Panoro Energy Announces Agreement for the Acquisition of OMV Tunisia Upstream GmbH and Proposed Private Placement of $30 million

Oslo, 06 November 2018 - Panoro Energy (the "**Company**" or "**Panoro**", with OSE ticker: "**PEN**") announces that its Norwegian subsidiary Panoro Tunisia Production AS (the "**Buyer**") has reached an agreement (the "**Agreement**") with OMV Exploration & Production GmbH ("**OMV**" or the "**Seller**") to acquire 100% of the shares of OMV Tunisia Upstream GmbH (the "**Target**") for a cash consideration of $65 million (the "**Acquisition**") based on an effective date of 1 January 2018. The Target holds a 49% interest in five oil producing concessions in Tunisia with net 2P reserves of 8.1 million barrels, and net production of approximately 2,000 bopd from 14 wells. The Target also owns 50% of Thyna Petroleum Services S.A. ("**TPS**"), which serves as the operating company for the five oil producing concessions. The Agreement entails signing of an agreed form share sale and purchase agreement, in accordance with Austrian notarial processes, following announcement of completion of the Private Placement described below.

The five oil producing concessions, Guebiba/El Hajib, Rhemoura, El Ain, Cercina, and Cercina South (together, the "**Concessions**"), are located onshore and shallow water offshore near to the city of Sfax, and adjacent to Panoro's operated Sfax Offshore Exploration Permit ("**SOEP**") recently acquired from DNO ASA. Through this transformational acquisition, Panoro adds high quality oil producing assets with existing infrastructure, well managed operations and substantial upside potential. In addition, this Acquisition further establishes Tunisia as a new core area for Panoro and is an important step towards the Company becoming a material, full-cycle African focused E&P independent.

The Concessions are long life and low risk producing oil fields with a stable production history since the 1990s and contain significant amounts of oil yet to be recovered with estimated net 2P reserves of 8.1 million barrels as of 30 June 2018 based on a competent person's report prepared by Gaffney, Cline & Associates ("**GCA**"). The Concessions benefit from low operating costs of approximately $12 per barrel, robust downside protection and attractive fiscal terms. GCA estimates 2P NPV10 of the Target of approximately $92 million from 1 July 2018, and additionally the Target generated some $10 million in free cash during the first half of 2018. The Buyer also inherits a significant materials and drilling inventory valued by the Seller at $5 million as of 1 January 2018.

The remaining interest in the Concessions and TPS is held by ETAP, the Tunisian national oil company. The Concessions are currently jointly-managed and jointly-operated by ETAP and the Target through TPS, a long standing and respected joint-venture operating company (the "**JV**"). TPS is located in the city of Sfax and has approximately 130 employees. Panoro will have the right to appoint the Deputy General Manager as well as the Development Manager in TPS. The future strategy and work programme at TPS will be jointly managed by Panoro and ETAP and the JV has already identified several opportunities to enhance production and increase reserves from the Concessions.

Due to the location adjacent to the SOEP permit and its extensive available infrastructure, the Concessions create a unique opportunity for Panoro to unlock the development and exploration potential in the SOEP permit through tie-in to the existing TPS infrastructure and pipeline system. The combination of the Concessions and SOEP provides material synergies and visible development growth for the aligned benefit of Panoro, ETAP and Tunisia. As announced on 31 October 2018, Panoro is planning to drill the Salloum West-1 well in the SOEP permit in H1 2019. This well is subject to the entry into a second renewal period of the SOEP permit for a period of 3 years. Advanced discussions for the renewal are ongoing with Tunisian Authorities.

The purchase price to be paid to OMV is $65 million (the "**Price**"), with an effective date of 1 January 2018. Panoro estimates that upon completion, projected to take place on or about 15 December 2018, there will be a working capital adjustment of the Price by approximately $15 million in favour of Panoro representing the strong cash flow generation from the effective date to the completion date. The net consideration will be financed through a combination of debt and equity financing, and the introduction of a strategic co-investor across Panoro's Tunisian business.

Mercuria Energy ("**Mercuria**"), one of the world's largest independent energy traders, has a long term strategic relationship with Panoro, and is providing an acquisition loan facility of $27 million to the Buyer. The loan will amortise over a period of 5 years, and carries an annual interest rate of LIBOR plus 6% per annum. In addition, Panoro has secured from Mercuria an additional junior loan facility for a further $8 million, which the Buyer might decide to drawdown at a later stage. The junior loan facility is being made available against the issuance of $320,000 worth of Panoro shares issued in conjunction with, and in addition to the shares issued in, the Private Placement (as defined below). Mercuria will also provide crude oil marketing and oil hedging services to the Buyer, as part of this transaction. Panoro and Mercuria have signed binding commitment letter for this debt financing subject to documentation and certain customary conditions precedent being fulfilled.

