

PANORO ENERGY ASA

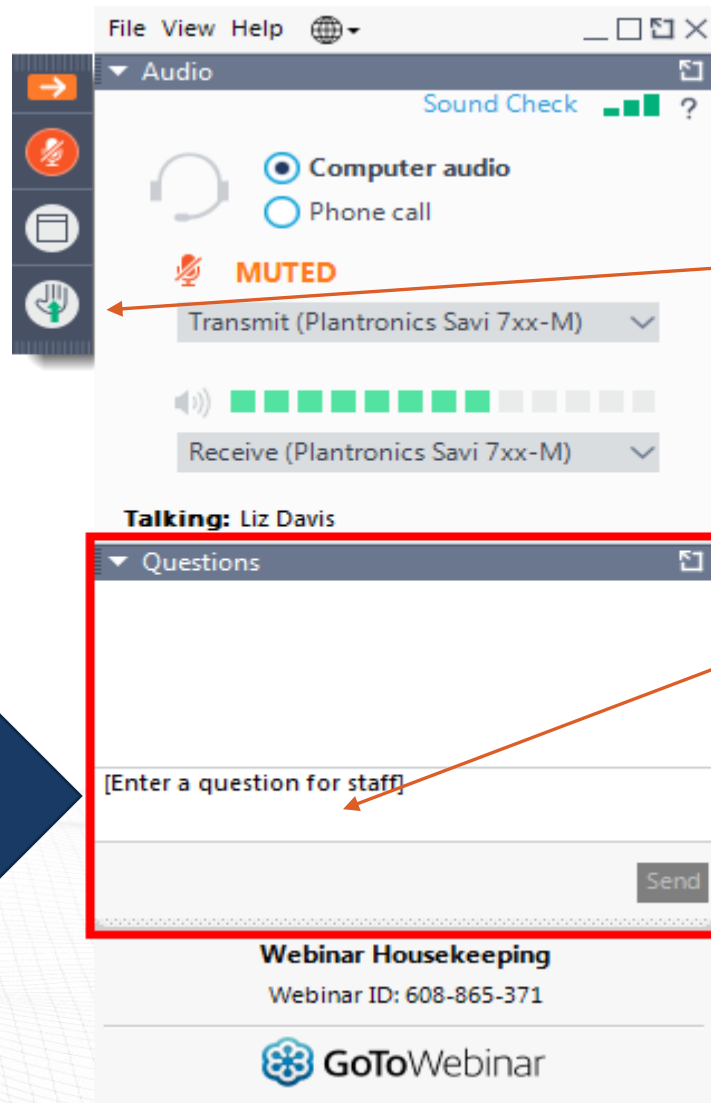
# 2022 HALF YEAR RESULTS

24 AUGUST 2022





# WEBINAR HOUSEKEEPING – TIME FOR QUESTIONS



Ask  
questions  
here

## Your Participation

- Please raise your hand to be unmuted for verbal questions.
- Please continue to submit your text questions and comments using the Questions panel



Raising your  
hands for  
un-muting!



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Not Raising  
Batten



# GROWING PRODUCTION TO 12,500 BOPD DURING 2023



Block G  
Panoro: 14.25%

- › Okume Upgrade Project complete and conversion of gas lift wells to ESPs ongoing
- › License extended to end 2040, adding reserves
- › Rig selected to drill 3 production wells commencing H2 2023



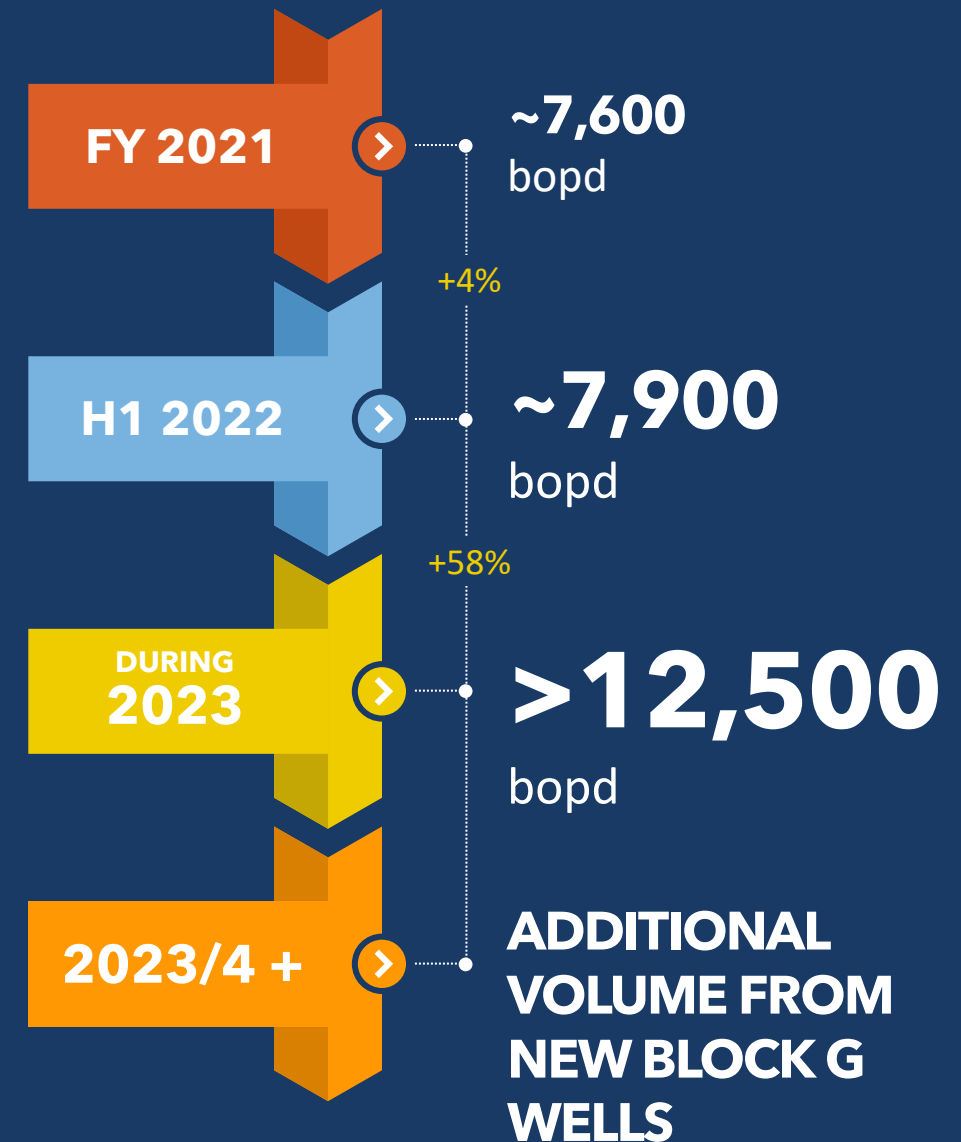
Dussafu Marin  
Panoro: 17.5%

- › Additional gas lift capacity expected to be available by year end for Tortue wells
- › Hibiscus Ruche Phase 1 development progressing with first oil expected late Q1 2023
- › Rig contracted to drill 6 planned and 2 optional wells



TPS Assets  
Panoro: 29.4%

- › Ongoing campaign to capture production enhancement opportunities
- › Workovers resulting in good production results
- › Studies to define potential future drilling campaigns





# CORPORATE HIGHLIGHTS



## PORTFOLIO DEVELOPMENT

Exploration drilling catalyst at Block 2B offshore South Africa



## SHAREHOLDER VALUE

USD 10 million dividend in specie paid to shareholders following completion of OML 113 sale



## BOARD AND MANAGEMENT

Country Manager Appointments

Award of TCP 218 onshore South Africa (ground floor entry with ESG benefits)

USD 9 million debt repayments and crude lifting cycle started in early Q3

Establishment of the Sustainability Committee

License extension of Block G to end 2040

The Board remains committed to paying a sustainable and meaningful cash dividend at the earliest opportunity

