



THIRD QUARTER REPORT 2019

20 November 2019

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HIGHLIGHTS AND EVENTS

THIRD QUARTER 2019 HIGHLIGHTS AND SUBSEQUENT EVENTS

Highlights

- YTD Revenue of USD 40.8 million (3Q 2019: USD 10.2 million) and EBITDA of USD 21.7 million (3Q 2019: 5.3 million), in line with liftings guidance
- Four liftings anticipated across the Group's assets in 4Q, similar to 1Q (versus two in each of 2Q and 3Q)
- YTD Group net average daily production of 2,456 bopd, with 3Q 2019 of 2,251 bopd (impacted by workover activity in Tunisia and Aje field shut-in during July as previously disclosed)
- YTD Underlying operating profit before tax ⁽¹⁾ of USD 11.1 million (3Q 2019: USD 2.3 million) on an adjusted basis compared to reporting basis net profit before tax of YTD USD 18.2 million (3Q 2019: USD 4.1 million)
- Cash balances at 30 September 2019, including cash held for bank guarantee related to Sfax Offshore Exploration Permit (SOEP), at USD 20 million and gross debt of USD 26.3 million
- Successful completion of private placement post period end in October raising approximately USD 16 million
- Sale of Panoro's interest in OML-113 to PetroNor for initial consideration USD 10 million in shares, subject to customary conditions precedent

Dussafu

- YTD average gross daily production of approximately 12,108 with Q3 average gross daily production of 11,650 bopd (Net to Panoro YTD: 1,009 bopd; 3Q 2019: 971 bopd)
- Tortue Phase 2 development drilling started in October 2019
- 2020 full year gross production guidance of 19,500 bopd with second half of the year anticipated to average at 23,000 bopd
- Transformational Hibiscus Updip discovery 45.4 million gross 2P barrels
- Dussafu gross 2P reserves increased by 68% to 112.4 million barrels
- Dussafu Phase 3 improved through Hibiscus discovery with production capacity expected above current FPSO nameplate capacity
- Dussafu phase 3 FID approved by Panoro, subject to JV partner approval

Tunisia

- YTD TPS average gross daily production of approximately 3,770 bopd with 3Q 2019 average gross daily production of 3,435 bopd (Net to Panoro YTD: 1,109 bopd; 3Q 2019: 1,010 bopd), the reduction caused by several well workovers during the quarter
- Several well workover operations ongoing now and through January on wells across three fields, with the goal of achieving our targeted production of 5,000 bopd
- Further production opportunities have been identified for 2020
- Rig contract signed with CTF, the Tunisian state-owned drilling company, for drilling Salloum West Prospect in early 2020 with further planning well advanced

Aje

- YTD average net daily production of approximately 338 bopd with Q3 average daily production at 270 bopd impacted by the field shut-in during July as previously disclosed
- JV partners continue to focus on advancing the Turonian development plan

¹ Non-GAAP Financial Measures

From first quarter 2019, the Group has enhanced its disclosures and introduced the reporting of Underlying Operating Profit/(Loss) before tax, a Non-GAAP Financial Measure. Underlying Operating Profit/(Loss) before tax is considered by the Group to be a useful additional measure to help understand underlying operational performance. The definition and details of this Non-GAAP measure can be referred to on page 7 of this report.

OPERATIONAL UPDATE

GABON

Dussafu Marin: BW Energy (Operator), Panoro Energy (8.3333% interest)

Production from the Tortue field continued from the DTM-2H and DTM-3H wells during the quarter at an average gross rate of 12,108 bopd year to date and 11,650 bopd for the quarter. Average daily gross production for 2019 is guided at 11,200 bopd to 12,000 bopd. 2020 production guidance is 16,000 bopd for the first half of the year and 23,000 bopd for the second half.

A lifting of approximately 652,000 barrels gross was completed in July. During 4Q 2019, one lifting of approximately 626,000 barrels gross was completed with a further lifting expected at the end of the quarter. BP Oil International Limited have been selected to offtake Panoro and BWE 2020 production entitlement.

The Phase 2 of development at the Tortue field, consisting of an additional four subsea horizontal oil development wells, progressed during the quarter. The first development well, DTM-4H, was spudded post-period end in October to be followed by drilling and completion of the remaining 3 development wells. It is expected the DTM-4H and 5H wells will start production in Q1 with the DTM-6H and DTM-7H wells coming online in Q2. Once all 6 wells are producing at Tortue the production is expected to peak at 25,000 bopd.

The Hibiscus Updip exploration well, DHIBM-1, and sidetrack, DHIBM-1-ST1, were drilled during the quarter. The DHIBM-1 well was drilled in 116 metres of water to a vertical depth of 3,538 metres. The well encountered an overall hydrocarbon column of 33 metres and average porosities ranging between 21% and 23%. The sidetrack was drilled to a Total Depth (TD) of 3,500 metres, (3,049 metres True Vertical Depth Subsea (TVDSS)) approximately 1.1 km from the original wellbore and found a 33-metre oil column with 26 metres of oil pay in the Gamba reservoir with better reservoir character and a similar fluid level to that encountered in the vertical well. The independent reserves auditor, NSAI, has now assigned 2P reserves of 45.4 million barrels of oil to Hibiscus. Further upside potential exists in the wider Hibiscus area which will be the focus of future exploration drilling. The well was plugged and abandoned prior to the rig move to the DTM-4H location.

Following the development drilling at Tortue, a further exploration well is planned in 2020. The JV partners are currently re-processing the 3D seismic data covering the Dussafu block and will use this new data to help select the prospect location. Additional exploration drilling may be carried out in 2020 depending on the results of the re-processing and current drilling campaign.

Detailed planning for Phase 3 at Dussafu continued during the quarter. Now known as Ruche Phase 1, the development has been updated and now is planned as a platform located between the Ruche and Hibiscus fields. Ruche Phase 1 shall consist of four production wells at the Hibiscus field and two wells at the Ruche field, all to be drilled in the Gamba formation. Under the revised plan, estimated gross production from Ruche Phase 1 is forecasted to double from 15,000 bopd to 30,000 bopd. Ruche Phase 2 development will target additional discovered resources through up to 7 production wells, with the objective to maintain the production plateau. The capex for the revised Ruche Phase 1 incorporating the Hibiscus development is now expected to be approximately USD 445 million (gross). Total field operating costs including Ruche Phase 1 are expected to be USD ~10 per barrel excluding royalties and taxes at current FPSO capacity. It is estimated by the operator that the production capacity will exceed current FPSO nameplate capacity of 40,000 bopd. Dussafu Phase 3 FID approved by Panoro, subject to JV partner approval.

Incorporating the Hibiscus discovery, and taking into account Tortue production of 4.5 MMbbls up to date, NSAI has now estimated the following recoverable oil reserves for Dussafu as of 30 September 2019:

- Proved (1P) reserves of 76.9 MMbbls
- Proved + Probable (2P) reserves of 112.4 MMbbls
- Proved + Probable + Possible (3P) reserves of 142.6 MMbbls

The 2P gross reserves at Dussafu have now therefore increased by 46.1 MMbbls, or 68%, compared to those reported at mid-year 2019. This increase is mainly related to the Hibiscus discovery, but also from better than expected production and recovery at Tortue.

As previously indicated, Tullow has confirmed their intent to exercise the 10% back-in right into the Dussafu license from first oil date as stipulated in the production sharing contract ("PSC"). Discussions are progressing towards finalisation of documentation. Tullow will be required to pay a portion of past costs and, following completion of this back-in, Panoro's interest in the Dussafu Marin license will be 7.5%.

TUNISIA

In December 2018, the Company entered into a shareholder agreement with Beender Petroleum Tunisia Limited (“Beender”), whereby Panoro and Beender jointly own and control 60% and 40% respectively of Sfax Petroleum Corporation AS (“Sfax Corp”). Sfax Corp, through its subsidiaries holds 100% shares of Panoro Tunisia Production AS (“PTP”) and Panoro Tunisia Exploration AS (“PTE”). As such, all numbers and volume information relating to the Company’s Tunisian operations and transactions represents the Company’s 60% interest, unless otherwise stated.

Sfax Offshore Exploration Permit (“SOEP”): Panoro Energy (Operator, 52.5% interest)

Panoro is in the advanced phase of preparation to drill the first renewal period commitment well on the Sfax Offshore Exploration Permit. The well, SMW-1, is proposed to test the Salloum West prospect, which is located in a fault block to the west and up-dip of the Salloum structure, an oil discovery drilled and tested by British Gas in 1991.

Panoro has now formalised the drilling plans for SMW-1 including the well planning, location and approvals for drilling. Amongst these approvals, the Environmental Impact Assessment has now been approved by the ANPE and the well location by ETAP. Contracts award and negotiations are ongoing with the rig contract now signed with CTF, the Tunisian state-owned drilling company, for Rig-06 and piling operations in progress on the well site. The well is expected to spud in early 2020.

