Trading and Financial Update
Fourth Quarter 2021

23 February 2022

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ABOUT PANORO

Panoro Energy ASA is an independent exploration and production company based in London and listed on the main board of the Oslo Stock Exchange with the ticker PEN. Panoro holds production, exploration and development assets in Africa, namely a producing interest in Block G, offshore Equatorial Guinea, the Dussafu License offshore southern Gabon, OML 113 offshore western Nigeria (held-for-sale, subject to completion), the TPS operated assets, Sfax Offshore Exploration Permit and Ras El Besh Concession, offshore Tunisia and participation interest in an exploration Block 2B, offshore South Africa.

HIGHLIGHTS AND EVENTS

Fourth Quarter 2021 Highlights and Events

Panoro Energy ASA ("Panoro" or the "Company" with OSE Ticker: PEN) today announced that working interest production for 2021 more than tripled year-on-year to 7,582 bopd (pro-forma basis). The combination of higher year-on-year production and oil price resulted in record financial performance for Panoro, with pro-forma full-year revenue standing at USD 188.6 million and pro-forma EBITDA at USD 134.3 million. The Company is underpinned by a strong balance sheet with cash at end 2021 of USD 24.5 million (excluding USD 39.8 million of December 2021 lifting proceeds received post period end) and a conservative leverage profile.

Fourth quarter 2021 revenue stood at USD 81.0 million (Q4 2020: USD 10.7 million) and EBITDA USD 42.2 million (Q4 2020 USD 2.9 million), further emphasising Panoro's increased scale and materiality. Panoro's outlook remains strong and is one of visible production growth and substantial free cash flow generation.

Financial Highlights and Key Metrics for the year to December 2021

Metric	IFRS Reporting Basis	Pro-forma Basis
Net Production (approximate)	7,495 bopd	7,582 bopd
Gross revenue	USD 119.7 million	USD 188.6 million
Number of liftings	9 International 7 Domestic	10 International 7 Domestic
EBITDA	USD 71.9 million *(Includes overlift reversal to income of USD 25 million)*	USD 134.3 million
EBIT	USD 82.1 million *(Gain on acquisition of additional 10% working interest in Dussafu Permit contributed to USD 45.3 million of income recognised under IFRS 3. Reversal of impairment contributed a further USD 13 million)*	USD 115.5 million *(after DD&A on a historical basis. Following completion of acquisitions, DD&A will be higher due to depletion of sizeable fair value uplift adjustments made on the purchase price allocation of business combinations)*
Cash balance	USD 24.5 million	-
Gross Debt	USD 96.8 million	-

- Working interest production on a proforma basis average 7,818 bopd in the fourth quarter and on a full year basis averaged 7,582 bopd (2020: 2,200 bopd). Following the start-up of new production wells at Block G offshore Equatorial Guinea and the Dussafu Marin Permit offshore Gabon the company's working interest production reached levels in excess of 8,500 bopd in December, in line with guidance
- Reported revenue for the year stood at USD 119.7 million (2020: USD 26.9 million), generated from crude sales of 1,579,000 barrels resulting in a realised price of USD 72 per barrel. Pro-forma revenue was USD 188.6 million. Pro-forma figures represent a non IFRS measure presented to illustrate certain performance metrics on the basis the assets acquired from Tullow Oil were held from the start of the year
- Reported EBITDA for the year stood at USD 71.9 million (2020: USD 6.0 million) while on a pro-forma basis EBITDA was USD 134.3 million
- Net profit for the year was USD 50.2 million (2020: net loss of USD 5.3 million), a record for the Company
- Cash flow from operations for the year stood at USD 43.1 million (2020: USD 0.5 million)

- Capital expenditures (excluding acquisition costs) during 2021 were USD 35.6 million the majority of which was related to drilling campaigns in Equatorial Guinea and Gabon
- During the year, the Company completed 16 liftings (7 domestic and 9 international)
- At 31 December 2021 cash at bank stood at USD 24.5 million and gross debt USD 96.8 million, resulting in a net debt position of approximately USD 72 million. Year-end receivables from December 2021 liftings stood at USD 39.8 million received post period end
- Consistent with its strategy to create and deliver shareholder value, the Panoro Board is committed to sustainable shareholder returns, balanced alongside future organic and inorganic growth. The commitment to initiate sustainable cash dividends, perhaps significantly earlier than mid-2023 guidance issued at the time of the Tullow acquisitions, clearly demonstrates the Boards strong alignment with shareholders and prioritisation of shareholder returns through the oil cycle

