrisked Pmean prospective resources now stands at over 1 billion barrels. The four most attractive potential exploration targets have prospective resources reported by the Joint Venture as follows:

Prospect	Formation	Unrisked Recoverable Oil (MMBBL) P50
Prospect 6	Gamba	16
	Dentale	11
Prospect Mupale	Gamba	31
Prospect A	Dentale	245
Prospect B	Dentale	237

The location of these prospects relative to the fields within the Dussafu PSC is shown in the figure below.



Work continues to refine and further evaluate the prospectivity in the licence with seismic inversion studies and attribute analysis underway. A short presentation on the prospect inventory has been uploaded onto the Panoro website at www.panoroenergy.com/?page_id=65.

NIGERIA

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

Phase 1 of the Aje field development project progressed significantly in the quarter with drilling activities, subsea equipment preparation and FPSO refurbishment moving forward as planned. The Aje-5 oil production well was spudded on 27th July and reached targeted depth in early September. The well intersected 72 metres (true vertical measurement) of gross hydrocarbon-bearing Turonian sandstone, in line with Aje-1, Aje2 and Aje-4 well results. In the Cenomanian, the well encountered 19.4 metres (true vertical measurement) of gross oil-bearing reservoir. A set of LWD tools including gamma ray, resistivity, neutron and density have been run which confirm the presence of oil consistent with pre-drill estimates. The rig set a 7" production liner and Aje-5 was completed as a Cenomanian production well.

After the close of the quarter the Aje-4 well was re-entered and completed as a second oil production well. Both wells have been perforated in the Cenomanian oil bearing zones with positive indications of well productivity based on the short flow-backs carried out during the completion programs. Subsea trees have been installed on both wells, and the wells are now suspended ready for connection to the oil production facilities, prior to commencement of production. The Saipem Scarabeo 3 rig has been demobilized. Based on the well results and updated perforation modelling, Panoro notes that production rates should be able to meet its previously announced estimates of around 1,100 bopd net to Panoro.

Remaining activities to bring the project to first oil are the installation of the subsea equipment and the hook up and commissioning of the FPSO, the Front Puffin, which is completing refurbishment in Singapore. We currently expect to start commercial production at the end of January 2016.

Meanwhile interpretation of the newly acquired 3D seismic data is completing and these data will be used to help plan the phase 2 development of the Aje field which may consist of 2 further development wells, Aje-6 and Aje-7. In addition, Panoro and the Joint Venture partners continue to review the 3D data to fully evaluate the exploration potential in the licence. Panoro expects to be able to update shareholders in the first quarter of 2016.

CORPORATE

During the quarter, the Company completed formalities for a share capital reduction by reducing par value of shares. Approval of such reduction was obtained in the Company's AGM meeting held on May 27, 2015. After the reduction, the value of shares has been reduced from NOK 1.46 to NOK 0.005 per share. As a result, the share capital amount has now reduced to NOK 1,172,728.93 divided into 234,545,786 shares, each having a par value of NOK 0.005.

The registered address of the Company has also been changed to: c/o Michelet & Co. Advokatfirma AS, Grundingen 3, 0250 Oslo, Norway.

The Company's President and Chief Operating Officer, Nishant Dighe will depart from his position effective 30 November, 2015. Mr. Dighe will continue as an advisor to Panoro for a transitional period. On behalf of the Company and the Board of Directors, we express our sincere appreciation to Nish for his dedication, valuable contribution and hard work over the years. Nish has played a key role in the establishment, growth and transformation of the Company. We wish him the very best in his future endeavours.

Financial information

Income statement review

Third quarter 2015 versus second quarter 2015

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 1.7 million from continuing operations for the third quarter 2015, a decrease of USD 32.4 million, compared to a loss of USD 34.1 million in the second quarter. The loss in the second quarter included provision for impairment of USD 32.4 million in relation to Dussafu.

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 increased from USD 0.3 million in Q2 2015 to USD 0.5 million in 3Q 2015. This is a result of re-phasing of work programmes on the licences.

Severance and restructuring costs incurred in the quarter was nil compared to USD 38 thousand in Q2 2015. General and Administration costs from continuing activities decreased to USD 1.2 million in Q3 2015 from USD 1.3 million in Q2 2015.