The Acquisition is being made by Panoro together with a subsidiary of Beender Petroleum Limited ("**Beender**"), a privately held oil and gas company focused on proven oil fields with upside, which is part of the Beender group of companies, founded and fully controlled by Tunisian energy investor, Mr. Slim Bouricha. Panoro and Beender have entered into a strategic agreement whereby they will jointly pursue all Tunisian growth opportunities on a 60/40 basis through a new holding company Sfax Petroleum Corporation AS ("**Sfax Petroleum**"), which is the holding company of the Buyer and the recently acquired Panoro Tunisia Exploration AS (previously DNO Tunisia AS). Under a share subscription agreement, Beender will subscribe in cash for shares in Sfax Petroleum, on the same terms as Panoro, giving it a 40% interest, and will fund its pro-rata share of the Buyer's equity requirement at the completion of the Acquisition, estimated to be $11 million. Through its subscription for shares of Sfax Petroleum, Beender will acquire a pro rata share of all benefits and liabilities associated with all of Panoro's Tunisian business. In conjunction with the share subscription agreement, Panoro and Beender have agreed a shareholder agreement which sets out the basis for the operation and governance of Sfax Petroleum.

The remaining equity financing required by the Buyer to conclude the Acquisition is approximately $17 million which includes additional working capital requirement at the Target. This will be provided by Panoro's 60% contribution through Sfax Petroleum. As separately announced today, Panoro is launching an equity private placement of $30 million (the "**Private Placement**") to fund its share of the Acquisition, development capital principally for Gabon and Tunisia and general corporate purposes, as further described in a separate press release.

John Hamilton, Chief Executive Officer Panoro said: *"Following the completion of the DNO Tunisia AS transaction this summer, we are extremely pleased to announce our second acquisition in Tunisia with the purchase of OMV Tunisia Upstream GmbH from OMV. The acquired company holds high quality producing oil concessions with low decline rates and low breakeven levels, and generate strong cash flow. The five oil producing concessions, Guebiba/El Hajib, Rhemoura, El Ain, Cercina, and Cercina South perfectly complement our existing business in Tunisia, specifically the adjacent Sfax Offshore Exploration permit. This accretive acquisition is in line with our announced strategy to expand further in Tunisia and highlights our determination to continue building a leading international independent exploration and production* *company focused on Africa".*

The acquisition of the Target will trigger requirements pursuant to Oslo Børs' Continuing Obligations to provide an Information Memorandum, which will include pro forma financial information, within 30 trading days from this announcement. As Panoro is also proposing the Private Placement with a repair issue offering, which will trigger a requirement to publish a listing and offering prospectus, Panoro expects to publish, within 30 trading days, a joint prospectus and Information Memorandum.

Pursuant to section 3.4 of the Continuing Obligations of Oslo Børs', Panoro hereby provides the following information as a "detailed stock exchange announcement" summarising the main terms of the Acquisition:

- Parties to the agreement: OMV Exploration and Production GmbH as seller, Panoro Tunisia Production AS as buyer, and Panoro as guarantor.

- Consideration, form and timing of settlement and financing:

  - Agreed consideration of $65 million, expected to be adjusted downwards by approximately $15 million due to working capital adjustments.
  - Net consideration of approximately $50 million plus required working capital to be financed by approximately $28 million of new equity in Sfax Petroleum and a $27 million loan from Mercuria.
  - The $28 million of new equity in Sfax Petroleum will be funded pro rata by Panoro and Beender, with Panoro's 60% share (approximately $17 million) being funded by net proceeds from the Private Placement.

- Panoro expects to complete the acquisition of the Target on or about 15 December 2018, shortly after the Private Placement has been completed, however no assurances can be given that completion will be achieved.

- Business to be acquired and key financial information:

  - Panoro newly incorporated subsidiary Panoro Tunisia Production AS will acquire (i) 100% of the shares in the Target, which owns the Concessions (as defined above), and (ii) 49% of the shares in the JV managing company TPS. All employees are and will continue to be employed by TPS. The Concessions have only recently been transferred to the Target and have previously not been subject to separate financial reporting. The Target only has audited statutory accounts for the year ended 31 December 2017, which included limited activity during the year and only had net assets of EUR 25,797 and a loss for the year of EUR 9,299 resulting from recognition of the incorporation expenses.

  - Since transfer of the Concessions to the Target, with effect from 1 January 2018, the following key information has been extracted, without material adjustments, from the unaudited management accounts of the Target as of and for the six months ended 30 June 2018:

  - Net assets of $11 million
  - Cash and trade receivables of $12.7 million
  - After tax Profit for 1H 2018 of $4.8 million

- Significance and strategic effects of the Acquisition are referred to above.

- No agreements for the benefit of members of the board or management of Panoro or the Target have been or will be entered into in connection with the Acquisition.

A corporate presentation is available on Panoro's website www.panoroenergy.com and Panoro will hold a conference call for Investors at 8.30am CET on 07 November 2018. Details of the conference call will be announced and circulated separately.

This announcement is made pursuant to section 5-12 of the Securities Trading Act and section 3.4 of Oslo Børs' Continuing Obligations.

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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 high quality production, exploration and development assets in Africa, namely the Dussafu License offshore southern Gabon, OML 113 offshore western Nigeria and Sfax Offshore Exploration Permit and the Ras El Besh Concession, offshore Tunisia.

For more information visit the Company's website at www.panoroenergy.com.