Operational Highlights

Equatorial Guinea – Block G (Panoro 14.25%)

- Company working interest production in the fourth quarter averaged 4,333 bopd (30,404 bopd on a gross basis) and for the full year averaged 4,261 bopd (29,904 bopd gross)
- In 2021 operator Trident Energy successfully drilled and completed two new infill wells at the Okume Complex. Both wells encountered good quality oil saturated sands. Both wells are onstream and producing well. A third infill well in the 2021 drilling campaign showed promising reservoir sand targets but was plugged due to downhole issues. The operator intends to re-enter the well in the future with a revised design for the completion
- Further production growth activities are underway including additional workover activity. Potential drilling of additional development wells is also being planned for 2023 and beyond

Gabon – Dussafu Marin Permit (Panoro 17.5%)

- Company working interest production in the fourth quarter averaged 2,148 bopd (12,272 bopd on a gross basis) and for the year averaged 1,982 bopd (11,322 bopd gross)
- The Tortue field continued to produce from four wells during the quarter, with the remaining two wells shut in due to pre-communicated gas lift capacity constraints.
- The Hibiscus/Ruche Phase 1 development project is progressing on schedule and within budget with first oil anticipated in Q4 2022

Tunisia – TPS Assets (Panoro 29.4%)

- Company working interest production in the fourth quarter averaged 1,337 bopd (4,547 bopd on a gross basis) and for the year averaged 1,339 bopd (4,553 bopd on a gross basis)
- At the Guebiba, Rhemoura and Cercina fields a number of well operations and facilities upgrades to enhance and optimise production are ongoing
- A team comprising ETAP and Panoro staff are progressing a subsurface re-modelling exercise for the Guebiba field and have just started a similar study for the Rhemoura field. This is expected to lead to further field optimisation and development drilling recommendations

Exploration and Other Assets

- In October 2021 Panoro was provisionally awarded a 25.0% non-operated interest in exploration blocks G12-13 and H12-13 offshore shallow water Gabon. Negotiations regarding the award are underway. Partners in the blocks will include BW Energy (37.5% and operator) and VAALCO Energy (37.5%)
- In South Africa the Block 2B joint venture partners continue preparations for drilling the Gazania-1 well. The well design and budget is being optimized with a plan to drill the Gazania-1 well before the Exploration Right expires in November 2022. Panoro holds a 12.5% interest in Block 2B
- Panoro continues to make progress towards the sale of its interest in OML 113 and the Aje field to PetroNor E&P. Post period end, it was announced on 27 January that all government approvals have now been received. This satisfies the last key condition precedent for the completion of the sale. Panoro and PetroNor are now proceeding with the final steps to achieve completion, including the issuance of new PetroNor shares for distribution to Panoro shareholders
- The Sfax Offshore Permit situation with the Tunisian authorities was resolved during the fourth quarter. USD 6.3 million of the bank guarantee was partially drawn to settle amounts due to historical non-fulfilment of a work

programme at Sfax Offshore by the previous operator. The remaining USD 3.6 million was cancelled and cash returned to Panoro. As part of the settlement, the license period was renewed for a year