Depreciation for the current quarter was USD 29 thousand increasing from USD 14 thousand in Q2 2015.

Impairment charges were nil in Q3 2015 compared to USD 32.4 million in Q2 2015 where the Company recorded a non-cash provision for impairment of USD 32.4 million to its investment in the Dussafu asset in Gabon. The impairment was the result of the effect of the recent decline in forward oil prices which brings the carrying value in line with that of the Operator, and was considered a prudent and conservative accounting adjustment to our book costs. There was no underlying change in the technical view of the asset and any impairment charge may be reversed on improvement of macro-economic conditions. Other impairment charges for both quarters have been reallocated to the Discontinued Operations and relate solely to Brazilian assets.

EBIT from continuing operations was thus a negative USD 1.7 million in the third quarter 2015, compared to a negative USD 34.1 million in the second quarter.

Net financial items amounted to a net income of USD 10 thousand in the third quarter 2015 compared to an expense of USD 12 thousand in the second quarter.

Loss before tax from continuing activities was USD 1.7 million in the third quarter 2015 which was lower by USD 32.4 million compared to previous quarter loss of USD 34.1 million.

Net loss for the period from discontinued operations was USD 74 thousand for the current quarter was largely consistent with the loss of USD 88 thousand for the second quarter. The reduction is a result of efficiencies arising from cost reduction initiatives taken by management.

The total net loss was USD 1.8 million, compared to a net loss of USD 34.2 million in the second quarter.

Other comprehensive income of a negative USD 33 thousand was a result of translating Brazilian subsidiary for reporting purposes. For Q2 2015, the other comprehensive income was positive USD 19 thousand.

Year to date 2015 versus Year to date 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 37.7 million from continuing operations for the nine months to September 30, 2015, compared to a loss of USD 9.7 million in the same period in 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 0.9 million in the nine months to September 30, 2104 to USD 1.5 million in the same period in 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 and the advancement in the programs of both JV assets.

Strategic review costs were nil for the current period in comparison to USD 0.2 million in the same period in 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 nine months to September 30, 2015 was 38 thousand compared to USD 401 thousand in the same period in 2014. The higher cost in 2014 is due to severance costs incurred in Brazil in terms of a phased closure of operations. 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 from continuing operations decreased to USD 3.8 million in the current period compared to USD 4.1 million in the comparative period in 2014. The reduction is a result of continued saving initiatives.

Depreciation remained consistent for both periods at USD 59 thousand in 2014 and USD 57 thousand for the nine months to September 2015.

During the nine months to September 30, 2015, the Company recorded a non-cash provision for impairment of USD 32.4 million to its investment in the Dussafu asset in Gabon. The impairment was the result of the effect of the continuing decline in forward oil prices which brings the carrying value in line with that of the Operator, and was considered a prudent and conservative accounting adjustment to our book costs. There is no underlying change in the technical view of the asset and any impairment charge may be reversed on improvement of macro-economic conditions. Other impairment charges for both periods have been reallocated to the Discontinued Operations and related solely to Brazilian assets.

Share based payments charge for nine months to September 30, 2015 was nil compared to USD 114 thousand charge for the same period in 2014. The options were fully vested during the year ended December 31, 2014 and hence no charge in the current period. No share options have been awarded to the employees since year 2012.

EBIT from continuing operations was thus a negative USD 37.8 million in the nine months to September 30, 2015, compared to a negative USD 5.7 million in the nine months to September 30, 2014.

Net financial items amounted to an income of USD 42 thousand in the current period compared to negative USD 4 million in the same period in 2014. The charge in the nine month to September 2014 relates to interest and early redemption charges on repayment of senior secured callable bond.

Loss before tax from continuing activities was USD 37.7 million in the first nine months of 2015 which was higher by USD 28 million compared to the 2014 loss of USD 9.7 million. The increase in loss is predominantly due to the Dussafu impairment charge.

Net loss for the period from discontinued operations was USD 0.4 million for the current period ended September 30, 2015 compared to net gain of USD 39.4 million for the same period in 2014. The 2014 results from discontinued operations include income from the sale of a subsidiary (Rio das Contas) offset by realisation of loss on re-translation of currency differences and consolidated results from Manati field.

The total net loss in the current period was USD 38.2 million, compared to a net gain of USD 29.6 million in the nine months to September 30, 2014.