The primary target of the SMW-1 well is the Bireno formation which produces from the neighbouring El Ain and Guebiba fields in the TPS assets. The well is planned to test the Bireno at approximately 3,200 vertical metres depth, where Panoro has identified, on 2D and 3D seismic data, what it believes to be an independent block located west of the Salloum-1 discovery.

The objective of the SMW-1 well is to prove up additional resources in the vicinity of the Salloum-1 well and to aggregate them in order to develop Salloum through a tie-in to existing adjacent TPS oil infrastructure.

Thyna Petroleum Services S.A. (“TPS”) Assets: Panoro Energy (29.4% interest)

Production from the TPS assets year to date has averaged 3,770 bopd gross (net: 1,109 bopd), with a number of wells offline for workover operations with third quarter at an average rate of 3,435 bopd gross (net: 1,010 bopd). During the period workovers on the RHE-01, GUE-02 and GUE-03 wells were performed.

There are a number of well workover operations ongoing now and through January on key wells across three fields, with the goal of achieving our targeted production of 5,000 bopd. The El Ain field, located in the Gremda concession, successfully restarted production during the quarter from the El Ain-03 well. Further work is ongoing at El Ain including the planned re-entry and re-start of El-Ain-01 well. Plans are progressing to enhance production at the Guebiba field where additional workovers are being undertaken alongside an enhanced water injection program.

An international lifting of approximately 82,000 bbls net to Panoro was completed in July and one domestic lifting was completed in August. The next international lifting will be during 4Q 2019, and two smaller domestic liftings are expected during the fourth quarter.

Hammamet Offshore Exploration Permit: Medco (Operator), Panoro Energy (27.6% interest)

The Hammamet Offshore Exploration Permit expired in September 2018 and is in the process of being formally relinquished with associated costs of approximately USD 2 million as previously indicated (USD 1.2 million net to Panoro).

NIGERIA

OML 113 Aje field: Yinka Folawiyo Petroleum (Operator), Panoro Energy (12.1913% entitlement to revenue stream, 16.255% paying interest and 6.502% participating interest)

Net to Panoro, the Aje field produced 338 bopd year to date and an average of 270 bopd during the quarter, with the field shut-in during July as previously disclosed. Production from the Aje field continued from the Aje-4 and Aje-5 wells, with the Aje-4 well producing from the Cenomanian oil reservoir and the Aje-5 well producing from the oil rim of the Turonian reservoir. A crude lifting was carried out in October 2019. Proceeds from crude sales are being applied by the JV towards operating expenses and the reduction of historical payables. The Joint Venture partners are continuing to progress the next phase of activity at the field based around the Turonian gas and liquid reserves.

Panoro announced in October 2019 that it had 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 USD 10 million (the "Share Consideration") plus a contingent consideration of up to USD 25 million based on future gas production volumes. PetroNor has an option to pay a portion of the Share Consideration in cash. The sale transaction is conditional upon 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. Panoro's intention is to declare a special dividend and distribute the Share Consideration, to the extent received in shares, to its shareholders.

CORPORATE

As of 30 September 2019, the Group's total debt was USD 26.3 million. The Group closed this quarter with a cash position of USD 20 million, including USD 10 million held for the SOEP guarantee. The first instalment of repayment on the amended Mercuria Senior Loan facility was made in October 2019.

Further, on 22 October 2019, the Company successfully completed a private placement of approximately NOK 149 million of new equity (equivalent to approximately 10% of the issued share capital) with the support of new and existing shareholders. The net proceeds of USD 16 million from this private placement will be mainly used to fund Panoro's share of exploration and Phase 3 expenditure of the future work program on the Dussafu permit ("Dussafu"), offshore Gabon, as well as for new exploration ventures identified and for general corporate purposes. This placement further strengthens the Company's financial position as it moves forward with Phase 2 and 3 at Dussafu, which is expected to substantially increase Panoro's production and generate strong cash flow.

As noted above, on 21 October 2019, the Company 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 its interest in OML 113 Aje field. Following completion of the Transaction, Panoro will have no presence in Nigeria.

Furthermore, the Company is focussed and well advanced in adding new material exploration exposure to its balanced E&P portfolio and has entered into two heads of terms agreements ("HOT") to participate in new exploration growth opportunities, in consortium with other reputable international oil companies. Panoro's anticipated non-operated stake in those offshore exploration licenses are expected to be between 10 and 20%. While there is no guarantee that the HOTs or other new ventures being pursued will lead to definitive agreements, it is the Company's belief that one or more transactions will materialise in the coming months.

Q3 2019 oil and gas revenues were USD 10.2 million compared to USD 10.7 million for Q2 2019 and USD 19.9 million for Q1 2019. Q1 2019 was an exceptionally strong quarter in terms of sales revenue due to a large number of liftings across all of the Group's assets. As indicated in the 1Q19 report, lifting scheduling across the various production assets will vary and as such, due to revenue recognition accounting standards, uneven quarterly financial results for sales revenues are to be expected despite stable operational performance. For the fourth quarter of 2019, we expect 4 liftings to be concluded, supplemented by smaller domestic sales in Tunisia.

In Brazil, as previously updated, termination agreements for the surrender of Coral and Cavalho Marinho licenses have been signed between the JV partners and Brazilian Regulator ANP. The next steps involve various regulatory clearances before dissolution of JV operations. The Company's formal exit from its historical Brazilian business is still ongoing with slow progress towards the approval of abandonment by the Brazilian regulators and resolution of pending historical corporate items including taxes. Management is working actively with advisors and where relevant, the operator Petrobras to bring matters to a close and to ensure that the ongoing costs are kept to a minimum. However, the timing and eventual costs of such conclusion is uncertain at this stage.

FINANCIAL INFORMATION

INCOME STATEMENT REVIEW

As noted on page 5, following the shareholder agreement with Beender, Panoro's investment in Sfax Corp is 60%. The two major companies under Sfax Corp structure are PTP and PTE. As such, only 60% of the account balances and transactions of the Tunisian acquisitions have been included on a line by line basis in Panoro's financial statements from their respective completion dates by proportionally consolidating the results and balances of Sfax Corp and its subsidiaries.

From Q1 2019, the Group has enhanced its disclosures and introduced the reporting of Underlying Operating Profit/(Loss) before tax, a Non-GAAP Financial Measure. Underlying Operating Profit/(Loss) before tax is considered by the Group to be a useful additional measure to help understand underlying operational performance. The foregoing analysis has also been performed including, on an adjusted basis, the Underlying Operating Profit/(Loss) before tax. A reconciliation with adjustments to arrive at the Underlying Operating Profit/(Loss) before tax is included in the table below:

Q3 2018	Q2 2019	Q3 2019		YTD 2019	YTD 2018
(Unaudited)			Amounts in USD 000	(Unaudited)	
(2,997)	10,553	4,092	Net income/(loss) before tax	18,173	(5,598)
66	149	202	Share based payments	517	163
539	91	842	Non-recurring costs	933	634
-	(8,145)	-	Impairment / (reversal) of impairment for Oil and gas assets	(8,145)	-
-	(1,627)	(2,806)	Unrealised (gain)/loss on commodity hedges	(346)	-
(2,392)	1,021	2,330	Underlying Operating Profit/(Loss) before tax	11,132	(4,801)

Underlying Operating Profit/(Loss) before tax is a supplemental non-GAAP financial measures used by management and external users of the Company's consolidated financial statements, such as industry analysts, investors, lenders and rating agencies. The Company defines Underlying Operating Profit/(loss) before tax as Net income (loss) before tax adjusted for (i) Share based payment charges, (ii) unrealised (gain) loss on commodity hedges, (iii) (gain) loss on sale of oil and gas properties, (iv) impairments write-off's and reversals, and (v) similar other material items which management believes affect the comparability of operating results. We believe that Underlying Operating Profit/(Loss) before tax and other similar measures are useful to investors because they are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the oil and gas sector and will provide investors with a useful tool for assessing the comparability between periods, among securities analysts, as well as company by company. Because EBITDA and Underlying Operating Profit/(Loss) before tax excludes some, but not all, items that affect net income, these measures as presented by us may not be comparable to similarly titled measures of other companies.

Third quarter 2019 versus second quarter 2019

Panoro Energy reported EBITDA of USD 5.3 million for the third quarter of 2019, compared to USD 5.1 million in the second quarter of 2019. Marginally higher EBITDA in the third quarter of 2019 is a combination of an increase in liftings in Tunisia compared to the previous quarter, offset by absence of lifting in Nigeria in the current quarter. It should be noted that lifting scheduling across the various production assets will vary and as such due to revenue recognition accounting standards, uneven financial results are to be expected quarter on quarter in spite of normal operational performance.

