

OML 113 Update (Nigeria)

Oslo, 18 July 2017 - Panoro Energy ASA ("Panoro") (OSE ticker: "PEN") provides an update on the dispute between its subsidiary, Pan Petroleum Aje Ltd. ("Pan Petroleum"), and the other joint venture partners in the OML 113 Licence in Nigeria.

Panoro notes that one of Pan Petroleum's joint venture partners, EER (Colobus) Nigeria Limited ("EER"), applied for and, on 13 July 2017, was granted an order by the Honourable Justice A.M. Anka in the Federal High Court of Nigeria (the "Court"). The Court's order restrains the non-defaulting joint venture partners from exercising any purported rights under the default provisions of the JOA. The Court set the time to hear the motion on notice as 24 July 2017.

It is Panoro's understanding that EER, like Pan Petroleum, is in default of certain of its cash calls under the JOA and, therefore, the Court's order restrains any of the non-defaulting joint venture partners from issuing a notice under the JOA requiring EER and, perhaps Pan Petroleum, to withdraw from and transfer all its interests and rights in the OML 113 Licence and the JOA to all the non-defaulting parties.

Under the JOA, the potential consequence of a joint venture partner not making payment of its share of a cash call on or before the expiry of the 45-day grace period is that two or more of the other JV partners, who are not themselves in default and who represent a majority of the interests not in default, have the option to require the defaulting party to withdraw from the OML 113 License and the JOA by issuing a notice of withdrawal. However, any such action may currently be prevented by the Nigerian injunction referred to above.

Pan Petroleum's current view is that any withdrawal notice would constitute a penalty under the laws of Nigeria and be unenforceable as a matter of public policy. Should Pan Petroleum in the future be issued with a withdrawal notice, it will vigorously dispute its forced withdrawal from the OML 113 License and the JOA, and will explore all legal and diplomatic avenues to ensure the notice is withdrawn or the withdrawal is held to be unenforceable. Pan Petroleum will seek to recover all losses, costs, expenses and damages in law and equity caused directly or indirectly by any joint venture partner's breach of its contractual and equitable obligations caused by such an event.

Although Panoro has sufficient funds available, Pan Petroleum has at this time not paid its share of certain cash calls under the JOA. The 45-day grace period permitted under the JOA has now expired and Pan Petroleum continues to be in payment default. Pan Petroleum's share of these unpaid cash calls currently stands at approximately US\$ 6.8 million net of crude entitlements. The default of Pan Petroleum in respect of these cash calls is not protected from action by the non-defaulting joint venture partners by the injunction granted by the English court, but may currently be protected through the Nigerian injunction.

Although Pan Petroleum is still restricted by the JOA from access to information about the joint venture's operations, the Aje 5 side-track has been materially over budget, and following the side-track, Pan Petroleum believes Aje 5's current production to be below expectations. Numerous cash calls have been made, many Pan Petroleum believes to have been made in a manner inconsistent and prohibited by JOA procedures. An external audit of the JV's procedures and accounting has been commissioned.

In the meantime Pan Petroleum's arbitration proceeding continues, and the arbitral tribunal has recently pushed the timetable for the hearing out, now likely to be heard during the 1st quarter of 2018.

Panoro's Board and Management remain strongly committed to taking all necessary action to preserve shareholder value and act in the best interest of the Company. Further updates will be provided as necessary in accordance with Panoro's continued disclosure obligations.

Enquiries:

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| Panoro Energy ASA | +44 203 405 1060 |
| John Hamilton, Chief Executive Officer | info@panoroenergy.com |

About Panoro Energy

Panoro Energy ASA is an independent E&P company based in London and listed on the Oslo Stock Exchange with ticker PEN. The Company holds production, exploration and development assets in West Africa, namely the Dussafu License offshore southern Gabon and OML 113 offshore western Nigeria. In addition to discovered hydrocarbon resources and reserves, both assets also hold significant exploration potential. For more information, please visit the Company's website at www.panoroenergy.com.

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