Outlook and Guidance

- Working interest production is forecast to average 8,000 bopd to 9,000 bopd in 2022, of which approximately 60% is attributed to Equatorial Guinea, 25% to Gabon and 15% to Tunisia
- Towards the end of the year, Panoro expects to achieve approximately 10,000 bopd net following both the start-up of the Hibiscus/Ruche Phase 1 development offshore Gabon and increasing activity in Equatorial Guinea
- Panoro remains on track to achieve in excess of 12,500 bopd net during 2023
- Expenditure on capital and other non-recurring projects in 2022 is expected to be approximately USD 65 million, and includes approximately USD 6 million carried forward from 2021 guidance in relation to ongoing development of the Dussafu Marin Permit offshore Gabon (timing of spend) and USD 6 million in relation to exploration drilling at Block 2B offshore South Africa (pre-communicated deferral of well to H2 2022). The majority of planned 2022 expenditure is associated with the guided Hibiscus/Ruche field development and drilling offshore Gabon
- Planned 2022 expenditure across the portfolio comprises:
    - Equatorial Guinea:
        - New production optimization and growth initiatives approved by the JV
        - Well workovers including ESP conversions and acid stimulations
        - Multiple integrity and maintenance projects
        - A new gas compression project at Okume
        - Long Lead Items for future drilling and completion projects
    - Gabon:
        - Construction and installation of Hibiscus Alpha Platform
        - Installation of Hibiscus-Tortue pipeline
        - Adolo FPSO modifications including additional gas lift capacity
        - Drilling first production wells and start-up of Hibiscus field in Q4
    - Tunisia:
        - Multiple integrity and maintenance activity with a focus on the Cercina field
        - Subsurface remodelling work on the Guebiba field for a potential drilling campaign in 2023
        - Plans of Development in support of concession renewals at Rhemoura (2023) and Cercina (2024)
        - Cercina well scale treatment and stimulation campaign
    - South Africa:
        - Drilling of Gazania-1 exploration well

FINANCIAL INFORMATION

The financial information set out below is intended as a high level update of the results and financial position of Panoro. This information is unaudited and has been prepared using the same accounting policies and principles applied to preparation of the Group's 2020 Annual report.

Condensed Consolidated Statement of Comprehensive Income

Q4 2020 (Unaudited)	Q3 2021 (Unaudited)	Q4 2021 (Unaudited)	Amounts in USD 000	YTD 2021 (Unaudited)	YTD 2020 (Audited)
10,723	3,723	81,027	Total revenues	119,657	26,856
(5,912)	(874)	(37,374)	Operating expenses	(39,183)	(14,742)
(1,827)	(1,371)	(1,462)	General and administrative costs	(8,601)	(6,072)
2,984	**1,478**	**42,191**	**EBITDA**	**71,873**	**6,042**
(1,796)	(8,636)	(9,350)	Depreciation, depletion and amortisation	(27,550)	(6,963)
-	(2,340)	-	Gain on acquisition of business	46,121	-
(245)	(377)	(7,486)	Other non-operating items*	(8,340)	(897)
943	**(9,875)**	**25,355**	**EBIT - Operating income/(loss)**	**82,104**	**(1,818)**
(2,443)	(3,731)	(6,232)	Financial costs net of income	(17,553)	4,126
(1,500)	**(13,606)**	**19,123**	**Profit/(loss) before tax**	**64,551**	**2,308**
(1,938)	(5,957)	(10,813)	Income tax expense	(21,324)	(4,503)
(3,438)	**(19,563)**	**8,310**	**Net profit/(loss) from continuing operations**	**43,227**	**(2,195)**
(829)	(329)	7,842	Net income/(loss) from discontinued operations	7,011	(3,138)
(4,267)	**(19,892)**	**16,152**	**Total comprehensive income/(loss) for the period (net of tax)**	**50,238**	**(5,333)**

EARNINGS PER SHARE

(0.03)	(0.18)	0.14	Diluted EPS on profit/(loss) for the period attributable to equity holders of the parent (USD) - Total	0.59	(0.02)
(0.03)	(0.17)	0.07	Diluted EPS on profit/(loss) for the period attributable to equity holders of the parent (USD) - Continuing operations	0.51	(0.01)

*Other non-operating items for the quarter include Salloum penalty of USD 6.4 million paid to the Tunisian Government and write-off of old warehouse inventory of USD 0.8 million.

Underlying Operating Profit/(Loss) before tax is considered by the Group to be a useful non-GAAP financial 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 from continuing operations of the Group. A reconciliation with adjustments to arrive at the Underlying Operating Profit/(Loss) before tax from continuing operations is included in the table below:

Q4 2020	Q3 2021	Q4 2021	*Amounts in USD 000*	YTD 2021	YTD 2020
(1,500)	(13,606)	19,123	Net income/(loss) before tax - continuing operations	64,551	2,308
245	377	357	Share based payments	1,211	897
581	7	112	Non-recurring costs	1,254	725
-	2,340	-	Gain on acquisition of business	(46,121)	-
-	-	7,129	Other non-operating items	7,129	-
2,318	427	(768)	Unrealised (gain)/loss on commodity hedges	3,868	(2,460)
1,644	**(10,455)**	**25,953**	**Underlying operating profit/(loss) before tax**	**31,892**	**1,470**

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) from continuing operations 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.