Revenue in the third quarter of 2019 was USD 10.2 million compared to USD 10.7 million in 2Q 2019. This includes USD 8.9 million of oil sales revenue (2Q 2019: USD 9.2 million) and USD 1.3 million of other revenue (2Q 2019: USD 1.5 million). Other revenue represents the gross-up of the State profit oil allocation under the terms of the Dussafu PSC, with a corresponding amount shown as Income tax for both periods presented. This presentation is consistent with oil and gas reporting standards.

3Q 2019 lower sales revenue is a direct result of a lower average realised price across the quarter's sales volumes, which comprised of 154,771 barrels (2Q 2019: 135,268 barrels). The barrels sold during the third quarter comprised one lifting at Dussafu, one international and one smaller domestic lifting for TPS assets and no lifting at Aje, Nigeria. This compares to one lifting at Dussafu, one at Aje and only two smaller domestic liftings for TPS assets in the second quarter. Of the total oil sales revenue of USD 8.9 million for the third quarter, USD 4 million was from Dussafu and USD 4.9 million from the Group's Tunisian

assets. This compares to USD 4.4 million from Dussafu, USD 3 million from Aje and USD 1.8 million from TPS assets during the second quarter.

Costs attributable to oil and gas operations of the Group were USD 2.3 million during the third quarter compared to USD 4.4 million in 2Q 2019, a decrease of USD 2.1 million. This decrease is primarily due to no liftings from Aje, Nigeria during the quarter resulting in these costs being included in the cost of inventory. Split of operational costs between the Group's assets was; Dussafu USD 1.3 million (2Q 2019: USD 1.8 million); Aje USD 0.8 million (2Q 2019: USD 1.9 million); TPS assets USD 0.2 million (2Q 2019: USD 0.7 million). Certain operational costs for Aje during 3Q 2019 did not meet the criteria for recognition as either inventory or Capex and were therefore expensed.

General and Administrative (G&A) costs were USD 1.6 million for the current quarter, compared to USD 1 million for the previous quarter. The increase in G&A during the quarter is primarily driven by the Company's ambitions to add new material exploration exposure to its balanced E&P portfolio. As noted above in the Corporate section, the Company has entered into two heads of agreements to participate in new exploration growth opportunities. Non-recurring transaction costs in the third quarter 2019 of USD 0.8 million, compared to USD 91 thousand in the previous quarter. The increase is predominantly of staff restructuring in the Tunisian operations of USD 0.5 million and also continued work to streamline the overall group structure.

Exploration related costs were comparable between the both reported quarters at USD 0.1 million.

Depreciation charge decreased slightly from USD 2.5 million in 2Q 2019 to USD 2.3 million in the third quarter.

There was no impairment charge or reversal in 3Q 2019, compared to the impairment reversal of USD 8.1 million in 2Q 2019 relating to the Group's interest in the Dussafu permit, offshore Gabon.

EBIT in the third quarter of 2019 is thus a positive of USD 2.8 million compared to USD 10.5 million in the 2Q 2019.

Profit before tax for the third quarter, 2019 was USD 4.1 million compared to USD 10.6 million in the previous quarter.

Net profit after tax for the third quarter, 2019 is USD 0.5 million compared to USD 8.1 million in 2Q 2019 which was higher due to the USD 8.1 million impairment reversal for Dussafu.

Net financial items amounted to a positive USD 1.3 million in the third quarter, 2019 compared to positive USD 34 thousand in 2Q 2019. The main driver for the increase was the net gain on commodity hedges in the third quarter of USD 2.8 million which was offset by financial costs for the period. In 2Q 2019, the net gain from commodity hedging was lower at USD 1 million.

Corporation taxes increased from USD 2.5 million for the second quarter, 2019 to USD 3.6 million for the third quarter, 2019. The tax charge in the third quarter includes USD 1.3 million representing State profit oil under the terms of the Dussafu PSC, and USD 2.3 million for the Tunisian operations. This is in line with the composition of sales during the period.

Underlying Operating Profit before tax for the third quarter, 2019 was USD 2.3 million compared to an Underlying Operating Profit before tax of USD 1 million for the second quarter, 2019.

Year to date 2019 versus year to date 2018

Panoro Energy reported positive EBITDA of USD 21.7 million for the nine months to 30 September 2019, compared to negative USD 2.8 million in the same period of 2018. 2019 is the first year where the Group presents consolidated operational results of its Tunisian producing assets acquired in December 2018. This, coupled with commencement of oil production from Dussafu in offshore Gabon in mid-September 2018, is expected to show significant variations.

Revenue for the first nine months of 2019 is USD 40.8 million compared to only USD 7.3 million for the comparable period in 2018. This includes USD 35.6 million of oil sales revenue (2018: USD 7.3 million) and USD 5.2 million of other revenue (2018: USD nil). Other revenue represents the gross-up of the State profit oil allocation under the terms of the Dussafu PSC, with a corresponding amount shown as Income tax for both periods presented. This presentation is consistent with oil and gas reporting standards.

The first nine months of 2019 have included four liftings from Dussafu, generating USD 15.7 million in revenues, two liftings from the Aje field in Nigeria generating USD 6.3 million in revenues and the Group's Tunisian assets contributing USD 13.6 million in revenues through two international liftings and five domestic liftings by the state on behalf of Panoro. Compared to this, revenue for the nine months to 30 September 2018 of USD 7.3 million comprised solely of two liftings from Aje.

Year to date costs attributed to operations of the Group for 2019 are USD 13.9 million compared to USD 5.2 million for the first nine months of 2018. This year on year increase reflects the inclusion of the Tunisian operations from 1 January 2019, following completion of the acquisition of TPS assets in December 2018. Further, there were no operating costs recognised in first the nine months of 2018 in relation to Dussafu as there were no sales.

G&A costs increased from USD 3.7 million in the first nine months of 2018 to USD 3.9 million in the corresponding period in 2019. The increase in 2019 reflects the consolidation of the Tunisian operations and addition of new staff members in the Group to cater for the increase in operations.

Exploration related costs decreased from USD 0.5 million for the first nine months of 2018 to USD 0.4 million in the current period.

Depreciation charge for the first nine months of 2019 is USD 7.2 million compared to USD 2.3 million in the corresponding period of 2018, an increase of USD 4.9 million. This reflects the inclusion of depreciation charges for all assets in Tunisia, Nigeria and Gabon in the first nine months of 2019, compared to only Aje depreciation in the same period in 2018.

EBIT in the first nine months of 2019 is thus a positive of USD 22.1 million compared to negative USD 5.2 million in the same period in 2018.

Net financial items amount to an expense of USD 3.9 million in the first nine months of 2019 compared to USD 363 thousand in the corresponding period of 2018, an increase of USD 3.5 million. The main driver of this increase is the impact of the loan interest and commitment fees for the Mercuria Senior Secured loan in 2019 of USD 1.4 million. The Mercuria facility was not in place in the corresponding period in 2018. Additionally, there is USD 0.4 million relating to the realised and unrealised losses on commodity hedging, USD 0.8 million of interest relating the Dussafu non-recourse loan now expensed following commencement of production; these interest costs relating to this loan were capitalised during 2018 until first oil. Also included in net financial items are the charges for unwinding of discount on decommissioning provisions for all assets of USD 0.5 million compared to USD 0.1 million in first half of 2018 and USD 0.3 million of foreign exchange movements.

Profit before tax for the first nine months of 2019 was USD 18.2 million compared to a pre-tax loss of USD 5.6 million for the first nine months of 2018.

Corporation taxes of USD 11.1 million in the first nine months of 2019 compared to USD nil for the same period of 2018. The tax charge for 2019 includes USD 5.2 million representing State profit oil under the terms of the Dussafu PSC and USD 5.9 million for taxes on profits for the Group's Tunisian Operations.

Net profit after tax for the first nine months of 2019 was therefore USD 7 million, compared to a net loss after tax of USD 5.6 million for the same period of 2018.

Underlying Operating Profit before tax for the first nine months of 2019 was USD 11.1 million compared to an Underlying Operating Loss before tax of USD 4.8 million for the same period of 2018.

STATEMENT OF FINANCIAL POSITION REVIEW

As noted on page 5, following the shareholder agreement with Beender, Panoro's investment in Sfax Corp is now 60%. The two major companies under Sfax Corp structure are PTP and PTE. As such, only 60% of the account balances and transactions of the Tunisian acquisitions have been included on a line by line basis in Panoro's financial statements from their respective completion dates by proportionally consolidating the results and balances of Sfax Corp and its subsidiaries.

Movements to 30 September 2019 from 30 June 2019

Movements in the Group statement of financial position between the second and third quarter of 2019 were a combination of the following:

Non-current assets

Non-current assets amount to USD 98.4 million at 30 September 2019, an increase of 2.5 million from USD 95.9 million at 30 June 2019. Capital additions to the Group's oil and gas assets in the third quarter, 2019 are USD 3.4 million, which are offset by depreciation of USD 1.6 million. Also included in the non-current assets at 30 September 2019 is the non-current portion of fair value of hedge instruments amounting to USD 0.7 million (30 June 2019 comparative was a non-current liability).