Grace Reksten Skaugen appointed to the Board as Non Executive Director



# H1 2022 RESULTS

H1 REVENUES REFLECT BARRELS LIFTED IN THE PERIOD NOT BARRELS PRODUCED

## H1 2022 HIGHLIGHTS

H1 2022 revenue

**USD 21.7 million**

H1 2021: US\$ 34.9 million

H1 2022 crude liftings

**158,800 barrels**

H1 2021: 486,964 barrels

H1 2022 cash flow from operations

**USD 11.9 million**

H1 2021: US\$ 60.8 million

## Q2 2022 HIGHLIGHTS

Q2 2022 revenue

**USD 5.4 million**

Q2 2021: USD 23.1 million

Q2 2022 crude liftings

**30,300 barrels**

Q2 2021: 307,396 barrels

Q2 2022 cash flow from operations

**USD (15.9) million**

Q2 2021: USD 61.0 million

## 2022 YTD & BALANCE SHEET

2022 YTD crude oil sales

**~USD 110 million**

Average sales price YTD USD 107 / bbl

2022 YTD crude liftings

**1,024,000 barrels**

Crude liftings to 24 August 2022

Cash at bank / gross debt at 30 June 2022\*

**USD 30.7 / 88.4 million**

30/06/21: USD 93.1 / 104.3 million

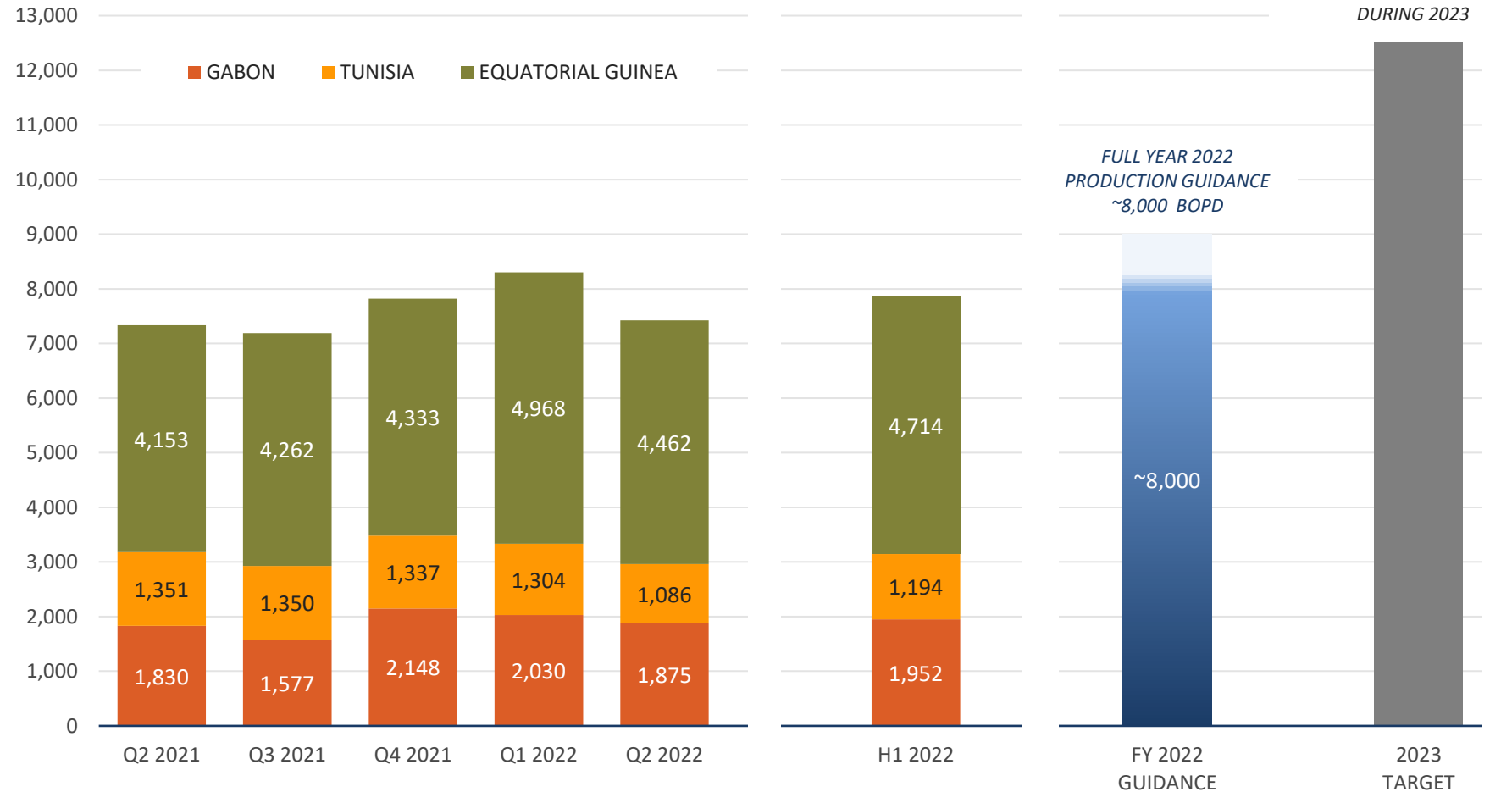
\* Excludes oil revenue advances of USD 35 million taken against the July Equatorial Guinea lifting to smooth working capital



# PRODUCTION PERFORMANCE AND GUIDANCE

## PANORO BENEFITS FROM A DIVERSIFIED PRODUCTION BASE

### Working Interest bopd



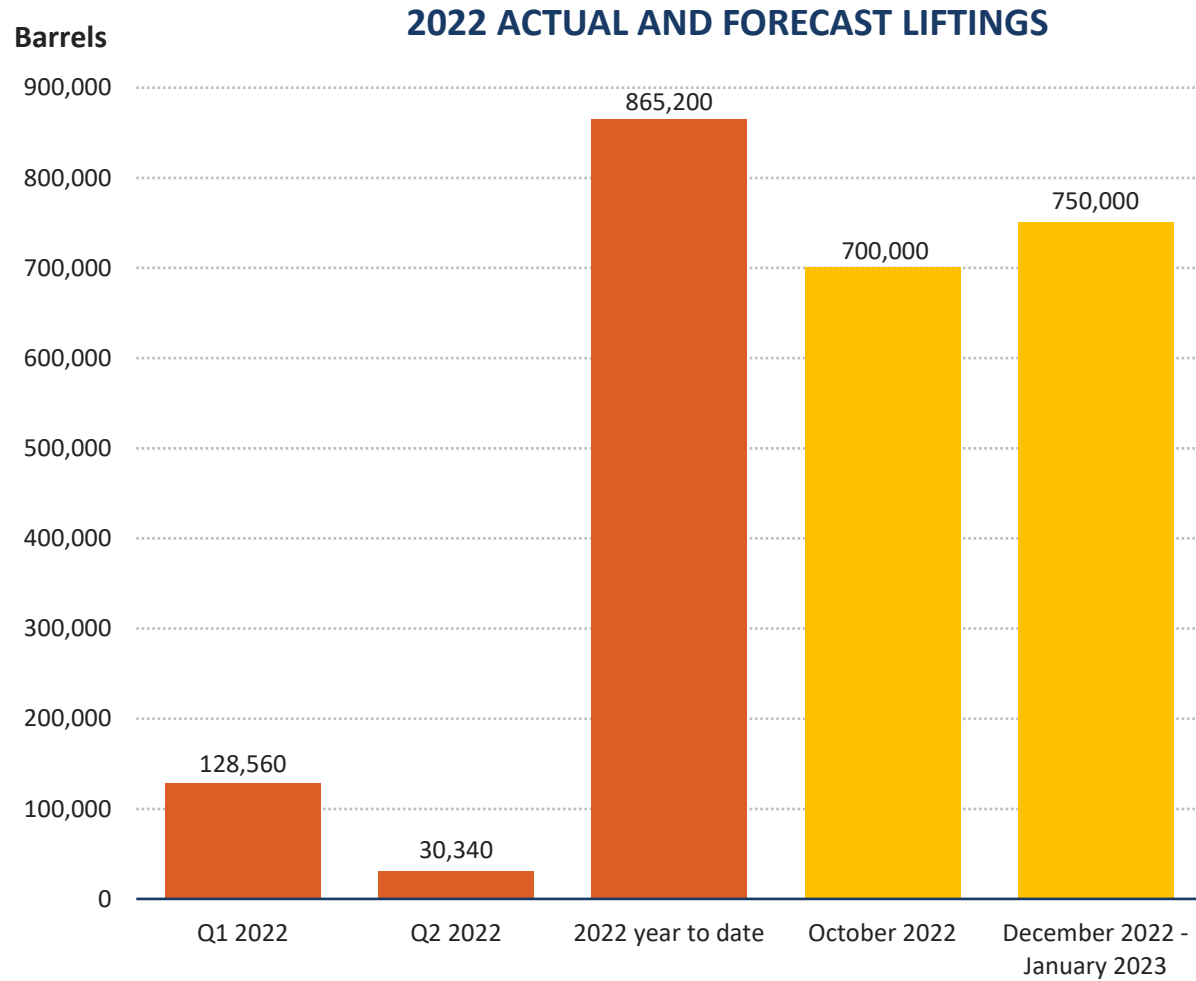
- › Working interest production averaged ~7,900 bopd in H1
- › Pre-communicated gas lift capacity shortage constraining production at Dussafu Marin
- › Planned maintenance and well workovers to replace ESPs in Equatorial Guinea and Tunisia
- › Full year 2022 working interest production expected to be ~8,000 bopd due to previously disclosed production deferrals at Dussafu
- › Panoro remains on track to reach ~12,500 bopd net working interest production during 2023 (without contribution from new production wells at Block G)