Condensed Consolidated Statement of Financial Position

Amounts in USD 000	As at 31 December 2021 *(Unaudited)*	As at 30 September 2021 *(Unaudited)*	As at 31 December 2020 *(Audited)*
Tangible and intangible assets	455,552	468,242	95,036
Other non-current assets	135	133	135
Total Non-current assets	**455,687**	**468,375**	**95,171**
Inventories, trade and other receivables	75,102	37,017	16,777
Other current assets	-	-	1,380
Cash and cash equivalents, including cash held for Bank guarantee	24,532	45,068	15,634
Total current assets	**99,634**	**82,085**	**33,791**
Assets classified as held for sale	29,015	20,455	20,445
Total Assets	**584,336**	**570,915**	**149,407**
Total Equity	**196,330**	**179,825**	**67,945**
Decommissioning liability	140,839	152,081	21,464
Loans and borrowings	77,613	78,330	12,738
Other non-current liabilities	15,092	16,416	6,898
Deferred tax liabilities	74,355	72,357	3,217
Total Non-current liabilities	**307,899**	**319,184**	**44,317**
Loans and borrowings - current portion	19,223	19,037	8,455
Trade and other current liabilities	23,527	22,140	8,477
Current and deferred taxes	17,018	11,077	1,302
Total Current liabilities	**59,768**	**52,254**	**18,234**
Liabilities directly associated with assets classified as held for sale	20,339	19,652	18,911
Total Liabilities	**388,006**	**391,090**	**81,462**
Total Equity and Liabilities	**584,336**	**570,915**	**149,407**

Condensed Consolidated Statement of Changes in Equity

For the twelve months ended ***31 December 2021*** *Amounts in USD 000*	Attributable to equity holders of the parent						
	Issued capital	Share premium	Additional paid-in capital	Retained earnings	Other reserves	Currency translation reserve	Total
At 1 January 2021 (Audited)	**459**	**349,446**	**122,465**	**(361,017)**	**(37,647)**	**(5,761)**	**67,945**
Net income/(loss) for the period - continuing operations	-	-	-	34,917	-	-	34,917
Net income/(loss) for the period - discontinued operations	-	-	-	(831)	-	-	(831)
Total comprehensive income/(loss)	**-**	**-**	**-**	**34,086**	**-**	**-**	**34,086**
Share issue for cash	260	80,417	-	-	-	-	80,677
Settlement of Restricted Share Units	-	-	(1,374)	-	-	-	(1,374)
Share issue costs	-	(3,043)	-	-	-	-	(3,043)
Employee share options charge	-	-	856	-	-	-	856
Share issue under RSU plan	2	676	-	-	-	-	678
At 30 September 2021 (Unaudited)	**721**	**427,496**	**121,947**	**(326,931)**	**(37,647)**	**(5,761)**	**179,825**
Net income/(loss) for the period - continuing operations	-	-	-	8,310	-	-	8,310
Net income/(loss) for the period - discontinued operations	-	-	-	7,842	-	-	7,842
Total comprehensive income/(loss)	**-**	**-**	**-**	**16,152**	**-**	**-**	**16,152**
Employee share options charge	-	-	353	-	-	-	353
At 31 December 2021 (Unaudited)	**721**	**427,496**	**122,300**	**(310,779)**	**(37,647)**	**(5,761)**	**196,330**