Current assets

Current assets amount to USD 32.2 million as of 30 September 2019, compared to USD 38.2 million at 30 June 2019.

Crude inventory increased from USD 1.6 million at 30 June 2019 to USD 3.5 million at 30 September 2019, due to accumulated operating cost for Aje during the quarter as there was no lifting. Trade and other receivables at 30 September 2019 are USD 3.7 million, a decrease of USD 2.8 million from USD 6.5 million at 30 June 2019 due to lower level of Tunisian oil sales related receivables at the end of the current quarter.

The Group is committed to a drilling obligation of one well on SOEP in Tunisia. In support of this obligation, the Group has issued a bank guarantee against which a deposit of USD 10 million (net to Panoro) was placed in January 2019 and is included within current assets at 30 September 2019. Also included in the current assets at 30 September 2019 is the current portion of fair value of hedge instruments amounting to USD 0.4 million (30 June 2019 comparative was a current liability).

Consequently, cash and cash equivalents stood at USD 10.1 million, compared to USD 15.5 million at 30 June 2019 (both periods excluding USD 10 million held for the SOEP guarantee). The decrease in cash and cash equivalents is mainly due to operational cash calls of approx. USD 5.5 million in Gabon and Tunisia and payment of taxes in Tunisia of approx. USD 5.8 million. These were partially offset by the collection of revenue from liftings, similarly in Gabon and Tunisia.

Equity

Equity as at 30 September 2019 amounts to USD 53.5 million compared to USD 53.2 million at the end of June 2019.

Non-current liabilities

Total non-current liabilities are USD 53.6 million as at 30 September 2019 compared to USD 54.2 million at 30 June 2019.

Decommissioning liabilities remained largely unchanged other than the effect of unwinding of the discount across all assets. The non-current portion of fair value of hedge instruments amounting to USD nil (30 June 2019: USD 0.8 million). There was a reclassification of USD 1.5 million to the non-current portion of the non-recourse loan from BW Energy to USD 5.2 million; this is a result of a simulated repayment profile linked to expected future sales. Non-current portion of the Mercuria Senior Secured facility decreased from USD 14.8 million at 30 June 2019 to USD 13.8 million at 30 September 2019. Deferred tax liability was USD nil, compared to USD 0.5 million in the previous quarter and related to the temporary differences on the treatment of depreciation and decommissioning under tax rules in Tunisia.

Current liabilities

Current liabilities amounted to USD 23.5 million at 30 September 2019, compared to USD 26.6 million at the end of June 2019, an increase of USD 3.1 million.

Corporation tax liabilities were USD 5.6 million as at 30 September 2019 (30 June 2019: USD 8.9 million). Corporation tax liabilities relate primarily to taxes due on income from TPS Assets and USD 5.6 million of the balance at 30 June 2019 was paid in the quarter. USD 2.8 million reflects the current portion of the Dussafu non-recourse loan following a reclassification from non-current to current (30 June 2019: USD 5.4 million). USD 4.1 million was the Current portion of the Mercuria Senior Loan facility (30 June 2019: USD 3.1 million). Also included in the current liabilities at 30 June 2019 is the current portion of fair value of hedge instruments amounting to USD 0.9 million.

Accruals and other payable amounted to USD 9.7 million at 30 September 2019, an increase of USD 3.6 million compared to the balance of USD 6.1 million at 30 June 2019.

Since the settlement of the Aje dispute (as described in Q4 2017 report), the Company has performed a review of historical costs incurred and recognised the liabilities associated with such expenditures in the balance sheet. The proportionate joint venture liabilities resulting from the workover and side-tracks at Aje-5 had been higher than anticipated and in combination with the operation accruals and the inclusion of the cost of the OML 113 20-year license renewal have resulted in proportional liabilities of USD 6 million as at 30 September 2019 compared to USD 3.5 million as of 30 June 2019. The underlying payables position has been reducing consistently since 2017 through the allocation of excess funds from Aje liftings. Such liabilities continue to be current in nature and are expected to be repaid within 12 months.

Movements to 30 September 2019 from 31 December 2018

Movements in the Group statement of financial position during the first nine months of 2019 were a combination of the following:

Non-current assets

Non-current assets amount to USD 98.4 million at 30 September 2019, an increase of 9.1 million from USD 89.3 million at 31 December 2018. Capital additions to the Group's oil and gas assets in the first nine months of 2019 are USD 6.8 million, which are offset by depreciation on these assets of USD 6.3 million. In addition, there is the impact of an impairment reversal of USD 8.1 million in the period relating to the Group's interest in the Dussafu permit, offshore Gabon. The impairment reversal is a result of positive revision in economic evaluations. These include an independent reserves upgrade, which attribute higher recoverable amounts on both 1P and 2P profiles and the sanction of Phase II of the development.

Current asset

Current assets amount to USD 32.2 million as of 30 September 2019, compared to USD 35.7 million at 31 December 2018.

Crude inventory increased from USD 2.3 million at 31 December 2018 to USD 3.5 million at 30 September 2019. The current portion of the asset representing fair value of hedges as at 31 December 2018 and as at 30 September 2019 were USD 0.4 million. Trade and other receivables at 30 September 2019 are USD 3.7 million, a decrease of USD 1.8 million from USD 5.6 million at 31 December 2018.

The Group is committed to a drilling obligation of one well on SOEP in Tunisia. In support of this obligation, the Group has issued a bank guarantee against which a deposit of USD 10 million (net to Panoro) was placed in January 2019 and is included within current assets at 30 September 2019.

Consequently, cash and cash equivalents stood at USD 10.1 million compared to USD 23.4 million at 31 December 2018. The decline in cash and cash equivalents is mainly due to USD 10 million of cash held under current assets earmarked for SOEP drilling obligation guarantee and operational cash calls in both Gabon and Tunisia and income tax liabilities in Tunisia. Furthermore, the first instalment of the Mercuria Senior Loan was also repaid in April 2019.

Equity

Equity as at 30 September 2019 amounts to USD 53.5 million compared to USD 46.3 million at the end of December 2018.

Non-current liabilities

Total non-current liabilities are USD 53.6 million as at 30 September 2019 and these compare to the total non-current liabilities at 31 December 2018 of USD 55.9 million, a decrease of USD 2.3 million.

Decommissioning liabilities increased by USD 1.3 million as a result of a change in estimates used to calculate these provisions. (See Note 13). Also included in the non-current liabilities at 30 September 2019 was the non-current portion of the non-recourse loan from BW Energy which stands at USD 5.2 million, following loan principal repayments in the period of USD 5.8 million and a reclassification between non-current and current liabilities. Additionally, and following the first instalment settlement of the Mercuria Senior Secured Loan in April 2019, an increase in the Senior Secured Loan facility with Mercuria of USD 2.5 million was secured.

Current liabilities

Current liabilities amounted to USD 23.5 million at 30 September 2019, compared to USD 22.8 million at the end of December 2018, an increase of USD 0.7 million.

USD 2.8 million reflects the current portion of the Dussafu non-recourse loan (31 December 2018: USD 3.8 million), USD 4.1 million is the current portion of the Mercuria Senior Loan facility (31 December 2018: USD 2.6 million) and USD 5.6 million of corporation tax liabilities (31 December 2018: USD 5.8 million).

Accruals and other payable amounted to USD 9.7 million at 30 September 2019, an increase of USD 2.2 million.

Since the settlement of the Aje dispute (as described in Q4 2017 report), the Company has performed a review of historical costs incurred and recognised the liabilities associated with such expenditures in the balance sheet. The proportionate joint venture liabilities resulting from the workover and side-tracks at Aje-5 had been higher than anticipated and in combination with the operation accruals and the inclusion of the cost of the OML 113 20-year license renewal have resulted in proportional liabilities of USD 6 million as at 30 September 2019 compared to USD 5.8 million as of 31 December 2018. The liability has increased during the current period due the effects of nine months of Operating Costs, with only two liftings at Aje, Nigeria so far this year. The underlying payables position has been reducing consistently since 2017 through the allocation of excess funds from Aje liftings. Such liabilities continue to be current in nature and are expected to be repaid within 12 months.