Other comprehensive income of a positive USD 15 thousand was a result of translating Brazilian subsidiaries for reporting purposes. For the same period in 2014, the other comprehensive income was positive USD 3.5 million and included 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 September 30, 2015 from June 30, 2015

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

Non-current assets

Non-current assets amounted to USD 94.2 million at September 30, 2015, an increase of USD 9.9 million from June 30, 2015.

Licences and exploration assets amounted to USD 30.8 million compared to USD 30.2 million as at June 30, 2015. The development assets balance amounted to USD 62.1 million as of September 30, 2015 with investments of USD 9.1 million in the current quarter as we push towards the full development of Aje and first oil in early 2016.

Property, furniture, fixtures and equipment was USD 294 thousand increasing from USD 160 thousand at June 30, 2015. The increase represents essential office premises and information technology upgrades in the UK.

Other non-current assets remain unchanged for both periods at USD 1 million. The amount relates to USD 0.8 million of guarantee deposit in support of a guarantee to FPSO provider Rubicon which is providing the vessel for Aje Cenomanian oil development and USD 0.2 million in relation to tenancy deposit for office premises.

Current assets

Current assets amounted to USD 21 million per September 30, 2015, compared to USD 34.4 million per June 30, 2015.

Trade and other receivables stood at USD 3.9 million, an increase from USD 1.1 million at the end of June 2015. The main factor is the increase in the receivable balance of prepaid Aje development cash calls during the period to progress development activities.

Cash and bank balances stood at USD 17.1 million per September 30, 2015, a decrease from USD 33.3 million per June 30, 2015. The decrease is mainly attributed to Aje and Dussafu cash calls paid during the quarter which amounted to USD 14.3 million and USD 0.5 million respectively.

Equity

Equity amounted to USD 109.9 million per September 30, 2015, compared to USD 111.7 million at the end of June 2015. The change reflects the loss for the period.

Non-current liabilities

Total non-current liabilities amounted to USD 4.4 million per September 30, 2015, unchanged from June 30, 2015 which represents a deferred tax liability arising on a business combination in 2010. The liability is expected to unwind proportionally after commencement of production from the Aje field.

Current liabilities

Current liabilities amounted to USD 0.9 million at September 30, 2015, compared to USD 2.6 million at the end of June 2015.

Accounts payable, accruals and other liabilities amounted to USD 0.9 million, a decrease from USD 2.6 million at the end of June 2015. The decrease is mainly a result of a partial reversal of excess accruals in Dussafu JV and a higher unspent cash balance in Aje per September end.

Movements to September 30, 2015 from December 31, 2014

Movements in the Group statement of financial position during the nine months to September 30, 2015 were a combination of the following:

Non-current assets

Non-current assets amounted to USD 94.2 million at September 30, 2015, a decrease of USD 12.6 million from December 31, 2014.

Licences and exploration assets amounted to USD 30.8 million, a decrease of USD 30.7 million since December 2014. The effect of the Dussafu impairment charge during the period of USD 32.4 million has been marginally offset by capital additions 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 62.1 million as of September 30, 2015 with investments of USD 16.9 million during the nine months to September, 2015.

Property, furniture, fixtures and equipment was USD 294 thousand increasing from USD 94 thousand at December 31, 2014. The increase represents essential office premises and information technology upgrades in the UK.

Other non-current assets as of September 30, 2015 were USD 1.0 million (nil as of December, 2014) of which USD 0.8 million related to guarantee deposit in support of a guarantee to FPSO provider Rubicon which is providing the vessel for Aje Cenomanian oil development and USD 0.2 million in relation to tenancy deposit for office premises.

Current assets

Current assets amounted to USD 21 million per September 30, 2015, compared to USD 47.2 million per December 31, 2014.

Trade and other receivables stood at USD 3.9 million, a decrease from USD 6.3 million at the end of 2014. The main decline in receivable is the utilisation of the balance of Aje cash calls prepaid during the period to progress development activities. Cash and bank balances stood at USD 17.1 million per September 30, 2015, a decrease from USD 40.9 million per December 31, 2014.

Equity

Equity amounted to USD 109.9 million per September 30, 2015, compared to USD 148.1 million at the end of December 2014. The change reflects the loss for the period including the effect of the Dussafu impairment charge.