For the twelve months ended 31 December 2020 Amounts in USD 000	Attributable to equity holders of the parent						
	Issued capital	Share premium	Additional paid-in capital	Retained earnings	Other reserves	Currency translation reserve	Total
At 1 January 2020 (Audited)	**458**	**349,193**	**122,131**	**(355,683)**	**(37,647)**	**(5,761)**	**72,691**
Net income/(loss) for the period - continuing operations	-	-	-	1,243	-	-	1,243
Net income/(loss) for the period - discontinued operations	-	-	-	(2,309)	-	-	(2,309)
Total comprehensive income/(loss)	**-**	**-**	**-**	**(1,066)**	**-**	**-**	**(1,066)**
Share issue under RSU plan	1	253	-	-	-	-	254
Employee share options charge	-	-	620	-	-	-	620
Settlement of Restricted Share Units	-	-	(530)	-	-	-	(530)
At 30 September 2020 (Unaudited)	**459**	**349,446**	**122,221**	**(356,749)**	**(37,647)**	**(5,761)**	**71,969**
Net income/(loss) for the period - continuing operations	-	-	-	(3,439)	-	-	(3,438)
Net income/(loss) for the period - discontinued operations	-	-	-	(829)	-	-	(829)
Total comprehensive income/(loss)	**-**	**-**	**-**	**(4,268)**	**-**	**-**	**(4,267)**
Employee share options charge	-	-	215	-	-	-	214
Settlement of Restricted Share Units	-	-	29	-	-	-	29
At 31 December 2020 (Audited)	**459**	**349,446**	**122,465**	**(361,017)**	**(37,647)**	**(5,761)**	**67,945**

Condensed Consolidated Statement of Cashflows

Q4 2020	Q3 2021	Q4 2021		YTD 2021	YTD 2020
(Unaudited)	*(Unaudited)*	*(Unaudited)*	*Cash inflows / (outflows) (USD 000)*	*(Unaudited)*	*(Audited)*
(2,329)	**(13,935)**	**26,965**	**Net (loss)/income for the period before tax**	**71,562**	**(830)**
			ADJUSTED FOR:		
1,796	8,636	9,350	Depreciation	27,550	6,963
4,353	(6,769)	(37,394)	Increase/(decrease) in working capital	(7,520)	4,769
(1,883)	(14,251)	(2,874)	Taxes	(21,215)	(6,999)
1,857	3,878	6,475	Net finance costs and losses/(gains) on commodity hedges	18,397	(4,492)
-	2,340	-	Gain on acquisition of business	(46,121)	-
-	-	(8,000)	Impairment reversal	(8,000)	-
420	412	7,441	Other non-cash items	8,412	1,039
4,214	**(19,689)**	**1,963**	**Net cash (out)/inflow from operations**	**43,065**	**450**
			CASH FLOW FROM INVESTING ACTIVITIES		
-	-	-	Cash outflow related to acquisition(s)	(134,855)	-
(3,538)	(18,519)	(10,166)	Investment in exploration, production and other assets	(35,601)	(13,793)
-	-	3,597	Return of excess cash held for guarantee	3,597	-
(3,538)	**(18,519)**	**(6,569)**	**Net cash (out)/inflow from investing activities**	**(166,859)**	**(13,793)**
			CASH FLOW FROM FINANCING ACTIVITIES		
-	-	-	Proceeds from loans and borrowings (net of upfront and arrangement costs)	88,325	-
-	(782)	-	Repayment of non-recourse loan	(3,105)	(1,408)
(720)	(6,270)	(870)	Repayment of Senior Secured loan	(8,730)	(2,880)
655	(762)	(2,829)	Realised gain/(loss) on commodity hedges	(4,353)	4,522
(236)	(1,965)	(2,253)	Borrowing costs, including bank charges	(6,181)	(1,207)
-	-	-	Gross proceeds from Equity Private Placement and Subsequent offering	80,116	-
(310)	-	-	Cost of Equity Private Placement and settlement of RSUs	(3,173)	(310)
(6)	(60)	(60)	Lease liability payments	(242)	(191)
(617)	**(9,839)**	**(6,012)**	**Net cash (out)/inflow from financing activities**	**142,657**	**(1,474)**
59	(48,047)	(10,618)	Change in cash and cash equivalents during the period	18,862	(14,817)
(4)	(32)	42	Change in cash and cash equivalents - assets held for sale	(4)	(2)
5,619	83,187	35,108	Cash and cash equivalents at the beginning of the period	5,674	20,493
5,674	**35,108**	**24,532**	**Cash and cash equivalents at the end of the period**	**24,532**	**5,674**