Note: 2021 production expressed on a pro-forma basis of assets acquired from Tullow Oil held from 1 January 2021



# CRUDE LIFTING SCHEDULE

## THE MAJORITY OF CRUDE LIFTINGS OCCUR IN H2 2022



Note: Current lifting schedule anticipated by management remains subject to possible changes due to commercial and operational factors

## 2022 CRUDE LIFTINGS

- › Crude liftings are based on Panoro's entitlement volumes after respective PSC terms have been applied, and will differ from produced volumes expressed on a working interest basis
- › H1 2022 volume lifted was in line with previously communicated expectations
- › Completed scheduled lifting of 745,000 barrels of oil in Equatorial Guinea in July at a realised price of USD 108.5 per barrel representing proceeds of over USD 80 million from one cargo
- › Completed lifting of 120,200 barrels in Tunisia in August at a realised price of USD 98.35 per barrel after customary discounts and sales fees
- › Major lifting in Gabon expected in October and Equatorial Guinea around year end

## ROLLING HEDGING STRATEGY TO PROVIDE CASH FLOW ASSURANCE

- › 600 bopd (approximately 7% of 2022E production) hedged in 2022 with costless collars (USD 56/bbl floor and USD 65.5/bbl cap)
- › Further hedges targeted around liftings under consideration

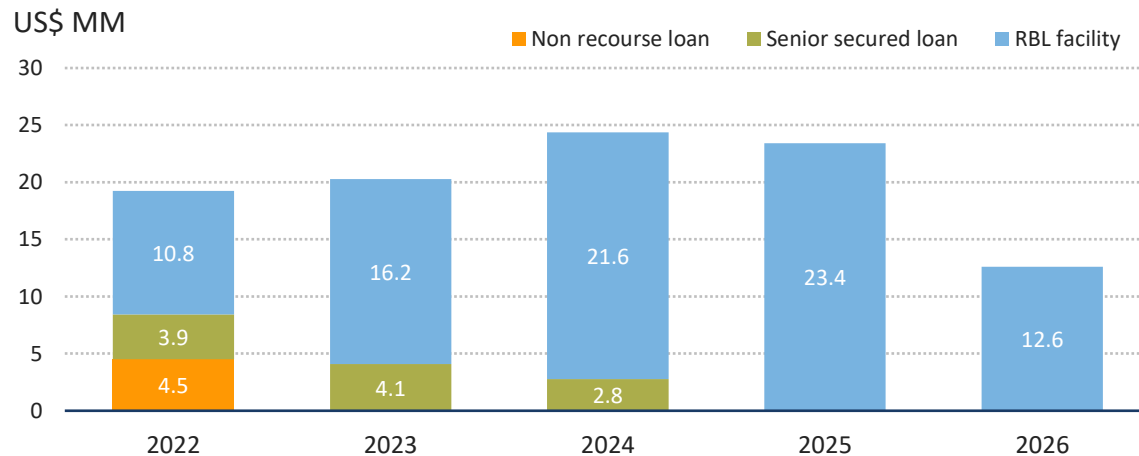


# DEBT MATURITY PROFILE & 2022 CAPEX BUDGET

## CONSERVATIVE LEVERAGE PROFILE AND FULLY FUNDED CAPEX PROGRAMME PRIORITISING PRODUCTION AND DEVELOPMENT PROJECTS

Facility	Maturity	Amount	Rate
Non recourse loan	n/a	USD 2.7 MM	7.5% p.a
Senior secured loan	2024	USD 9.0 MM	LIBOR + 6%
RBL facility	2026	USD 79.2 MM	LIBOR + 7.5%
Advance payment facility	n/a	USD 20 MM	LIBOR + 4.0%

### CURRENT DEBT MATURITY PROFILE



Note: Cumulative external debt in the Balance Sheet as of 30 June 2022 was USD 88.4 million which includes effects of accrued interest to period end, offset by un-amortised borrowing cost which is to be expensed over the life of the loan instruments.

### 2022 FULL YEAR CAPITAL EXPENDITURE GUIDANCE



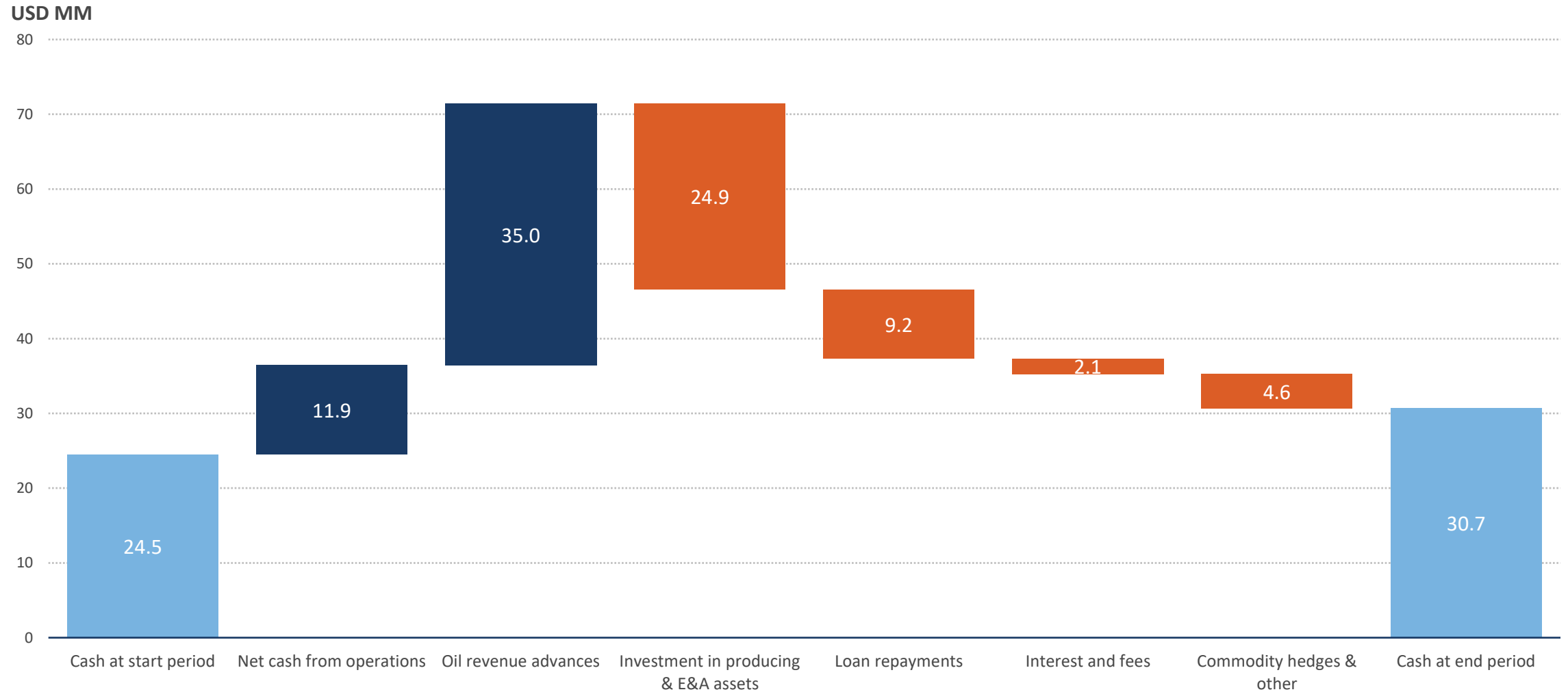
~USD 6 million capex carried forward from 2021 guidance in relation to ongoing development of Dussafu (Gabon) and ~USD 6 million carried forward in relation to exploration drilling at Block 2B (South Africa)

- › Capex of USD 24.9 million in the first half 2022 attributable to the Hibiscus Ruche Phase 1 development project in Gabon and Block G in Equatorial Guinea
- › Panoro is fully funded through its organic growth plans
- › H1 debt principal repayments of USD 9.2 million made