Non-current liabilities

Total non-current liabilities amounted to USD 4.4 million per September 30, 2015, unchanged from December 31, 2014 which represents a deferred tax liability arising on a business combination in 2010. The liability is expected to unwind proportionally after commencement of production from Aje field.

Current liabilities

Current liabilities amounted to USD 0.9 million at September 30, 2015, compared to USD 1.5 million at the end of December 2014.

Accounts payable, accruals and other liabilities amounted to USD 0.9 million, a decrease from USD 1.5 million at the end of December 2014. The decrease compared to December 2014 is mainly due to lower JV related payables accrued at September 30 2015.

Funding

The Company has USD 17.1 million in cash and bank balances as of September 30, 2015. As of the same date, approximately USD 13 million of development expenditure is required to achieve First Oil at the Aje Cenomanian Oil field, expected to start production around the end of January 2016. As is inherent in every oil field development, project delays, partner funding issues and cost overruns could potentially increase the investment required. It is possible that the cost of investment for Panoro may increase should any Joint Venture partner be unable to fulfil its financial obligations under the Joint Operating Agreements. 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 license activities. However, management and the Board continue to take active measures to ensure financial flexibility to allow the Company to respond to situations as they unfold.

Outlook

- First oil at Aje expected end January 2016
- Incorporation of new seismic interpretation and well results into Aje geological models; revised reserves and resources reporting expected in Q1 2016
- Continuing preparations for possible exploration well in Dussafu
- Actively reviewing opportunities for growth

The Board of Directors

Panoro Energy ASA

November 18, 2015

Julien Balkany *Chairman*	Garrett Soden *Board member*
Torstein Sanness *Board member*	Alexandra Herger *Board member*

Condensed consolidated financial statements

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED SEPTEMBER 30, 2015

Q3 2014	Q2 2015	Q3 2015	*Amounts in USD 000*	Note	YTD 2015	YTD 2014
(Unaudited)					*(Unaudited)*	
Continuing Operations						
-	-	-	Oil and Gas revenue		-	-
-	**-**	**-**	**Total revenues**		**-**	**-**
(251)	(342)	(490)	Exploration related costs and Operator G&A		(1,451)	(856)
(113)	-	-	Strategic review costs		-	(210)
(33)	(38)	-	Severance and restructuring costs		(38)	(401)
(1,310)	(1,297)	(1,178)	General and administrative costs		(3,781)	(4,061)
(19)	(14)	(29)	Depreciation		(57)	(59)
-	(32,445)	-	Impairment of Assets	6.1	(32,445)	-
(39)	-	-	Share based payments		-	(114)
(1,765)	**(34,136)**	**(1,697)**	**EBIT - Operating income/(loss)**		**(37,772)**	**(5,701)**
(33)	6	23	Interest costs net of income		85	(12,595)
(53)	(3)	(4)	Other financial costs net of income		(10)	(128)
-	-	-	Effects of re-measurement of bond liability		-	8,694
(73)	(15)	(9)	Net foreign exchange gain/(loss)		(33)	16
(1,924)	**(34,148)**	**(1,687)**	**Income/(loss) before tax**		**(37,730)**	**(9,714)**
-	-	-	Income tax benefit/(expense)		-	-
(1,924)	**(34,148)**	**(1,687)**	**Net income/(loss) for the period from continuing operations**		**(37,730)**	**(9,714)**
Discontinued operations						
(298)	(88)	(74)	Net income / (loss) for the period from discontinued operations	4	(420)	39,360
(2,222)	**(34,236)**	**(1,761)**	**Net income / (loss) for the period**		**(38,150)**	**29,646**
4	19	(33)	Exchange differences arising from translation of foreign operations		15	3,507
4	**19**	**(33)**	**Other comprehensive income/(loss) for the period (net of tax)**		**15**	**3,507**
(2,218)	**(34,217)**	**(1,794)**	**Total comprehensive income/(loss) for the period**		**(38,135)**	**33,153**
			Net income /(loss) for the period attributable to:			
(2,222)	(34,236)	(1,761)	Equity holders of the parent		(38,150)	29,646
			Total comprehensive income/(loss) for the period attributable to:			
(2,218)	(34,217)	(1,794)	Equity holders of the parent		(38,135)	33,153
			Earnings per share (Note 5)			
(0.01)	(0.15)	(0.01)	(USD) – Basic and diluted for income/(loss) for the period attributable to equity holders of the parent - Total		(0.16)	0.13
(0.01)	(0.15)	(0.01)	(USD) – Basic and diluted for income/(loss) for the period attributable to equity holders of the parent - Continuing operations		(0.16)	(0.04)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2015