OUTLOOK

- Drilling of at least 6 new wells in the next 12 months, including 2 exploration wells
- Drilling of Dussafu Phase 2 development commenced in October 2019 with first production Q1 2020
- Implementing production enhancing activities on the TPS Assets
- Working towards completion of Aje sale
- Continuing to review growth opportunities

THE BOARD OF DIRECTORS

JULIEN BALKANY	TORSTEIN SANNESS	GARRETT SODEN
Chairman of the Board	Deputy Chairman of the Board	Non-Executive Director
ALEXANDRA HERGER	HILDE ÅDLAND	
Non-Executive Director	Non-Executive Director	

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2019

Q3 2018	Q2 2019	Q3 2019		Note	YTD 2019	YTD 2018
(Unaudited)			Amounts in USD 000		(Unaudited)	
			CONTINUING OPERATIONS			
2,642	9,223	8,863	Oil revenue		35,576	7,267
-	1,479	1,301	Other revenue		5,222	-
2,642	10,702	10,164	Total revenues		40,798	7,267
(2,104)	(4,447)	(2,310)	Operating costs		(13,900)	(5,176)
(457)	(112)	(127)	Exploration related costs		(353)	(531)
(1,536)	(980)	(1,562)	General and administrative costs	4	(3,944)	(3,689)
(539)	(91)	(842)	Non-recurring costs	4	(933)	(634)
(1,994)	5,072	5,323	EBITDA		21,668	(2,763)
(822)	(2,549)	(2,295)	Depreciation, depletion and amortisation		(7,234)	(2,309)
-	8,145	-	(Impairment) / reversal of impairment for Oil and gas assets	6	8,145	-
(66)	(149)	(202)	Share based payments		(517)	(163)
(2,882)	10,519	2,826	EBIT - Operating income/(loss)		22,062	(5,235)
(96)	(645)	(721)	Interest costs net of income		(2,317)	(263)
-	1,627	2,806	Unrealised gain/(loss) on commodity hedges	7	346	-
-	(585)	(101)	Realised gain/(loss) on commodity hedges		(782)	-
(38)	(278)	(289)	Other financial costs net of income		(839)	(108)
19	(85)	(429)	Net foreign exchange gain / (loss)		(297)	8
(2,997)	10,553	4,092	Net income/(loss) before tax		18,173	(5,598)
-	(2,454)	(3,641)	Income tax benefit/(expense)	15	(11,146)	-
(2,997)	8,099	451	Net income/(loss) for the period		7,027	(5,598)
-	-	-	Exchange differences arising from translation of foreign operations		-	-
-	-	-	Other comprehensive income/(loss) for the period (net of tax)		-	(3)
(2,997)	8,099	451	Total comprehensive income/(loss) for the period (net of tax)		7,027	(5,601)
NET INCOME /(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:						
(2,997)	8,099	451	Equity holders of the parent		7,027	(5,598)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:						
(2,997)	8,099	451	Equity holders of the parent		7,027	(5,601)
EARNINGS PER SHARE						
(0.07)	0.13	0.01	Basic EPS on profit for the period attributable to equity holders of the parent (USD)	5	0.11	(0.13)
(0.07)	0.13	0.01	Diluted EPS on profit for the period attributable to equity holders of the parent (USD)	5	0.11	(0.13)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2019

		30 September 2019	30 June 2019	31 December 2018
Amounts in USD 000		(Unaudited)		(Audited)
Production assets and equipment	6	39,044	38,885	41,612
Production rights	6	29,964	29,938	31,082
Licenses and exploration assets	6	23,783	23,636	15,197
Development assets	6	4,349	2,858	632
Property, furniture, fixtures and office equipment		389	389	134
Investment in associates and joint ventures		38	38	38
Fair value of commodity hedges	7	696	-	392
Other non-current assets		122	126	245
Total Non-current assets		98,385	95,870	89,332
Crude Oil Inventory		3,454	1,641	2,255
Materials Inventory		4,594	4,417	4,086
Trade and other receivables		3,742	6,537	5,577
Fair value of commodity hedges - current portion	7	407	-	364
Cash and cash equivalents	8	10,078	15,526	23,367
Cash held for Bank guarantee	9	9,960	9,960	-
Restricted cash		-	76	76
Total current assets		32,235	38,157	35,725
Total Assets		130,620	134,027	125,057
Share capital	10	424	423	423
Other equity		53,052	52,779	45,889
Total Equity attributable to equity holders of the parent		53,476	53,202	46,312
Decommissioning liability	13	22,034	21,868	20,739
Senior Secured Loan	11	13,774	14,756	13,191
BW Energy Non-Recourse Loan	12	5,196	3,666	9,392
Licence Obligations		4,726	4,726	4,726
Fair value of commodity hedges	7	-	822	-
Other non-current liabilities		7,872	7,877	7,877
Deferred tax liabilities		-	510	-
Total Non-current liabilities		53,602	54,225	55,925
Accounts payable, accruals and other liabilities		9,703	6,077	7,551
Senior Secured Loan - current portion	11	4,123	3,053	2,605
BW Energy Non-Recourse Loan - current portion	12	2,770	5,423	3,751
Licence Obligations - current portion		1,166	1,166	1,166
Fair value of commodity hedges - current portion	7	-	882	-
Other current liabilities		213	1,073	1,943
Corporation tax liability	15	5,567	8,926	5,804
Total current liabilities		23,542	26,600	22,820
Total Liabilities		77,144	80,825	78,745
Total Equity and Liabilities		130,620	134,027	125,057

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

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

Q3 2018	Q2 2019	Q3 2019		Note	YTD 2019	YTD 2018
(Unaudited)			Amounts in USD 000		(Unaudited)	
CASH FLOW FROM OPERATING ACTIVITIES						
(2,997)	10,553	4,092	Net income/(loss) for the period before tax		18,173	(5,598)
ADJUSTED FOR:						
822	2,549	2,295	Depreciation		7,234	2,309
457	112	127	Exploration related costs and Operator G&A		353	531
-	(8,145)	-	Impairment and asset write-off / (impairment reversal)		(8,145)	-
-	(1,042)	(2,705)	Loss/(gain) on commodity hedges		436	-
134	923	1,010	Net finance costs		3,156	371
66	149	202	Share-based payments		517	163
(19)	85	230	Unrealised foreign exchange loss/(gain)		98	(8)
1,591	606	2,421	Increase/(decrease) in trade and other payables		148	1,042
365	6,865	2,799	(Increase)/decrease in trade and other receivables		1,958	291
(810)	(615)	(1,990)	(Increase)/decrease in inventories		(1,707)	(1,808)
(9)	(1,424)	(7,510)	Taxes paid	15	(11,383)	(45)
(400)	10,616	971	Net cash (out)/inflow from operations		10,838	(2,752)
CASH FLOW FROM INVESTING ACTIVITIES						
(1,250)	-	-	Cash outflow relating to acquisitions		(510)	(1,250)
8,271	-	-	Net cash acquired at acquisitions		-	8,271
(6,302)	(1,084)	(4,243)	Investment in exploration, production and other assets	6	(7,496)	(14,024)
5,183	-	-	Increase/(decrease) in non-recourse loan		-	12,905
5,902	(1,084)	(4,243)	Net cash (out)/inflow from investing activities		(8,006)	5,902
CASH FLOW FROM FINANCING ACTIVITIES						
8,830	-	(380)	Gross proceeds from Equity Private Placement and Treasury Shares		(380)	8,830
(250)	-	-	Cost of Equity Private Placement and Treasury Shares issued		-	(250)
-	2,460	-	Gross proceeds from loans and borrowings		2,460	-
-	(2,789)	(1,547)	Repayment of BW Energy non-recourse loan	12	(6,020)	-
-	(660)	-	Repayment of Senior Secured loan	11	(660)	-
-	(585)	(101)	Realised gain/(loss) on commodity hedges		(782)	-
-	(565)	(224)	Borrowing costs, including arrangement fees		(855)	-
4	(7)	-	Financial income, net of charges paid		-	23
-	-	-	Cash held for Bank Guarantee	9	(9,960)	-
(127)	(3)	76	Movement in restricted cash balance		76	1,373
8,457	(2,149)	(2,176)	Net cash (out)/inflow from financing activities		(16,121)	9,976
1	-	-	Effect of foreign currency translation adjustment on cash balances		-	(2)
13,960	7,383	(5,448)	Change in cash and cash equivalents during the period		(13,289)	13,124
5,481	8,143	15,526	Cash and cash equivalents at the beginning of the period		23,367	6,317
19,441	15,526	10,078	Cash and cash equivalents at the end of the period		10,078	19,441

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 the nine months ended
30 September 2019
Amounts in USD 000

	Issued capital	Share premium	Treasury Shares	Additional paid-in capital	Retained earnings	Other reserves	Currency translation reserve	Total
At 1 January 2019 - (Audited)	423	333,093	-	122,078	(365,873)	(37,647)	(5,762)	46,312
Net income/(loss) for the period	-	-	-	-	(1,523)	-	-	(1,523)
Total comprehensive income/(loss)	-	-	-	-	(1,523)	-	-	(1,523)
Employee share options charge	-	-	-	166	-	-	-	166
At 31 March 2019 (unaudited)	423	333,093	-	122,244	(367,396)	(37,647)	(5,762)	44,955
Net income/(loss) for the period	-	-	-	-	8,099	-	-	8,099
Total comprehensive income/(loss)	-	-	-	-	8,099	-	-	8,099
Employee share options charge	-	-	-	149	-	-	-	149
At 30 June 2019 - (Unaudited)	423	333,093	-	122,393	(359,297)	(37,647)	(5,762)	53,203
Net income/(loss) for the period	-	-	-	-	451	-	-	451
Total comprehensive income/(loss)	-	-	-	-	451	-	-	451
Share issue for cash	1	333	-	-	-	-	-	334
Employee share options charge	-	-	-	202	-	-	-	202
Settlement of Restricted Share Units	-	-	-	(714)	-	-	-	(714)
At 30 September 2019 - (Unaudited)	424	333,426	-	121,881	(358,846)	(37,647)	(5,762)	53,476