# RECONCILIATION OF H1 2022 CASH FLOW

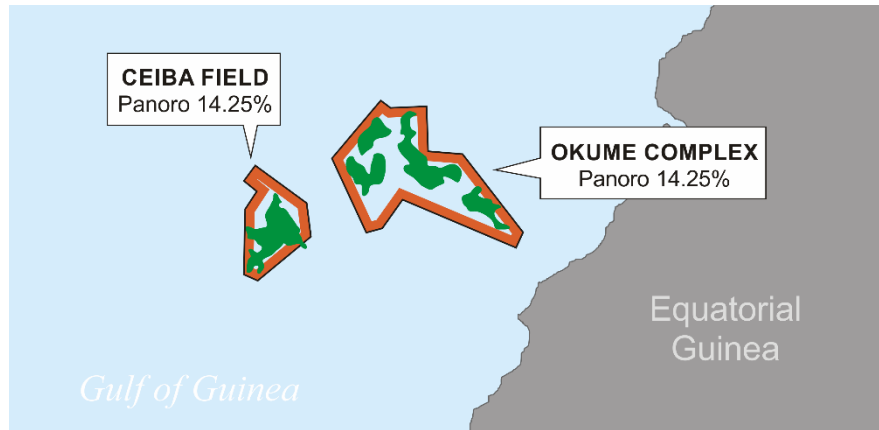
## ROBUST FINANCIAL POSITION MAINTAINED





# BLOCK G OPERATIONS UPDATE

H1 2022 PRODUCTION 33,079 BOPD (4,714 BOPD NET TO PANORO)



**Panoro: 14.25% W.I / Operator Trident Energy**

## 2022 ACTIVITIES

- › Operator Trident Energy is undertaking a workover programme at the Okume Complex
- › 4 ESP conversions being undertaken in 2022 with one completed and one in progress
- › Okume upgrade project completed to improve process reliability, power generation and fluid handling / injection capabilities
- › Numerous ongoing facilities and production optimisation initiatives

## H2 2023 PLANNED DRILLING PROGRAMME

- › Three-well development drilling programme expected to commence in H2 2023
- › New wells expected to add >10,000 bopd gross
- › Drilling rig selected



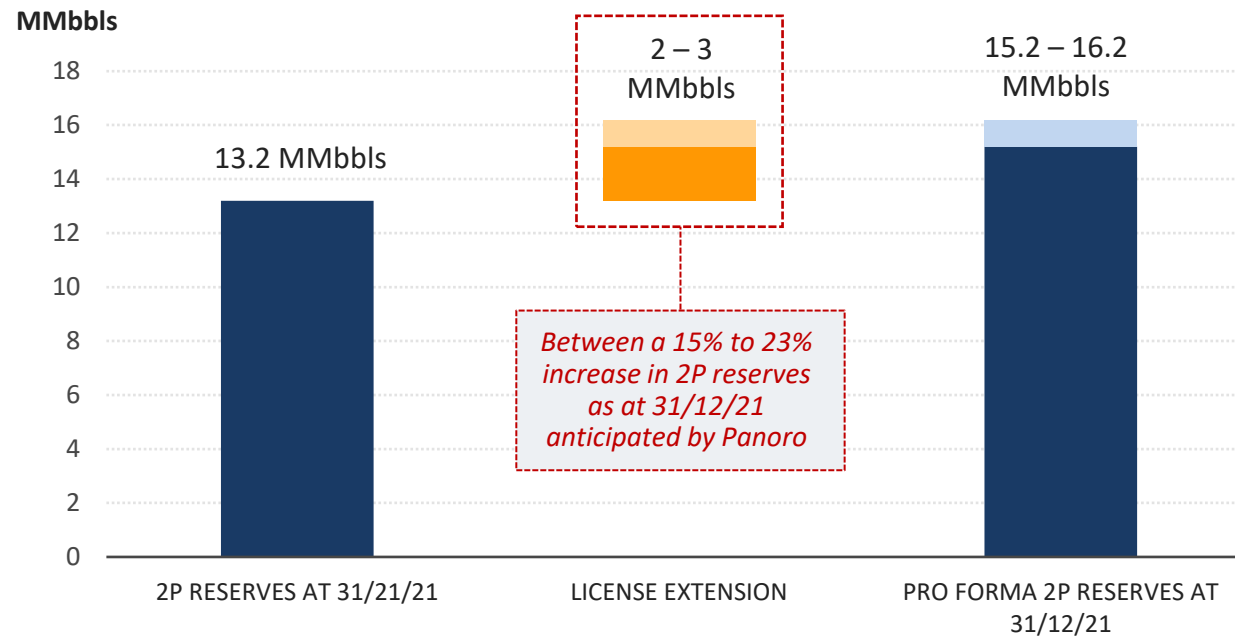
# BLOCK G LICENSE EXTENSION

AN ESTIMATED 2-3 MMBBLS 2P RESERVES ADDITION NET TO PANORO NOT REFLECTED IN THE ASR

## CEIBA FIELD



## OKUME COMPLEX

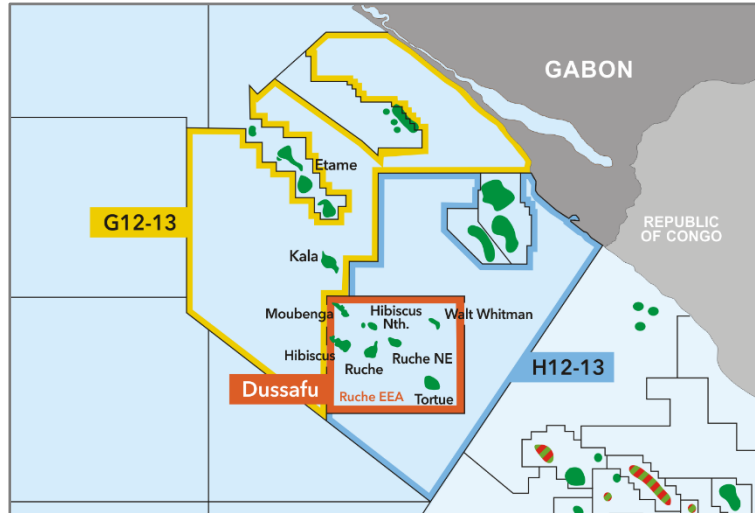


- › Supports future phases of investment in Block G
- › Provides the timeframe to realise the full resource potential of Block G (further conversion opportunities of contingent resources to reserves)
- › Acquisition of Block G was based on previous license term and a no-further-activity profile
- › Cost of renewal included in pre-guided 2022 capex
- › Offers upside potential to Panoro's medium term production targets



# DUSSAFU MARIN OPERATIONS UPDATE

H1 2022 PRODUCTION 11,150 BOPD (1,952 BOPD NET TO PANORO)



**Panoro: 17.5% W.I** / Operator BW Energy

## 2022 ACTIVITIES

- › 4 out of 6 wells on continuous production owing to previously communicated gas lift capacity constraints
- › Nitrogen has been tested to supplement gas lift intermittently
- › Additional permanent gas lift capacity due to be available around year end
- › Ultimate recovery from Tortue unchanged – production deferral

## HIBISCUS RUCHE PHASE 1 DEVELOPMENT

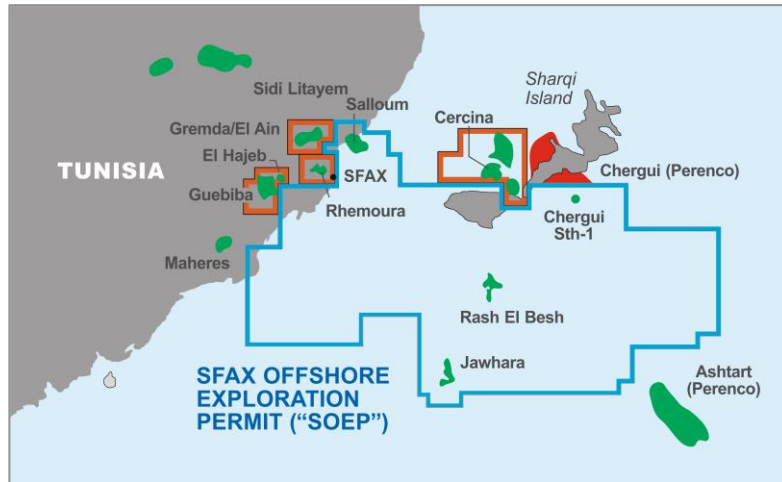
- › Borr Norve drilling rig contracted and expected to arrive on location towards year end
- › Initial drilling campaign 4 Hibiscus Gamba wells and 2 Ruche Gamba wells (with options over rig slots for two further wells)
- › Jack up rig conversion to offshore production unit work completed at Lamprell Yard in Dubai and the unit, now named the BW MaBoMo has left the yard and is expected to arrive on the field late September
- › The BW MaBoMo will be connected to the BW Adolo FPSO via a 20 Km pipeline
- › First oil expected late Q1 2023