Amounts in USD 000	Note	September 30, 2015 (Unaudited)	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Non-current assets				
Licenses and exploration assets	6/6.1	30,784	30,179	61,480
Development assets	6	62,116	52,996	45,169
Property, furniture, fixtures and office equipment		294	160	94
Other non-current assets		962	962	0
Total Non-current assets		**94,156**	**84,297**	**106,743**
Current assets				
Trade and other receivables		3,940	1,060	6,279
Cash and cash equivalents		17,086	33,325	40,941
Total current assets		**21,026**	**34,385**	**47,220**
Total Assets		**115,182**	**118,682**	**153,963**
Equity				
Share capital	7	193	56,333	56,333
Other equity		109,730	55,383	91,724
Total Equity attributable to equity holders of the parent		**109,923**	**111,716**	**148,057**
Non-current liabilities				
Deferred tax liabilities		4,376	4,376	4,376
Total Non-current liabilities		**4,376**	**4,376**	**4,376**
Current liabilities				
Accounts payable, accruals and other liabilities		883	2,590	1,530
Total current liabilities		**883**	**2,590**	**1,530**
Total Liabilities		**5,259**	**6,966**	**5,906**
Total Equity and Liabilities		**115,182**	**118,682**	**153,963**

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

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE PERIOD ENDED SEPTEMBER 30, 2015

Q3 2014	Q2 2015	Q3 2015	*Amounts in USD 000 - (Unaudited)*	YTD 2015	YTD 2014
			Cash flows from operating activities		
(1,924)	(34,148)	(1,687)	Net (loss)/ income from continuing operations	(37,730)	(9,714)
(298)	(88)	(74)	Net (loss)/ income from discontinued operations	(420)	51,146
(2,222)	(34,236)	(1,761)	**Net (loss)/ income for the period before tax**	(38,150)	41,432
			Adjusted for:		
20	14	29	Depreciation	57	62
-	-	-	Effect of remeasurement of bond liability	-	(8,694)
222	32,509	40	Impairment and asset write-off	32,639	596
-	342	490	Exploration related costs and operator G&A	1,451	-
176	-	-	(Gain)/loss on disposal of assets	-	(53,495)
16	(12)	6	Net finance costs	(75)	12,512
(42)	-	-	Share-based payments	-	4
292	18	11	Foreign exchange gains/losses	32	(372)
(1,838)	145	15	Increase/(decrease) in trade and other payables	(550)	2,044
(811)	(172)	(119)	(Increase)/decrease in trade and other receivables	(219)	(4,105)
-	-	-	Taxes paid	-	-
(4,187)	**(1,392)**	**(1,289)**	**Net cash flows from operating activities**	**(4,815)**	**(10,016)**
			Cash flows from investing activities		
(3,155)	(1,241)	(14,954)	Investment in exploration, production and other assets	(18,142)	(6,412)
-	(149)	-	Movement in related non-current assets	(962)	-
-	-	-	Proceeds from the disposal of subsidiary (net of costs)	-	139,100
(3,155)	**(1,390)**	**(14,954)**	**Net cash flows from investing activities**	**(19,104)**	**132,688**
			Cash flows from financing activities		
(224)	12	(6)	Net financial charges paid	75	(1,064)
-	-	-	Repayment of Bond	-	(123,394)
-	-	-	Movement in restricted cash balance	-	-
(224)	**12**	**(6)**	**Net cash flows from financing activities**	**75**	**(124,458)**
11	3	10	Effect of foreign currency translation adjustment on cash balances	(11)	160
(7,555)	(2,767)	(16,239)	Change in cash and cash equivalents during the period	(23,855)	(1,626)
60,081	36,092	33,325	Cash and cash equivalents at the beginning of the period	40,941	54,152
52,526	**33,325**	**17,086**	**Cash and cash equivalents at the end of the period**	**17,086**	**52,526**