Attributable to equity holders of the parent

For the nine months ended
30 September 2018
Amounts in USD 000

	Issued capital	Share premium	Treasury Shares	Additional paid-in capital	Retained earnings	Other reserves	Currency translation reserve	Total
At 1 January 2018 - (Audited)	299	297,490	(503)	122,206	(358,766)	(37,647)	(5,758)	17,320
Net income/(loss) for the period	-	-	-	-	(2,270)	-	-	(2,270)
Other comprehensive income/(loss)	-	-	-	-	-	-	-	-
Total comprehensive income/(loss)	-	-	-	-	(2,270)	-	-	(2,270)
Employee share options charge	-	-	-	52	-	-	-	52
At 31 March 2018 (unaudited)	299	297,490	(503)	122,258	(361,036)	(37,647)	(5,758)	15,102
Net income/(loss) for the period	-	-	-	-	(331)	-	-	(331)
Other comprehensive income/(loss)	-	-	-	-	-	-	(3)	(3)
Total comprehensive income/(loss)	-	-	-	-	(331)	-	(3)	(334)
Employee share options charge	-	-	-	46	-	-	-	46
At 30 June 2018 - (Unaudited)	299	297,490	(503)	122,304	(361,367)	(37,647)	(5,761)	14,814
Net income/(loss) for the period	-	-	-	-	(2,997)	-	-	(2,997)
Other comprehensive income/(loss)	-	-	-	-	-	-	-	-
Total comprehensive income/(loss)	-	-	-	-	(2,997)	-	-	(2,997)
Sale of own shares	6	(503)	503	-	-	-	-	6
Share issue for cash	26	8,295	-	-	-	-	-	8,321
Transaction costs on share issue	-	(250)	-	-	-	-	-	(250)
Employee share options charge	-	-	-	66	-	-	-	66
Settlement of Restricted Share Units	-	-	-	(458)	-	-	-	(458)
At 30 September 2018 - (Unaudited)	331	305,032	-	121,912	(364,364)	(37,647)	(5,761)	19,503

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 28 April 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 Advokatfirmaet Schjødt AS, Ruseløkkveien 14 0251 Oslo, Norway.

The Company and its subsidiaries are engaged in exploration and production of oil and gas resources in Africa. The condensed consolidated financial statements of the Group for the period ended 30 September 2019 were authorised for issue by the Board of Directors on 19 November 2019.

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 and the risk factors contained in the Company's 2018 Annual Report and the Company's Prospectus, published in December 2018. A copy of the 2018 Annual Report and the listing prospectus are available on the Company's website 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.

Effective 1 January 2019, the Group has reassessed the financial statement disclosures for its discontinued operations in Brazil, which have become immaterial. As a result, from Q1 2019, the results of Brazilian operations are included within the General and Administrative (G&A) costs within continuing operations. For clarity and comparability of the financial statements, the comparative periods presented have also been reclassified. Consequently, the amounts for discontinued operations reclassified to G&A costs for the periods presented is as follows: Q3 2019: USD 27 thousand, Q2 2019: USD 35 thousand and Q3 2018: USD 27 thousand.

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 2018 Annual Report.

As at 30 September 2019, the Group had cash balances of USD 20 million, including cash held for the bank including cash held for bank guarantee for SOEP and debt of USD 26.3 million. In addition to Dussafu capital expenditure, the Group is committed to a drilling obligation of one well on SOEP in Tunisia. In support of this obligation, the Company's 60% owned subsidiary, Panoro Tunisia Exploration AS has issued a bank guarantee of USD 16.6 million (Panoro's net share is USD 10 million).

As noted above, on 22 October 2019 the Company successfully completed a private placement of approximately NOK 149 million of new equity (equivalent to approximately 10% of the issued share capital) with the support of new and existing shareholders. The net proceeds of USD 16 million from this private placement will be mainly used to fund Panoro's share of exploration and Phase 3 expenditure of the future work program on the Dussafu permit ("Dussafu"), offshore Gabon, as well as for new exploration ventures identified and for general corporate purposes.

Following this placement, the Company's financial position has strengthened considerably as it moves forward with Phase 2 and 3 at Dussafu and exploration drilling activity in Tunisia.

3 SEGMENT INFORMATION

The Group operated predominantly in two business segments being the exploration and production of oil and gas in North Africa (Tunisia) and West Africa (Nigeria & Gabon).

The Group's reportable segments, for both management and financial reporting purposes, are as follows:

- The North African segment holds the following assets:
 - Sfax Offshore Exploration Permit: Panoro Tunisia Exploration AS (Operator, 52.5%* interest net to Panoro)
 - The Hammamet Offshore Exploration Permit: Medco (Operator), Panoro Tunisia Exploration AS (27.6%* interest net to Panoro), under relinquishment
 - TPS Assets: ETAP, 51% and Panoro TPS Production GmbH, 49% (29.4%* interest net to Panoro).

**Figures only represent net participation interest in proportion to Panoro's equity holding in Sfax Petroleum Corporation AS.*

- The West African segment holds the following assets:
 - The Dussafu licence representing the Group's 8.3333% working interest in the Dussafu Marin exploration licence in Gabon**
 - ** Tullow has 10% back-in rights in the licence and once the back-in is finalised, Panoro's interest will reduce to 7.5%*
 - The OML113-Aje represents the Group's 12.1913% revenue interest, 16.255% paying interest and 6.502% participating interest) in the OML113-Aje exploration licence in Nigeria.
- The 'Corporate' category consists of head office and service company operations that are not directly attributable to the other segments. 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 for assessing performance. Segment performance is evaluated based on capital and general expenditure. Details of group segments are reported below.

Q3 2018	Q2 2019	Q3 2019		YTD 2019	YTD 2018
<i>(Unaudited)</i>			OPERATING SEGMENTS - GROUP NET SALES	<i>(Unaudited)</i>	
-	1,162	1,010	Net average daily production - TPS assets (bopd)	1,109	-
594	1,008	971	Net average daily production - Dussafu (bopd)	1,009	594
386	362	270	Net average daily production - Aje (bopd)	338	355
980	2,532	2,251	Total Group Net average daily production (bopd)	2,456	949
-	28,411	94,422	Oil sales (bbls) - Net to Panoro - TPS assets, Tunisia	241,323	-
-	62,735	60,349	Oil sales (bbls) - Net to Panoro - Dussafu, Gabon	239,234	-
36,923	44,122	-	Oil sales (bbls) - Net to Panoro - Aje, Nigeria	92,842	105,129
36,923	135,268	154,771	Total Group Net Sales (bbls)	573,399	105,129
OPERATING SEGMENT - NORTH AFRICA					
<i>(Unaudited)</i>			<i>in USD 000</i>	<i>(Unaudited)</i>	
(775)	803	3,144	EBITDA	8,716	(775)
54	941	962	Depreciation and amortisation	2,723	54
-	75,938	-	Segment assets	72,355	11,404
OPERATING SEGMENT - WEST AFRICA					
<i>(Unaudited)</i>			<i>in USD 000</i>	<i>(Unaudited)</i>	
(2,383)	3,734	3,002	EBITDA	15,530	(1,001)
-	(8,145)	-	Impairment of E&E Assets - Charge/(Reversal)	(8,145)	-
762	1,478	1,269	Depreciation and amortisation	4,313	2,213
-	50,526	-	Segment assets	54,396	40,518
CORPORATE					
<i>(Unaudited)</i>			<i>in USD 000</i>	<i>(Unaudited)</i>	
1,164	535	(823)	EBITDA	(2,578)	(987)
6	130	64	Depreciation and amortisation	198	42
-	7,563	-	Segment assets	3,869	9,799
CONSOLIDATED					
<i>(Unaudited)</i>			<i>in USD 000</i>	<i>(Unaudited)</i>	
(1,994)	5,072	5,323	EBITDA	21,668	(2,763)
822	2,549	2,295	Depreciation and amortisation	7,234	2,309
-	(8,145)	-	Impairment of E&E Assets - Charge/(Reversal)	(8,145)	-
-	134,027	-	Segment assets	130,620	61,721

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 GENERAL AND ADMINISTRATIVE (G&A) COSTS

Q3 2018	Q2 2019	Q3 2019		YTD 2019	YTD 2018
<i>(Unaudited)</i>			<i>Amounts in USD 000, unless otherwise stated</i>		<i>(Unaudited)</i>
1,152	866	1,042	General and Administrative Costs - Corporate and London	3,086	3,305
384	114	520	General and Administrative Costs - Panoro Tunisia	858	384
539	91	842	Non-Recurring Transaction Costs (4.1)	933	634
2,075	1,071	2,404	Total General and Administrative Related Costs	4,877	4,323

4.1 Non-recurring transaction costs in Q3 2019 comprised USD 549 thousand of redundancy payments related to the Tunis operations and USD 293 thousand of costs for internal restructuring to streamline the group structure. Non-recurring costs in 2Q 2019 related entirely to costs for internal restructuring to streamline the group structure. The non-recurring costs have been expensed as incurred and are reported separately from recurring G&A costs for comparative purposes.