# TUNISIA OPERATIONS UPDATE

H1 2022 PRODUCTION 4,062 BOPD (1,194 BOPD NET TO PANORO)



**Panoro: 29.4% W.I / Operator TPS**

## 2022 ACTIVITIES

- › GUE-3 and CER-2 workovers to replace ESPs successfully completed and wells brought online safely without incident
- › Wells are being monitored with encouraging increase in production rates observed
- › Increase in Covid-19 cases presented challenges but has subsided after being managed effectively by the TPS team

## NEW PRODUCTION OPPORTUNITIES

- › New production opportunities include completion of the Douleb reservoir in GUE-10AST and perforation and stimulation activities on three Cercina wells
- › Joint ETAP and Panoro team is progressing a subsurface re-modelling exercise which is expected to lead to further field optimisation and development drilling recommendations
- › Increasing water injection capacity to boost production

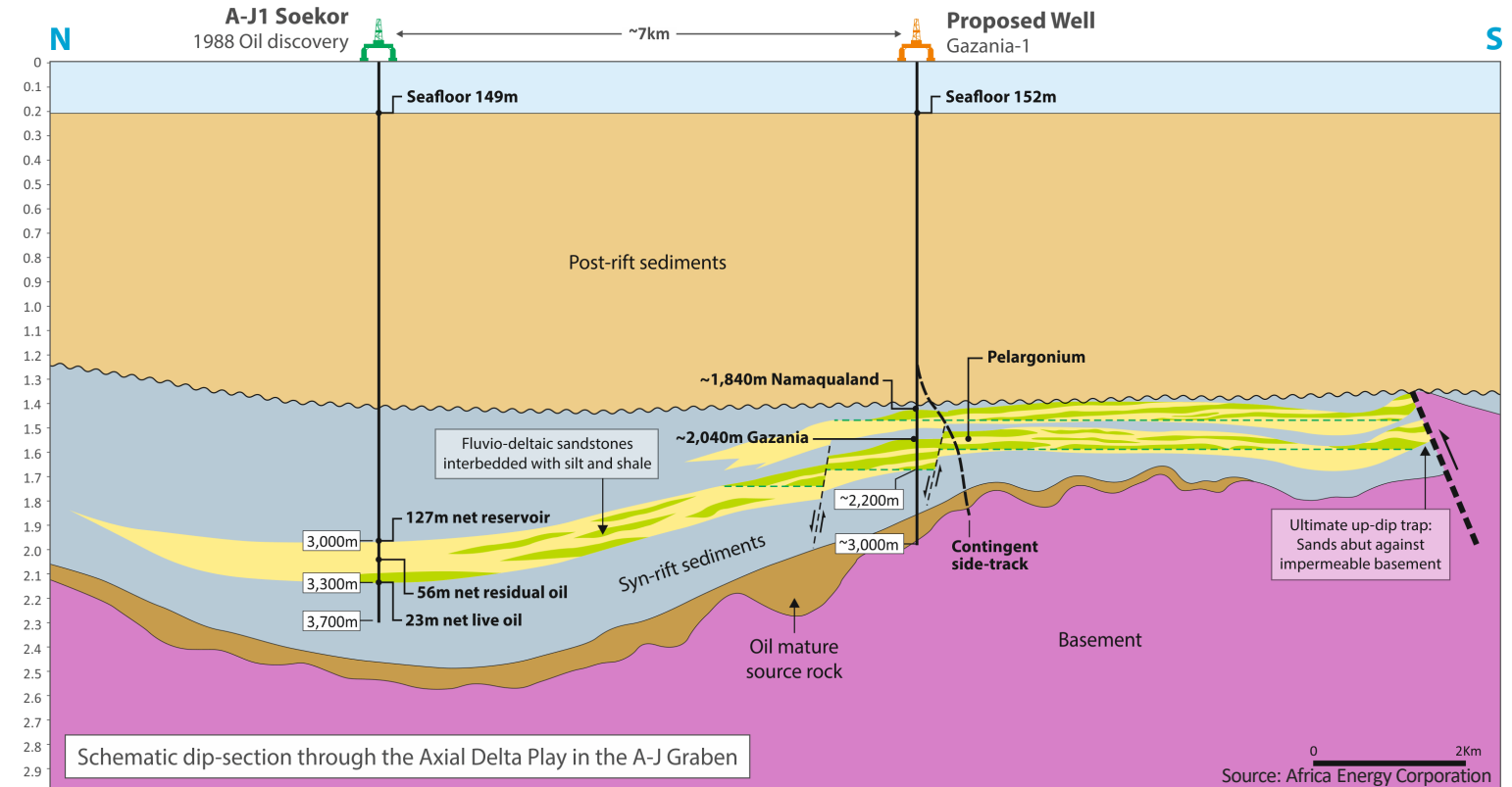
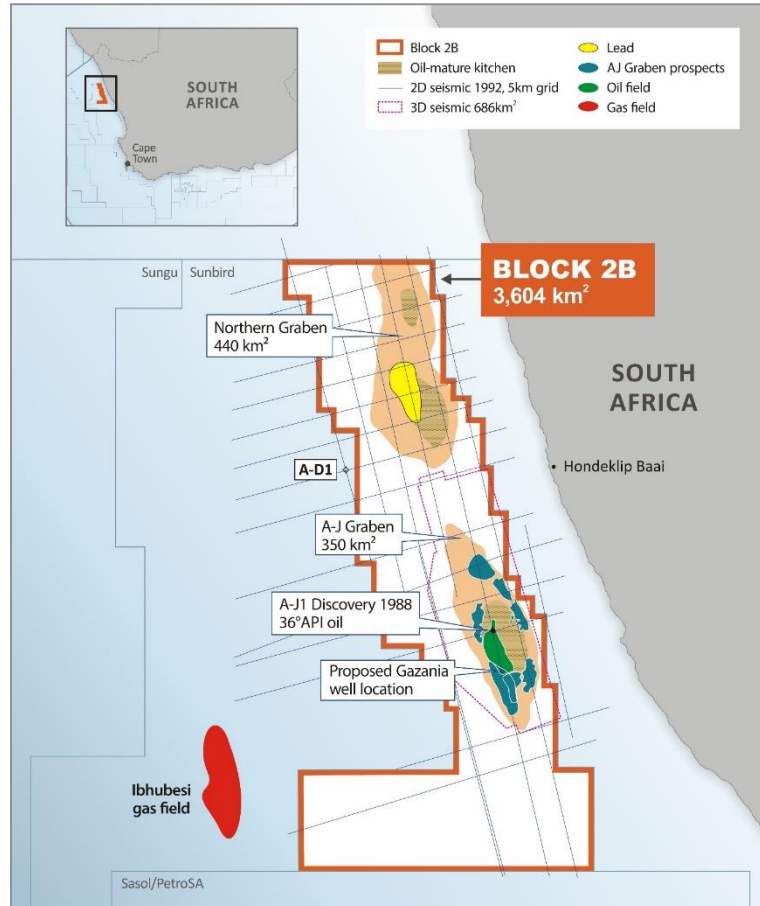




