



Panoro Energy: Fourth Quarter 2021 Trading and Financial Update

Oslo, 23 February 2022 - 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.

John Hamilton, CEO of Panoro, commented:

"Our 2021 results emphasise the transformation of Panoro's operational and financial profile following the acquisition of Tullow's interests in Block G offshore Equatorial Guinea and Dussafu Marin Permit offshore Gabon. In 2022 we will continue to work with our JV partners and key stakeholders to execute a robust and cash generative business plan focused primarily on our core production and development assets, positioning the Company to continue delivering substantial long-term value for our shareholders through the oil cycle whilst advancing our exciting pipeline of growth opportunities. We are proceeding towards completion of the sale of OML 113 in Nigeria which will result in the distribution of USD 10 million of PetroNor E&P shares to Panoro shareholders and our unwavering commitment remains to initiate a sustainable and meaningful cash dividend for shareholders at the earliest opportunity."

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 <i>(Includes overlift reversal to income of USD 25 million)</i>	USD 134.3 million
EBIT	USD 82.1 million <i>(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)</i>	USD 115.5 million <i>(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)</i>
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

Live Presentation Webcast Dial in Details

The Company will hold a live presentation at 09:00 a.m. CEST today, during which management will discuss the results and operations of the period. After conclusion of the discussion, participants will be invited to ask questions on the results update.

The presentation can be accessed through registering at the link below and the online access to the event will be equipped with features to ask live questions. The audio Q&A feature will only be available for attendees who join online. Joining instructions for participating online or through using local dial-in numbers will be available upon completion of registration. The presentation details are as follows:

Date and Time:	23 February 2022, 09:00 .a.m. CET
Registration:	https://attendee.gotowebinar.com/register/4748147927140769552 <i>After registering, participants will receive a confirmation email containing information about joining the results presentation.</i> <i>Participants can use their telephone or computer microphone and speakers (VoIP).</i>

Please join the event at least five minutes before the scheduled start time.

A replay of the webinar presentation will be available shortly after the event is finished and will remain on our website (www.panoroenergy.com) for approximately 7 days.

Enquiries

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About Panoro Energy

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.

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