Segment information

Q4 2020	Q3 2021	Q4 2021		YTD 2021	YTD 2020
(Unaudited)	*(Unaudited)*	*(Unaudited)*	*All amounts in USD 000 unless otherwise stated*	*(Unaudited)*	*(Audited)*
			OPERATING SEGMENTS - GROUP NET SALES		
1,349	1,349	1,337	Net average daily production - TPS assets (bopd)	1,339	1,158
-	4,262	4,333	Net average daily production - Block G (bopd)	4,219	-
1,008	1,577	2,148	Net average daily production - Dussafu (bopd)	1,938	1,058
2,357	**7,189**	**7,817**	**Total Group Net average daily production (bopd)**	**7,495**	**2,216**
110,247	28,490	115,601	Oil sales (bbls) - Net to Panoro - TPS assets, Tunisia	400,176	356,582
-	-	699,896	Oil sales (bbls) - Net to Panoro - Block G, Equatorial Guinea	699,896	-
112,148	-	247,619	Oil sales (bbls) - Net to Panoro - Dussafu, Gabon	478,499	266,065
222,395	**28,490**	**1,063,116**	**Total Group Net Sales (bbls) - continuing operations**	**1,578,571**	**622,647**
			Discontinued operations		
177	154	-	Net average daily production - Aje (bopd)	121	233
23,666	27,809	-	Oil sales (bbls) - Net to Panoro - Aje, Nigeria	54,794	86,715
			OPERATING SEGMENT - WEST AFRICA - GABON		
2,809	166	10,606	**EBITDA**	20,951	6,905
644	919	1,647	Depreciation and amortisation	3,807	2,856
50,513	183,036	192,080	Segment assets	192,080	50,513
			OPERATING SEGMENT - WEST AFRICA - EQUATORIAL GUINEA		
-	1,733	26,892	**EBITDA**	39,370	-
-	6,294	6,306	Depreciation and amortisation	18,236	-
-	280,697	286,643	Segment assets	286,643	-
			OPERATING SEGMENT - NORTH AFRICA - TUNISIA		
1,738	713	5,582	**EBITDA**	17,466	3,982
1,228	1,368	1,325	Depreciation and amortisation	5,271	4,025
75,031	73,090	66,918	Segment assets	66,918	75,031
			CORPORATE		
(1,563)	(1,134)	(889)	**EBITDA**	(5,914)	(4,845)
(76)	55	72	Depreciation and amortisation	236	82
3,418	13,637	9,680	Segment assets	9,680	3,418
			TOTAL - CONTINUING OPERATIONS		
2,984	1,478	42,191	**EBITDA**	71,873	6,042
1,796	8,636	9,350	Depreciation and amortisation	27,550	6,963
128,962	550,460	555,321	Segment assets	555,321	128,962
			Nigeria - Discontinued operations		
(829)	(329)	7,842	**Net income/(loss) for the period-Discontinued operations**	7,011	(3,138)
20,445	20,455	29,015	Assets classified as held for sale	29,015	20,445
(18,911)	(19,652)	(20,339)	Liabilities directly associated with assets classified as held for sale	(20,339)	(18,911)

Notes

1. Basis of preparation

The purpose of the unaudited condensed consolidated financial statements contained herein is to provide a high level update on Panoro activities, does not constitute an interim financial report under IAS 34 and should be read in conjunction with the financial information and the risk factors contained in the Company's 2020 Annual Report, 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.

By virtue of a shareholder agreement with Beender, Panoro's investment in Sfax Petroleum Corporation AS ("Sfax Corp) is 60%. 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.

In October 2019, the Company entered into an agreement to divest all its operations in Nigeria to PetroNor, thereby resulting in changes to presentation of the results, operations and assets and liabilities of the disposal group comprising of the Divested Subsidiaries. The results and operations of the Divested Subsidiaries met the criteria of Discontinued Operations under IFRS 5 and have therefore been isolated and removed from "Continuing activities" and re-classified and presented as a separate line item "Discontinued Operations" in the statement of comprehensive income. Comparatives for the periods presented, pertaining to Discontinued Operations, have also been re-classified in accordance with the accounting standards. Furthermore, assets and liabilities pertaining to the Divested Subsidiaries have also been isolated and presented in separate line items in the statement of financial position.

2. 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 2020 Annual Report.

3. Principal risks and uncertainties

The Group's activities expose it to a number of risks and uncertainties, which are consistent with those outlined in the Group's 2020 Annual Report.