# BLOCK 2B SOUTH AFRICA

## GAZANIA-1 EXPLORATION WELL TO BE DRILLED UP-DIP FROM A PROVEN OIL DISCOVERY

**Panoro: 12.5% W.I**

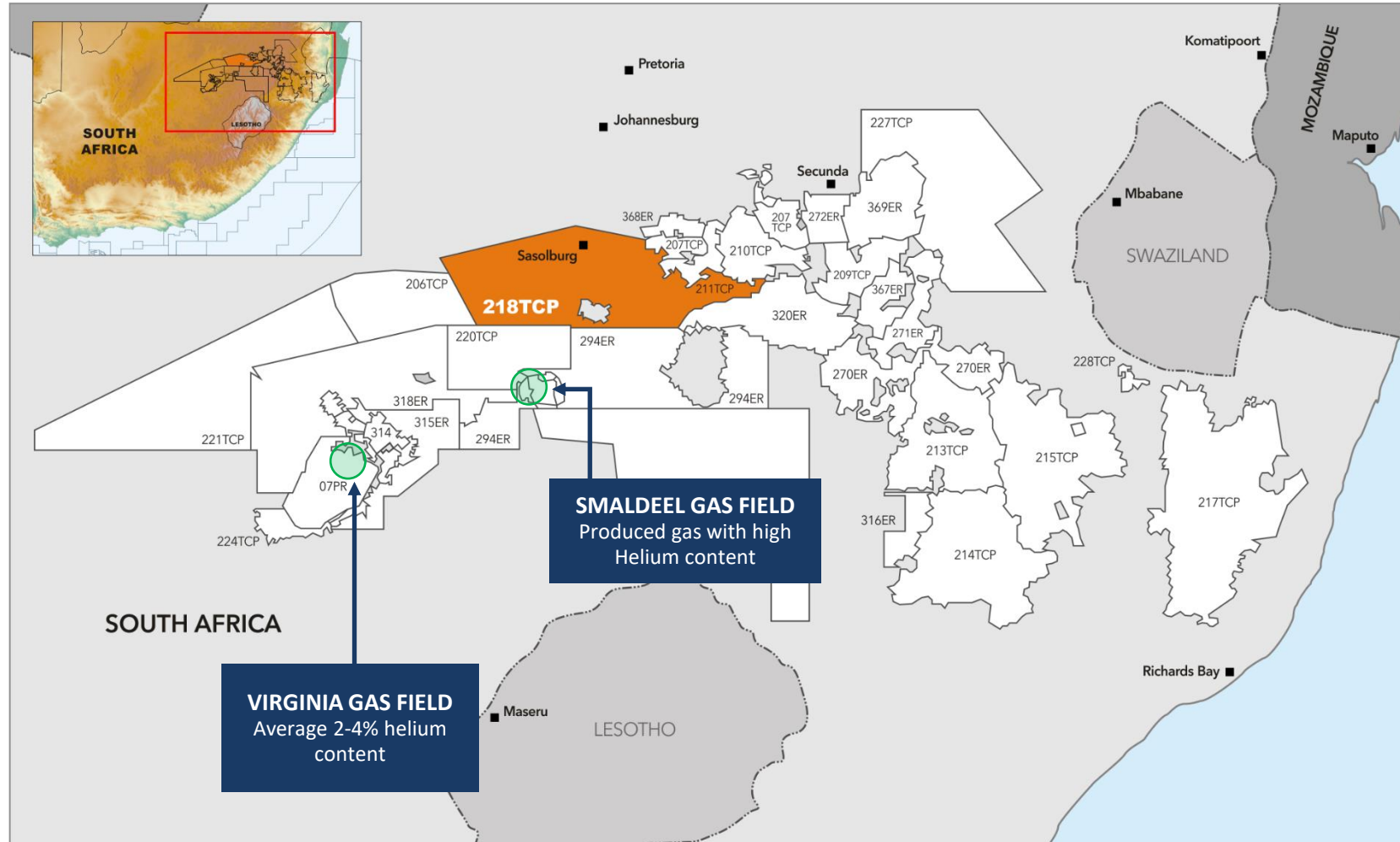


- › Gazania-1 well to test both the Namaqualand and Gazania prospects
- › Island Innovator rig now under contract and in transit to South Africa from Europe with well spud expected by end September
- › Gross un-risked prospective resource targeted >300 MMbbls (estimated ~USD 6 million dry hole cost net to Panoro)



# AWARD OF TECHNICAL CO-OPERATION PERMIT 218

## GROUND FLOOR ENTRY TO A BIOGENIC RENEWABLE NATURAL GAS AND HELIUM OPPORTUNITY

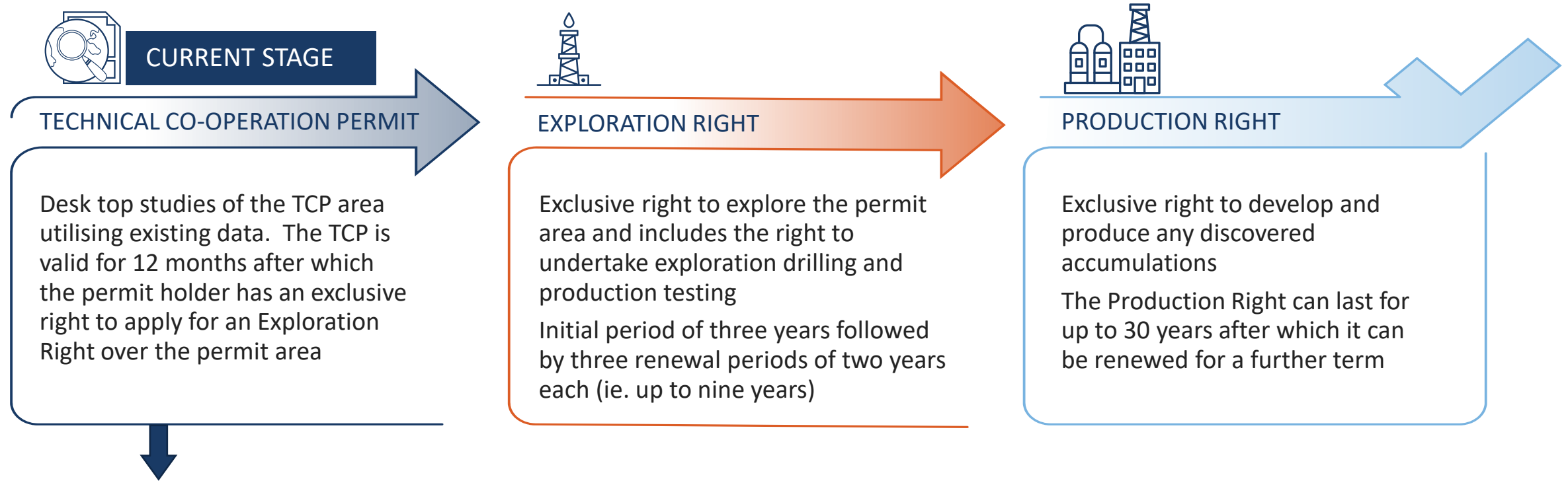


- › Northern Karoo basin a proven natural gas and Helium generating basin
  - Natural gas 20142 with Helium concentrations of >4% have been recorded in analogue areas
- › ~6,608 km<sup>2</sup> Technical Co-operation Permit (218 TCP) located in northern Free State province
- › Ground floor entry terms
- › Proven gas reservoirs in surrounding area have been successfully developed
- › Virginia gas field operated by Renergen (market cap ~USD 290 million)
- › Strong local power demand and opportunity for gas to displace coal
- › Global Helium market dynamic creates strong push and pull factors for new Helium projects



