Panoro Energy Announces Agreement for the Sale of all its Interest in OML 113, Offshore Nigeria

Oslo, 21 October 2019 - Panoro Energy ASA (the "**Company**" or “**Panoro**” with OSE Ticker: “PEN”) is pleased to announce that it has entered into a sale and purchase agreement with PetroNor E&P Limited (“**PetroNor**”), an exploration & production oil and gas company listed on the Oslo Axess, to divest all outstanding shares in its fully owned subsidiaries Pan-Petroleum Services Holding BV and Pan-Petroleum Nigeria Holding BV (together referred to as “**Divested Subsidiaries**”) for an upfront consideration consisting of the allotment and issue of new PetroNor shares with a fixed value of US$ 10 million (the “**Share Consideration**”) plus a contingent consideration of up to US$ 25 million based on future gas production volumes (the "**Transaction**").

The Divested Subsidiaries hold 100% of the shares in Pan-Petroleum Aje Limited (“**Pan Aje**”), which participates in the exploration for and production of hydrocarbons in Nigeria and holds a 6.502% participating interest, with 16.255% cost bearing interest, representing an economic interest of 12.1913% in Offshore Mining Lease no. 113 (“**OML 113**”). Following completion of the Transaction, Panoro will have no presence in Nigeria.

John Hamilton, Chief Executive Officer of Panoro said: *“We are extremely pleased to have reached this win-win agreement with PetroNor that perfectly suits both parties' ambitions. Aje was a non-core asset for Panoro and allows us to further focus on expanding our organic operations in Tunisia and Gabon while retaining exposure to the considerable upside at OML 113 through the deferred consideration. We are very confident that PetroNor has the technical and financial capabilities along with the depth of expertise and vision to advance further the next ambitious development phases of Aje in a smooth and efficient aligned partnership with the operator, YFP.”*

Further Information

Under the terms of the Transaction, PetroNor has an option to pay a portion of the Share Consideration in cash, in an event PetroNor's share price reduces to less than US$ 0.13 per share (based on the current number of shares in issue), at the time of completion of the Transaction.

By its indirect acquisition of Pan Aje, PetroNor will with effect as of 30 June 2019, assume all the benefits and obligations in relation to Panoro's interest in the OML 113 operations.

Concurrently, PetroNor is in the process of finalising separate agreements with the OML 113 operator Yinka Folawiyo Petroleum (“YFP”) to create a new holding company. PetroNor will assume a lead technical and management role in order to progress the next phases of the project. Together these agreements provide the framework and pathway towards sanction of the next phases of the Aje project in order to exploit the substantial gas and liquids reserves and unlock its significant value.

Completion of the Transaction is conditional upon the execution and completion of the agreements between PetroNor and YFP, the authorisation of the Nigerian Department of Petroleum Resources and the consent of the Nigerian Minister of Petroleum Resources. Securing the authorisation and consent is expected to take several months with a long stop date agreed by the parties of 31 December 2020, following which either party is entitled to terminate the Transaction.

Following completion of the Transaction, subject to the terms agreed with PetroNor on a best efforts basis, Panoro's intention is to declare a special dividend and distribute the Share Consideration, to the extent received in shares, to its shareholders. Further information about such a possible dividend, including the applicable record date, will be given in connection with completion of the Transaction.

Once Pan Aje has recovered all costs related to the accumulated investments incurred after the date of completion, PetroNor must pay to Panoro additional consideration of US$ 0.15 per 1,000 cubic feet of the Aje Natural Gas Sales Volume, such additional consideration being capped at US$ 25 million (the “**Contingent Consideration**”).

The Transaction is expected to generate a net gain for Panoro which will be accounted for in the Financial Statements of Panoro upon closing of the Transaction. The final amount will depend on the Contingent Consideration.

Following completion, Panoro's production and reserve numbers will be adjusted to reflect the sale.

Julien Balkany, Chairman of Panoro, commented: “*Panoro has been reviewing options in relation to its Nigerian assets with the objective of potentially unlocking value of OML 113 for its shareholders. This divestment is consistent with Panoro's strategy to optimize its E&P portfolio. In addition, through the contemplated distribution of PetroNor shares to Panoro shareholders, this transaction provides Panoro's shareholders with the opportunity to directly retain exposure to OML 113. Panoro remains fully committed to its growth strategy in Africa for the benefit of its shareholders*”.

No agreements have been entered or are expected to be entered into, with shareholders in Panoro or PetroNor, Boards of Directors or senior management in connection with the Transaction.

Since Panoro's interest in OML 113 is non-operated, the Transaction is not expected to have any impact of changes to the number of employees, key management personnel and the Board of Directors within the Company or its remaining subsidiaries. Details of the key financial information is included in an Appendix to this announcement. Furthermore, there are no material undisclosed assets or commitments in addition to those disclosed in the Appendix.

This information is pursuant to the requirements of Oslo Stock Exchange Continuing Obligations Chapter 3.4.

Enquiries

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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 the TPS operated assets, Sfax Offshore Exploration Permit and Ras El Besh Concession, offshore Tunisia. For more information, please visit the Company's website at www.panoroenergy.com.

Appendix

The below tables show key unaudited production, sales and financial information including those from the balance sheet and profit and loss account for Pan Aje on a consolidated basis with the Divested Subsidiaries for the financial years ended 31 December 2016, 2017 and 2018 and half year ended 30 June 2019:

	HY ended 30 June 2019	**YE 31 December 2018**	**YE 31 December 2017**	**YE 31 December 2016**
Net average daily production (Bopd)	373	358	307	515
Oil sales (bbls) - Net to Panoro	92,842	142,761	113,367	110,539

Balance sheet highlights as at:

Amounts in US$ 000	**30 June 2019**	**31 December 2018**	**31 December 2017**	**31 December 2016**
Assets				
Licence and exploration assets	7,204	7,204	11,768	10,933
Production assets and equipment	5,529	6,415	3,532	25,143
Other current assets	455	1,113	3,275	1,004
Total assets	**13,188**	**14,732**	**18,575**	**37,081**
Liabilities				
Decommissioning liability	3,189	2,159	2,039	1,925
Other non-current liabilities	6,847	6,847	6,847	-
Other current liabilities	3,583	5,940	6,475	1,248
Total liabilities	**13,618**	**14,947**	**15,361**	**3,173**

Profit and loss highlights for the periods ended:

Amounts in US$ 000	**HY 30 June 2019**	**YE 31 December 2018**	**YE 31 December 2017**	**YE 31 December 2016**
Oil revenue	6,301	9,474	6,021	5,461
Operating costs	(4,188)	(7,577)	(6,858)	(4,558)
EBITDA	**2,113**	**1,897**	**(837)**	**903**
Impairment and depreciation	(1,862)	(3,282)	(34,656)	(40,945)
General and administration costs	(57)	(130)	(190)	(132)
Net income/(loss)	**(82)**	**(1,941)**	**(36,081)**	**(40,443)**

The foregoing information in this Appendix has been extracted from Panoro group's accounting records after taking into account intercompany group elimination adjustments that had been included for group consolidation purposes in the periods presented.