5 EARNINGS PER SHARE

Basic earnings or loss per ordinary share amounts are calculated by dividing net profit or loss for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of dilutive potential ordinary shares into ordinary shares.

As of 30 September 2019, there were 878,808 potentially dilutive Restricted Share Units which are included in the calculation of diluted earnings per share (As of 30 June 2019: 708,723 potentially dilutive Restricted Share Units).

Q3 2018	Q2 2019	Q3 2019		YTD 2019	YTD 2018
<i>Unaudited</i>			<i>Amounts in USD 000, unless otherwise stated</i>		<i>(Unaudited)</i>
(2,997)	8,099	451	Net profit / (loss) attributable to equity holders of the parent	7,027	(5,598)
45,435	62,388	62,516	Weighted average number of shares outstanding - in thousands	62,431	43,491
45,435	63,096	63,361	Diluted weighted average number of shares outstanding - in thousands	63,186	43,491
(0.07)	0.13	0.01	Basic earnings per share (USD) - Total	0.11	(0.13)
(0.07)	0.13	0.01	Diluted earnings per share (USD) - Total	0.11	(0.13)

6 LICENCE INTERESTS, EXPLORATION AND EVALUATION, DEVELOPMENT AND PRODUCTION ASSETS

	Licence interest, Exploration and Evaluation Assets	Production Rights	Development Assets	Production Assets
<i>USD 000</i>				
At 1 January 2019 (Audited)	15,197	31,082	632	41,612
Development assets additions	-	-	262	-
Adjustments to asset retirement estimates	-	-	(12)	771
Exploration and evaluation assets additions	294	-	-	-
Production assets under development	-	-	1,988	(1,988)
Production assets additions	-	-	-	2,088
Impairment (charge)/reversal (Note 6.1)	8,145	-	-	-
Depreciation/write-off's during the period	-	(1,144)	(12)	(3,598)
Balance at 30 June 2019 (Unaudited)	23,636	29,938	2,858	38,885
Development assets additions	-	-	1,491	-
Exploration and evaluation assets additions	147	-	-	-
Production assets under development	-	-	-	-
Production assets additions	-	573	-	1,167
Impairment (charge)/reversal (Note 6.1)	-	-	-	-
Depreciation/write-off's during the period	-	(547)	-	(1,008)
Balance at 30 September 2019 (Unaudited)	23,783	29,964	4,349	39,044
At 1 January 2018 (Audited)	13,596	-	1,694	9,902
Development assets additions	-	-	7,722	-
Exploration and evaluation assets additions	-	-	-	-
Production assets additions	-	-	-	-
Depreciation/write-off's during the period	-	-	-	(1,451)
Balance at 30 June 2018 (Unaudited)	13,596	-	9,416	8,451
Development assets additions	-	-	6,302	-
Exploration and evaluation assets additions	-	-	-	-
Production assets additions	-	-	(15,718)	15,718
Depreciation/write-off's during the period	-	-	-	(762)
Balance at 30 September 2018 (Unaudited)	13,596	-	-	23,407

- 6.1 The impairment reversal of USD 8.1 million in Q2 2019 relates to the Group's interest in the Dussafu permit, offshore Gabon. The impairment reversal is a result of positive revision in economic evaluations. These include an independent reserves upgrade, which attribute higher recoverable amounts on both 1P and 2P profiles and the sanction of Phase II of the development. The total carrying value for Dussafu at 30 June 2019, after taking into account the impairment reversal was USD 36.1 million. The net recoverable value was determined on a Value in Use ('VIU') basis using a discounted cash flow model, which exceeded the carrying value at 30 June 2019, even after taking into account the reversal. The reversal represents the entire eligible costs that had been impaired in previous years, adjusted for changes in the Group's ownership interest. Present value of projected cash flows over the economic life of the asset were adjusted to risks specific to the asset and discounted using a discount rate of 13.5% (13.5% for previous impairment reversal in 2017). This discount rate is derived from the Group's estimate of discount rates that might be applied by active market participants and is adjusted, where applicable, to take into account any specific risks relating to the region where the asset is located. In determining VIU it is necessary to make a series of assumptions to estimate future cash flows including volumes, price assumption and cost estimates. Economically recoverable reserves and resources are based on NSAI and project plans based on Operator sourced information, supported by the evaluation work undertaken by appropriately qualified persons within the Joint Venture. The impairment test is most sensitive to the following assumptions; discount rates, oil and gas prices, reserve estimates and project risk. There are no reasonably possible changes in any of the above key assumptions that would cause the carrying value of the Dussafu asset to materially exceed its recoverable amount.

7 FAIR VALUE OF COMMODITY HEDGES

During Q4 2018, the Group initiated a commodity hedging programme to strategically hedge approximately 10% of its 2P oil reserves to protect against a fall in oil prices and consequently, to protect the Group's ability to service its debt obligations and to fund operations including planned capital expenditure. This equates to approximately 600 bopd, representing approximately 25% of current production. The hedge instruments used include "zero cost collars" and "commodity swap" contracts to protect the downside in 'Dated Brent' oil price. These hedge contracts are initially recognised at Nil fair value and then revalued at each balance sheet date, with changes in fair value recognised as finance income or expense in the Statement of Comprehensive Income.

The hedging programme continues to be closely monitored and adjusted according to the Group's risk management policies and cashflow requirements. The Group continues to monitor and optimise its hedging programme on an on-going basis.

The outstanding commodity hedge contracts as at the respective balance sheet dates presented were as follows:

Zero cost collar instruments	Remaining term	Remaining contract amount	Average contract price	Average contract price	Fair value Asset / (Liability)	Fair value Asset / (Liability)
		<i>Bbls</i>	<i>Buy Put (USD/Bbl)</i>	<i>Sell Call (USD/Bbl)</i>	<i>Current (USD '000)</i>	<i>Non-Current (USD '000)</i>
At 31 December 2018 (<i>audited</i>)	Feb 19 - Dec 21	360,007	55	60.65	364	392
At 30 June 2019 (<i>unaudited</i>)	July 19 - Dec 21	608,580	55	61.32	(882)	(822)
At 30 September 2019 (<i>unaudited</i>)	Oct 19 - Dec 21	547,722	55	61.32	271	696

Commodity Swaps instruments	Remaining term	Remaining contract amount	Average contract price	Fair value Asset / (Liability)
		<i>Bbls</i>	<i>Settlement price ceiling (USD/Bbl)</i>	<i>Current (USD '000)</i>
At 31 December 2018 (<i>audited</i>)	-	-	-	-
At 30 June 2019 (<i>unaudited</i>)	-	-	-	-
At 30 September 2019 (<i>unaudited</i>)	Oct 19 - Dec 19	36,000	62.10	136

8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at 30 September 2019 amounted to USD 10 million compared to USD 15.5 million as at 30 June 2019 and USD 23.3 million as at 31 December 2018. In addition, the Group had USD 10 million (net to Panoro) of cash held for a bank guarantee issued towards SOEP drilling obligations, as described in Note 9 below. See Note 16 Subsequent Events for details of additional funds raised post quarter end through a private placement.

9 CASH HELD FOR BANK GUARANTEE

During January 2019, the Tunisian Directorate General of Hydrocarbons advised that the Tunisian Consultative Hydrocarbons Committee had required Panoro Tunisia Exploration ("PTE", 60% owned by Panoro) to post a bank guarantee in relation to the drilling operations on SOEP, which will be released at successive operational stages commencing with the spudding of the well, on track during 2019. Accordingly, the Group procured a bank guarantee of USD 16.6 million (USD 10 million net to Panoro) through its group company, PTE. This amount is classified under current assets as at 30 September 2019 and 30 June 2019.

10 SHARE CAPITAL

As of 30 September 2019, the Company had a registered share capital of NOK 3,128,055 divided into 62,561,098, each with a nominal value of NOK 0.05 (30 June 2019 and 31 December 2018: NOK 3,119,380 divided into 62,387,600 shares, each with a nominal value of NOK 0.05). See Note 16 Subsequent Events for details of additional funds raised post quarter end through a private placement.