# AWARD OF TECHNICAL CO-OPERATION PERMIT 218

12 MONTH PERIOD TO INCUBATE THE OPPORTUNITY WITH AN OPTION TO CONVERT TO AN EXPLORATION RIGHT



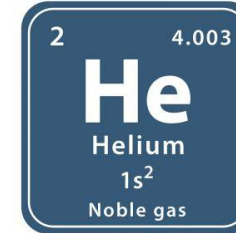
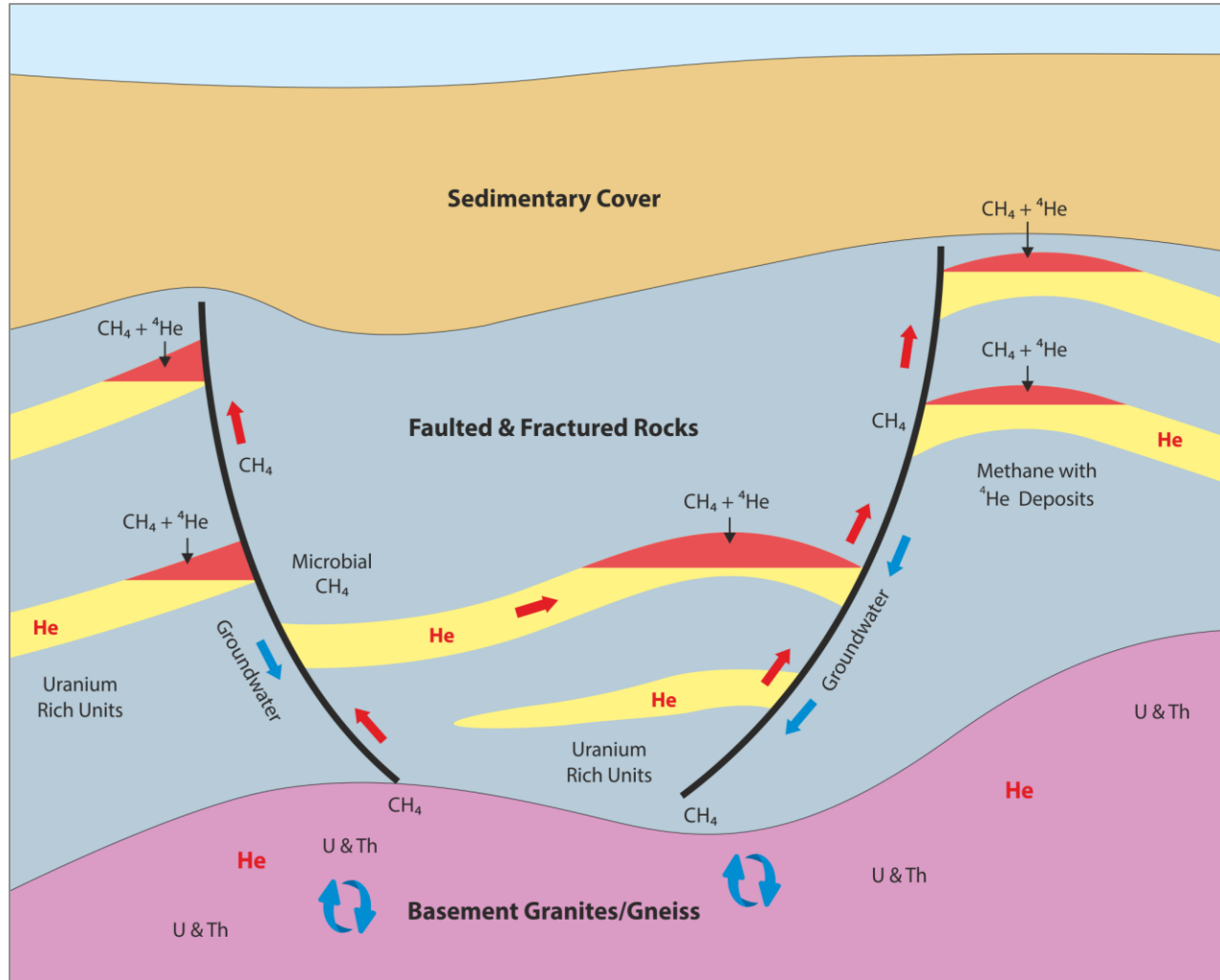
## Panoro's planned work programme

- Study to determine prospectivity in the TCP for natural gas and Helium
- Main deliverable a proposed work programme for a potential later exploration phase covering part or all the TCP area
- Development of a regional play fairway analysis for natural gas exploration
- Detailed play fairway analysis based around the concept of the four key elements of subsurface geological and geophysical gas prospecting. These elements consist of analysis of geological structure, source of the gasses (both methane and helium), development and presence of suitable reservoir quality rocks and suitable seals in the form of subsurface impermeable strata and trapping geometries



# THE HELIUM OPPORTUNITY

A POTENTIALLY VALUABLE BY PRODUCT FROM NATURAL GAS PRODUCTION DE-LINKED FROM HYDROCARBON PRICING



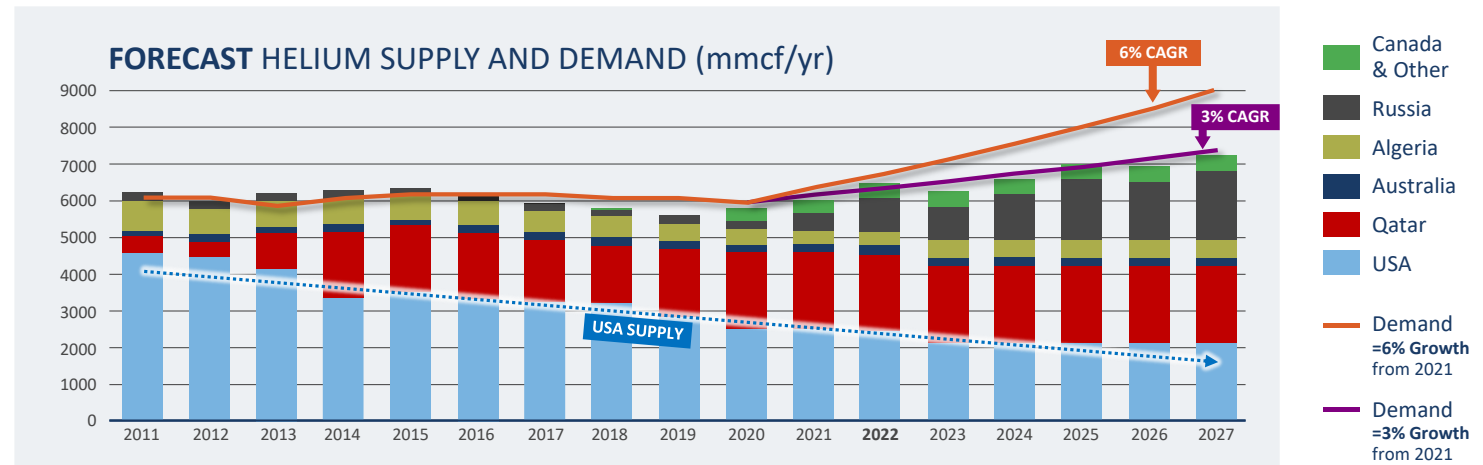
- › Helium is a unique and vital element that can not be manufactured artificially or economically extracted from the air
- › The vast majority of commercially available Helium is extracted as a by product of natural gas production
- › Helium is formed by the process of Alpha Decay of Uranium and Thorium minerals
- › The Helium ion collects in pore water and becomes mobile once in contact with a gas (methane) as it partitions into the gas
- › The natural gas is biogenic and generated through a continual process (meaning it is renewable)
- › The Northern Karoo basin has a proven and working natural gas and Helium system
- › Extensive borehole data from precious metal and coal mining operations exists
- › Helium concentrations of up to 4% are common (high by global standards)



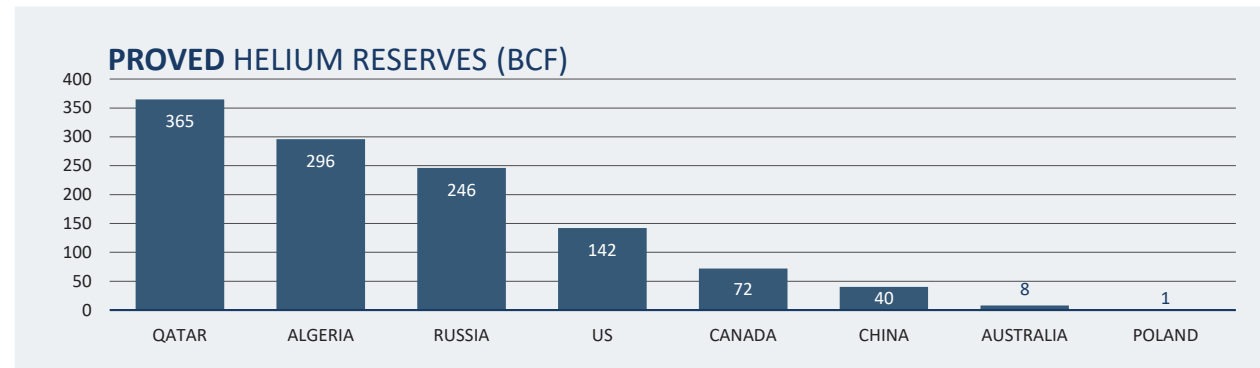
# THE HELIUM OPPORTUNITY

## SOURCES OF RELIABLE SUPPLY AND LOW GEOPOLITICAL RISK CAN ATTRACT PREMIUM PRICING

- › The global semiconductor and fibre optic manufacturing industries are irreversibly dependent on a stable and secure helium supply
  - Demand for Helium in these sectors is running at an estimated ~8% CAGR
- › Other Helium reliant industries include medical imaging, aerospace, welding and zero-carbon energy
- › As the US Helium reserves are depleted Qatar and Russia are emerging to become dominant near term sources of supply



Source: Edison Research, JR Campbell & Associates



Source: BLM/US Geological Survey

- › While annual demand by volume for Helium is much lower than hydrocarbons, pricing is substantially higher (in some instances Helium has recently attracted spot pricing of over USD 1,000 / Mcf)

Helium Application	Global Share
Cryogenics	23%
Lifting	15%
Electronics	14%
Optical fibre	11%
Welding	9%
Other	8%
Analytical	6%
Leak Detection	6%
Pressure & Purging	5%
Diving	3%