4. Loans and borrowings

4.1. Mercuria Senior Secured Loan

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

	31 December 2021	30 September 2021	31 December 2020
Amounts in USD 000	*(Unaudited)*	*(Unaudited)*	*(Audited)*
Senior Loan facility - Non-current	5,820	6,840	9,900
Senior Loan facility - Current	4,950	4,800	4,200
Senior Loan interest accrued - Current	169	183	224
Total Senior Loan facility	**10,939**	**11,823**	**14,324**
Senior Loan Unamortised borrowing costs - Non-current	(139)	(164)	(240)
Senior Loan Unamortised borrowing costs - Current	(101)	(101)	(102)
Total Unamortised borrowing costs	**(240)**	**(265)**	**(342)**
Total Senior Loan facility	**10,699**	**11,558**	**13,982**

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 the ring-fenced asset holding company (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. During the current quarter, these costs are expensed using an effective interest rate of 7% per annum over the remaining term of the facility (effective interest rate for quarter ended 31 December 2020: 7.4%).

4.2. MCB/Trafigura Senior Secured Reserve Based Loan

Current and non-current portion of the outstanding balance of the Trafigura Senior Secured Reserve Based Lending facility as of the date of the statement of financial position is as follows:

	31 December 2021	30 September 2021	31 December 2020
Amounts in USD 000	*(Unaudited)*	*(Unaudited)*	*(Audited)*
Borrowing Base Loan facility - Non-current	73,800	73,800	-
Borrowing Base Loan facility - Current	10,800	10,800	-
Total Senior Loan facility	**84,600**	**84,600**	**-**
Borrowing Base Unamortised borrowing costs - Non-current	(1,868)	(2,146)	-
Borrowing Base Unamortised borrowing costs - Current	(1,102)	(1,074)	-
Total Unamortised borrowing costs	**(2,970)**	**(3,220)**	**-**
Total Senior Loan facility	**81,630**	**81,380**	**-**

The amended Senior Loan facility has a term of 5 years from 31 March 2021 with interest charged and paid quarterly at USD 3-month LIBOR plus 7.5% on the balance outstanding, with principal repayments due each six months.

Key financial covenants are required to be tested 30 September and 31 March 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) Group Net debt/EBITDA: ≤3.0

(ii) Minimum cash balance of USD 7.0 million to be maintained in the account of the Borrower

(iii) Field life coverage ratio: 1.5x

(iv) Loan life coverage ratio: 1.3x

(v) Group Liquidity Test: 1.2x (Borrower and subsidiaries)

Un-amortised borrowing costs include structuring fees and directly attributable third-party costs. During the current quarter, these costs are expensed using an effective interest rate of 9.5% per annum over the remaining term of the facility.

4.3. 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. The balance outstanding at each balance sheet date presented is as below:

	31 December 2021	30 September 2021	31 December 2020
Amounts in USD 000	*(Unaudited)*	*(Unaudited)*	*(Audited)*
BW Energy non-recourse loan - Non-current	-	-	3,078
BW Energy non-recourse loan - Current	4,507	4,429	4,133
Total carrying value	**4,507**	**4,429**	**7,211**

The non-recourse loan is repayable through Panoro’s 7.4997% working interest allocation of the cost oil in accordance with the Dussafu PSC, after paying for the proportionate field operating expenses. The repayment period has started after achieving production on Dussafu and will repaid from Panoro's portion of upcoming crude oil sales. During the repayment phase, Panoro will still be entitled to its share of profit oil from the Dussafu operations.

Since the repayment of the loan is linked to production and impacted by oil prices and operating expenses; judgement has been exercised in estimation of these values. The actual repayments may therefore vary from the estimates in current and non-current portions recognised as of the date of the statement of financial position. USD 1.9 million of this loan balance was settled in February 2022.

OTHER INFORMATION

Glossary and definitions

Bbl	One barrel of oil, equal to 42 US gallons or 159 liters
Bopd	Barrels of oil per day
Kbopd	Thousands of barrels of oil per day
Bcf	Billion cubic feet
Bm^3	Billion cubic meter
BOE	Barrel of oil equivalent
Btu	British Thermal Units, the energy content needed to heat one pint of water by one degree Fahrenheit
IP	Initial production
Mcf	Thousand cubic feet
MMcf	Million cubic feet
MMbbl	Million barrels of oil
MMboe	Million barrels of oil equivalents
MMBtu	Million British thermal units
MMm^3	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

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