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended September 30, 2015 *Amounts in USD 000*	**Attributable to equity holders of the parent** **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)	-	-	-	-	-	30	30
Total comprehensive income/(loss)	-	-	-	(2,153)	-	30	(2,123)
At March 31, 2015 - (Unaudited)	**56,333**	**288,858**	**65,914**	**(221,825)**	**(37,647)**	**(5,699)**	**145,933**
Net income/(loss) for the period - Continuing Operations	-	-	-	(34,148)	-	-	(34,148)
Net income/(loss) for the period - Discontinued Operations	-	-	-	(88)	-	-	(88)
Other comprehensive income/(loss)	-	-	-	-	-	19	19
Total comprehensive income/(loss)	-	-	-	(34,236)	-	19	(34,217)
At June 30, 2015 - (Unaudited)	**56,333**	**288,858**	**65,914**	**(256,061)**	**(37,647)**	**(5,680)**	**111,716**
Net income/(loss) for the period - Continuing Operations	-	-	-	(1,687)	-	-	(1,687)
Net income/(loss) for the period - Discontinued Operations	-	-	-	(74)	-	-	(74)
Other comprehensive income/(loss)	-	-	-	-	-	(33)	(33)
Total comprehensive income/(loss)	-	-	-	(1,761)	-	(33)	(1,794)
Reduction in registered share capital	(56,140)	-	56,140	-	-	-	-
At September 30, 2015 - (Unaudited)	**193**	**288,858**	**122,054**	**(257,822)**	**(37,647)**	**(5,713)**	**109,923**

For the nine months ended September 30, 2014 *Amounts in USD 000*	**Attributable to equity holders of the parent** **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)**	**(44,331)**	**118,447**
Net income/(loss) for the period - Continuing Operations	-	-	-	(5,773)	-	-	(5,773)
Net income/(loss) for the period - Discontinued Operations	-	-	-	41,039	-	-	41,039
Other comprehensive income/(loss)	-	-	-	-	-	3,369	3,369
Total comprehensive income/(loss)	-	-	-	35,266	-	3,369	38,635
Translation adjustment realised on sale of Rio das Contas	-	-	-	(35,195)	-	35,195	-
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**

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 address is c/o Michelet & Co Advokatfirma AS, Grundingen 3, 0250 Oslo, Norway which changed in September 2015.

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 September 30, 2015 were authorised for issue by the Board of Directors on November 18, 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. The Company has USD 17.1 million in cash and bank balances as of September 30, 2015. As of the same date, approximately USD 13 million of development expenditure is required to achieve First Oil at the Aje Cenomanian Oil field, expected to start production around the end of January 2016. As is inherent in every oil field development, project delays, partner funding issues and cost overruns could potentially increase the investment required. It is possible that the cost of investment for Panoro may increase should any Joint Venture partner be unable to fulfil its financial obligations under the Joint Operating Agreements. 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 license activities. However, management and the Board continue to take active measures to ensure financial flexibility to allow the Company to respond to situations as they unfold.

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 September 30, 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 (16.255% paying interest and 12.1913% 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.

Q3 2014	Q2 2015	Q3 2015		YTD 2015	YTD 2014
(Unaudited)			**OPERATING SEGMENT - WEST AFRICA**	*(Unaudited)*	
			in USD 000		
(560)	(32,754)	(519)	Income / (Loss) for the period from continuing operations	(33,916)	(1,545)
-	32,445	-	Impairment of E&E Assets	32,445	-
-	-	-	Segment assets	97,284	103,492
			CORPORATE		
			in USD 000		
(1,024)	(1,394)	(1,168)	Income / (Loss) for the period from continuing operations	(3,814)	(7,829)
10	14	29	Depreciation and amortisation	57	59
-	-	-	Segment assets	17,268	51,420
			DISCONTINUED OPERATIONS		
			in USD 000		
(638)	(88)	(74)	Income / (Loss) for the period from discontinued operations	(420)	39,020
-	-	-	Segment assets	630	2,306
			CONSOLIDATED		
			in USD 000		
(1,584)	(34,148)	(1,687)	Income / (Loss) for the period from continuing operations	(37,730)	(9,374)
(638)	(88)	(74)	Income / (loss) for the period from discontinued operations	(420)	39,020
10	14	29	Depreciation and amortisation	57	59
-	32,445	-	Impairment of E&E Assets	32,445	-
-	-	-	Segment assets	115,182	157,218