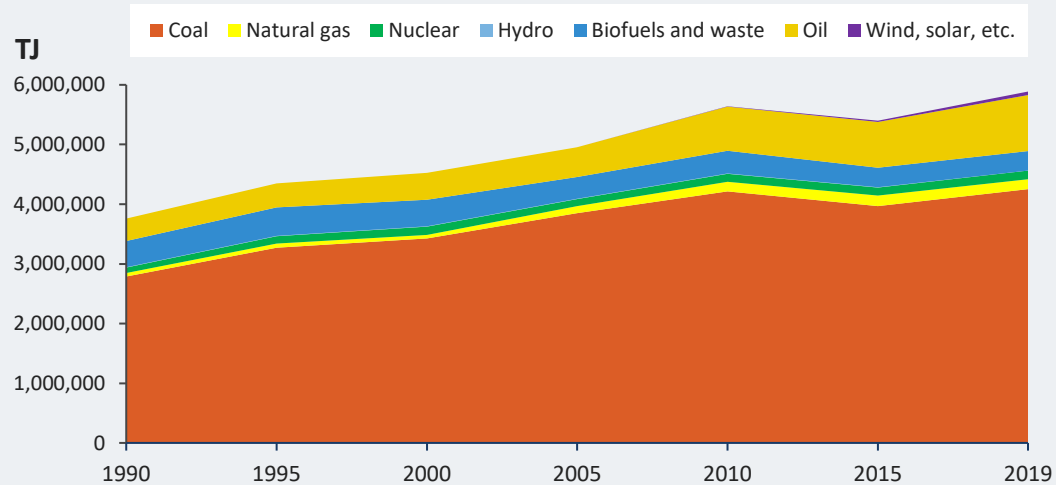
Source: Edison Research



# SOUTH AFRICA HAS A HIGH DEPENDENCY ON COAL

## DOMESTIC GAS DEVELOPMENTS CAN PROVIDE A CLEANER ALTERNATIVE TO COAL FIRED POWER GENERATION

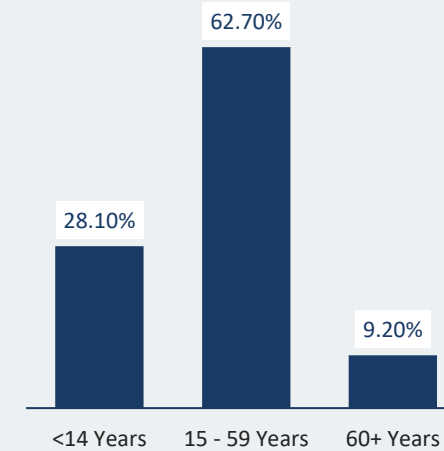
TOTAL ENERGY SUPPLY BY SOURCE



Source: IEA World Energy Balances

- › Coal presently accounts for ~70% of South Africa's total energy supply
- › Changes to independent power producer contracts now permit up to 50 MW of power generation capacity without a full generation license
- › Persistent energy blackouts drive the need for clean energy solutions to reduce South Africa's dependency on coal
- › Domestic supply projects in proximity to the major demand centres will be key to reducing South Africa's high dependency on coal

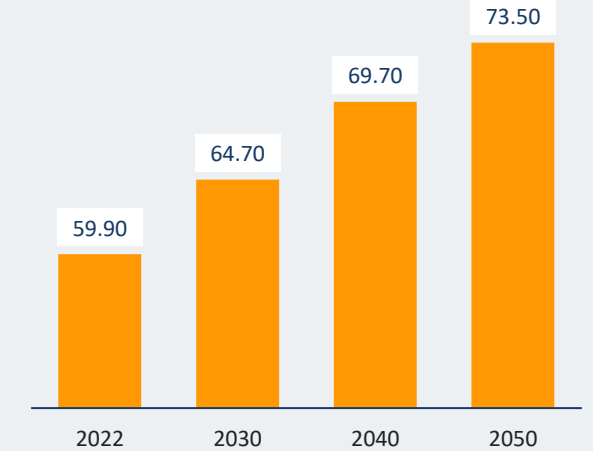
POPULATION BY AGE



Source: Department of Statistics, South Africa

- › South Africa's population is expected to grow by 23% to 73.5 million by 2050
- › Today 86% of South Africans have access to power
- › Access to sustainable and affordable energy is key to solving South Africa's future energy needs and addressing the over-reliance on coal as an energy source

PROJECTED POPULATION (MILLIONS)

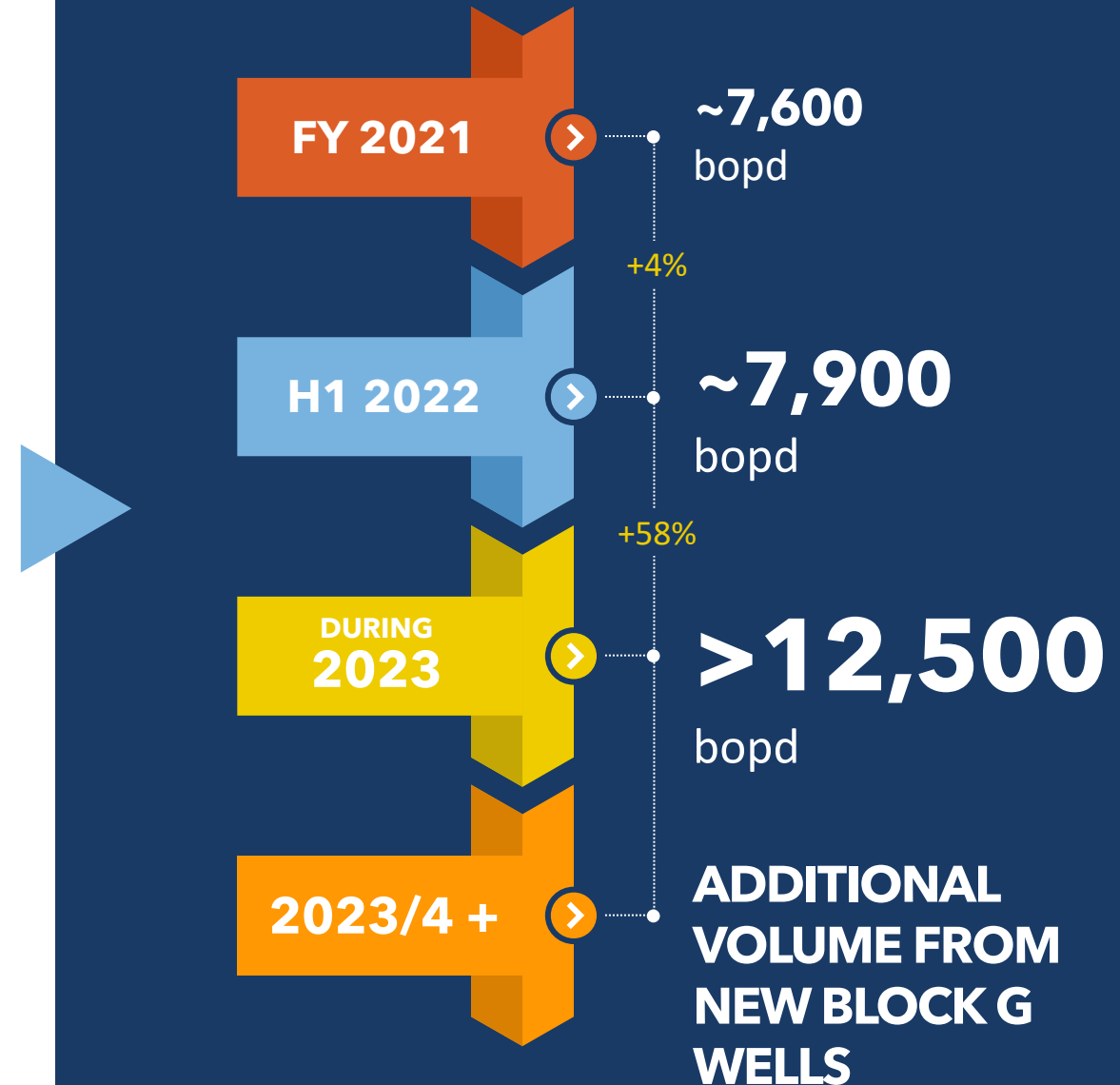


Source: World Population Review



# CONCLUSIONS

- › Strong visible organic production growth
- › Further upside from new wells in Equatorial Guinea
- › Exploration drilling catalyst at Block 2B offshore South Africa
- › Award of TCP 218 an attractive ground floor entry to a high potential natural gas and Helium play
- › Crude oil lifting schedule stepped up in Q3
- › Strong foundation for shareholder returns





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