11 LOANS AND BORROWINGS – MERCURIA SENIOR SECURED LOAN

Current and non-current portion of the outstanding balance of the Mercuria Senior Secured facility as of the balance sheet dates attributable to Panoro's 60% ownership is as follows:

	30 September 2019	30 June 2019	31 December 2018
<i>USD 000</i>	<i>(Unaudited)</i>		<i>(Audited)</i>
Senior Loan facility - Non-current	14,100	15,120	13,560
Senior Loan facility - Current	3,900	2,880	2,640
Accumulated interest accrued - Current	383	338	66
Total Senior Loan facility	18,383	18,338	16,266
Unamortised borrowing costs - Non-current	(326)	(364)	(369)
Unamortised borrowing costs - Current	(160)	(165)	(101)
Total Unamortised borrowing costs	(486)	(529)	(470)
Total Senior Loan facility	17,897	17,809	15,796

The amended Senior Loan facility has a term of 5 years from 30 June 2019 with interest charged at USD 3-month LIBOR plus 6% on the balance outstanding, with repayments due each quarter.

Key financial covenants are required to be tested at the end of every 3-month period. These covenants, applicable at levels of the borrower group as defined in the loan documentation, include the following:

- (i) Field life coverage ratio: 1.50x
- (ii) Minimum cash balance of USD 2.1 million to be maintained at all times in the collection account of Panoro TPS Production GmbH (USD 3.5 million gross)
- (iii) Debt service coverage ratio: between 1.15x and 1.25x subject to specifications in the loan agreement.
- (iv) Liquidity Test: Customary to the loan instrument.

Un-amortised borrowing costs include structuring fees and directly attributable third-party costs. These costs are expensed using an effective interest rate of 9.8% per annum over the term of the remaining term of the facility (effective interest rate at 30 June 2019: 9.8% and 31 December 2019: 10.2%).

12 LOANS AND BORROWINGS - BW ENERGY NON-RECOURSE LOAN

The Group has in place a non-recourse loan from BW Energy in relation to the funding of the Dussafu development. The loan bears interest at 7.5% per annum on outstanding balance, compounded annually.

	30 September 2019	30 June 2019	31 December 2018
<i>USD 000</i>			
	<i>(Unaudited)</i>		<i>(Audited)</i>
BW Energy non-recourse loan - Non-current	5,196	3,666	9,392
BW Energy non-recourse loan - Current	1,551	4,361	3,108
Accumulated interest accrued - Current	1,219	1,062	643
Total carrying value	7,966	9,089	13,143

The reduction in the outstanding principal balance is due to repayments of USD 1.3 million applied from Panoro's share of sales during the quarter.

The loan is repayable through Panoro's allocation of the cost oil in accordance with the Dussafu PSC, after paying for the proportionate field operating expenses and as such the loan is classified into short-term and long-term liabilities in reported quarters based on expected field production and lifting schedule. During the repayment phase, Panoro is still entitled to its share of profit oil, as defined in the PSC, from the Dussafu operations.

13 DECOMMISSIONING LIABILITY

In accordance with the agreements and legislation, the wellheads, production assets, pipelines and other installations may have to be dismantled and removed from oil and natural gas fields when the production ceases. The following table presents amounts of the estimated obligations associated with the retirement of oil and natural gas properties:

<i>USD 000</i>	Tunisia	Gabon	Nigeria	Total
At 1 January 2019 <i>(Audited)</i>	17,049	1,531	2,159	20,739
Recognised during the period	-	-	-	-
Unwinding of discount	246	58	54	358
Change in inflation and discount rate (estimate)	(645)	440	976	771
Balance at 30 June 2019 <i>(Unaudited)</i>	16,650	2,029	3,189	21,868
Recognised during the period	-	-	-	-
Unwinding of discount	127	16	23	166
Change in inflation and discount rate (estimate)	-	-	-	-
Balance at 30 September 2019 <i>(Unaudited)</i>	16,777	2,045	3,212	22,034

At 1 January 2018 <i>(Audited)</i>	-	-	2,039	2,039
Recognised during the period	-	-	-	-
Unwinding of discount	-	-	58	58
Balance at 30 June 2018 <i>(Unaudited)</i>	-	-	2,097	2,097
Recognised during the period	-	1,509	-	1,509
Unwinding of discount	-	-	31	31
Balance at 30 September 2018 <i>(Unaudited)</i>	-	1,509	2,128	3,637

All amounts are classified as Non-Current.

The exact timing of the obligations is uncertain and depends on the rate the reserves of the field are depleted. However, based on the existing production profile of the assets, the following assumptions have been applied in order to calculate the liability:

Nigeria and Gabon:

It is expected that expenditure on retirement is likely to be after more than ten years. The current bases for the provision at 30 September 2019 and 30 June 2019 are a discount rate of 3% and an inflation rate of 2% (31 December 2018: 5.9% and 1.5% respectively).

Tunisia:

A total decommissioning liability of USD 17 million (USD 28 million gross) was acquired as part of the OMV transaction in December 2018. The liability was stated at fair value on the balance sheet as at 31 December 2018. The current bases for the provision at 30 September 2019 and 30 June 2019 are a discount rate of 3% and an inflation rate of 2%.

14 OML113 AJE LIABILITIES

Since the settlement of the Aje dispute (as described in 4Q 2017 report), the Group has performed a review of historical costs incurred and recognised the liabilities associated with such expenditures in the balance sheet. The proportionate joint venture liabilities resulting from the workover and side-tracks at Aje-5 had been higher than anticipated, in combination with the operational accruals resulted in proportional liabilities of USD 6 million as of 30 September 2019, compared to USD 3.5 million as of 30 June 2019 and USD 5.8 million as of 31 December 2018. The increase in liability is due to the effect of no liftings during the quarter. Proceeds from Aje lifting are utilised to fund the quarterly operating costs and reduce historical operational payables. The underlying liabilities will continue to reduce through the allocation of any available excess funds from future Aje liftings. Such liabilities continue to be current in nature and are expected to be repaid within 12 months.

In addition to these, USD 6.8 million is classified as long-term liabilities which as per the terms agreed between OML 113 Joint Venture partners, certain transitional arrangements were introduced whereby unpaid cash calls will not be immediately payable. During the transition period, any excess funds from Panoro's entitlement of crude liftings after paying for its share of operating expenditure shall be used to repay unpaid cash calls. We do not currently anticipate any use of Panoro's cash resources and expect it to be funded from the sale of our share of Aje crude. Furthermore, upon completion of sale of OML 113 (refer to page 6 above), all benefits and obligations as of the effective date of 30 June 2019 will be transferred to PetroNor.

15 INCOME TAX

Corporation tax charge for the respective quarters presented is split as follows:

Q3 2018	Q2 2019	Q3 2019		YTD 2019	YTD 2018
<i>Unaudited</i>			<i>Amounts in USD 000, unless otherwise stated</i>	<i>(Unaudited)</i>	
-	1,480	1,301	Effect of taxes under PSA arrangements - Gabon	5,222	-
-	464	2,879	Current income tax charge - Tunisia	5,917	-
-	-	-	Other Corporate	7	-
-	510	(539)	Deferred tax charge/(credit)	-	-
-	2,454	3,641	Total tax charge	11,146	-

Corporation tax liability at 30 September 2019 of USD 5.6 million comprised entirely of taxes due on income from TPS assets. Corporation tax liability at 30 June 2019 of USD 8.9 million comprised almost entirely of taxes due on income from TPS assets with the remainder USD 10 thousand for taxes payable in Brazil. Corporation tax liability at 31 December 2018 of USD 5.8 million comprised solely of taxes payable on income from TPS assets.

16 SUBSEQUENT EVENTS

As noted on page 6 above, on 21 October 2019, the Company 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 its interest in OML 113 Aje field. Following completion of the Transaction, Panoro will have no presence in Nigeria.

Further, on 22 October 2019, the Company successfully completed a private placement of approximately NOK 149 million of new equity (equivalent to approximately 10% of the issued share capital) with the support of new and existing shareholders. The net proceeds of USD 16 million from this private placement will be mainly used to fund Panoro's share of exploration and Phase 3 expenditure of the future work program on the Dussafu permit ("Dussafu"), offshore Gabon, as well as for new exploration ventures identified and for general corporate purposes. This placement further strengthens the Company's financial position as it moves forward with Phase 2 and 3 at Dussafu, which is expected to substantially increase Panoro's production and generate strong cash flow.

OTHER INFORMATION

GLOSSARY AND DEFINITIONS

Bbl	One barrel of oil, equal to 42 US gallons or 159 liters
Bopd	Bopd
Bcf	Billion cubic feet
Bm³	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
MMbbl	Million barrels of oil
MMboe	Million barrels of oil equivalents
MMBtu	Million British thermal units
MMm³	Million cubic meters
Tcf	Trillion cubic feet
EBITDA	Earnings before Interest, Taxes, Depreciation and Amortisation
EBIT	Earnings before Interest and Taxes
TVDSS	True Vertical Depth Subsea

DISCLAIMER

This report does not constitute an offer to buy or sell shares or other financial instruments of Panoro Energy ASA ("Company"). This report 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 report, and we undertake no obligation to update or revise any of this information.



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