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

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

Q3 2014	Q2 2015	Q3 2015		YTD 2015	YTD 2014
USD 000 - (Unaudited)				*USD 000 - (Unaudited)*	
-	-	-	Oil and gas revenue	-	10,393
-	**-**	**-**	**Total revenues and other income**	**-**	**10,393**
-	-	-	Production costs	-	(1,398)
-	-	-	Redundancies and restructuring costs	-	(242)
(332)	(34)	(29)	General and administration costs	(253)	(1,795)
(332)	**(34)**	**(29)**	**EBITDA**	**(253)**	**6,958**
-	-	-	Depreciation	-	(3)
(222)	(64)	(40)	Impairment	(194)	(596)
(3)	-	-	Share based payments	-	118
(176)	-	-	Gain/(loss) on sale of subsidiary	-	45,169
(733)	**(98)**	**(69)**	**EBIT - Operating income / (loss)**	**(447)**	**51,646**
80	7	5	Interest costs net of income	28	648
(10)	-	-	Other financial costs net of income	-	(76)
365	3	(10)	Net foreign exchange gain / (loss)	(1)	(158)
(298)	**(88)**	**(74)**	**Income / (loss) before tax**	**(420)**	**52,060**
-	-	-	Income tax benefit / (expense)	-	(12,700)
(298)	**(88)**	**(74)**	**Net income/(loss) for the period from discontinued operations**	**(420)**	**39,360**
(0.00)	(0.00)	(0.00)	Earning per share – basic and diluted (USD) for the period from discontinued operations	(0.00)	0.17

5. Earnings per share

Q3 2014	Q2 2015	Q3 2015		YTD 2015	YTD 2014
	(Unaudited)		*Amounts in USD 000, unless otherwise stated*	*(Unaudited)*	
(2,222)	(34,236)	(1,761)	Net profit / (loss) attributable to equity holders of the parent - **Total**	(38,150)	29,646
(1,924)	(34,148)	(1,687)	Net profit / (loss) attributable to equity holders of the parent - **Continuing operations**	(37,730)	(9,714)
234,546	234,546	234,546	Weighted average number of shares outstanding - in thousands	234,546	234,546
(0.01)	(0.15)	(0.01)	Basic and diluted earnings per share (USD) - Total	(0.16)	0.13
(0.01)	(0.15)	(0.01)	Basic and diluted earnings per share (USD) - Continuing operations	(0.16)	(0.04)

Diluted earnings per share

The Group had 550,002 outstanding share options as of September 30, 2015 (June 30, 2015: 925,005 options and December 31, 2014: 2,161,673 options) that are potentially dilutive ordinary shares. As of September 30, 2014: 3,091,671 share options were outstanding. All outstanding options are exercisable at higher prices compared to the Company's share price as of September 30, 2015.

6. Licence interests, exploration and evaluation and development assets

	Licence interest, Exploration and Evaluation Assets	Development Assets
	USD 000	*USD 000*
Net book value		
At January 31, 2015 *(Audited)*	61,480	45,169
Impairment	(32,445)	-
Additions	1,749	16,947
At September 30, 2015 *(Unaudited)*	30,784	62,116

6.1. Provision for impairment

Provision for Impairment in the second quarter represents a USD 32.4 million impairment charge of the Dussafu asset. The impairment is the result of the effect of the recent decline in current and forward oil prices and is considered to be a fair and current reflection on the Company's valuation of the carrying value of the asset. The recognition of such provision is prudent and conservative treatment without an underlying change in technical view of the asset and the associated volumes. Impairment reversals will be considered on improvement of oil prices and macro-economic environment.

7. Share capital

During the quarter, the Company has completed formalities a share capital reduction by reducing par value of shares. Approval of such reduction was obtained in the Company's AGM meeting held on May 27, 2015. After the reduction, the value of shares has been reduced from NOK 1.46 to NOK 0.005 per share. As a result, the share capital amount has now reduced to NOK 1,172,728.93 divided into 234,545,786 shares, each having a par value of NOK 0.005.

Other information

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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