



Panoro Energy

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# Trading and Financial Update

## Fourth Quarter 2022

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22 February 2023

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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 interests in Block-G, Block S (pending customary approvals) and Block EG-01 (pending ratification), offshore Equatorial Guinea, the Dussafu License offshore southern Gabon, the TPS operated assets, Sfax Offshore Exploration Permit and Ras El Besh Concession, offshore Tunisia, and interests in an exploration Block 2B, and Technical Co-operation Permit 218 in South Africa.

## HIGHLIGHTS, EVENTS AND UPDATES

### Fourth Quarter 2022 Highlights and Events

#### Corporate and Financial Update

- › Working interest production for the full year averaged 7,500 bopd (2021: 7,582 bopd). Working interest production in Q4 2022 averaged 7,000 bopd and reflects facilities maintenance and preparations for tie-in activities undertaken during the period
- › Reported revenue for the full year stood at USD 188.6 million (2021: USD 119.7 million) generated from crude sales of 1.8 million barrels sold at an average realised price of USD 99 per barrel after customary price adjustments and fees
- › Reported EBITDA for the full year stood at USD 126.6 million (2021: USD 70.8 million)
- › Underlying operating profit before tax (after adjusting for certain non-cash and unrealised gain/loss) for the full year stood at USD 61.9 million (2021: USD 30.8 million)
- › Reported net profit for the year stood at USD 23.7 million
- › Cash flow from operations for the full year stood at USD 98.4 million (2021: USD 70.4 million) against capital expenditures (excluding non-recurring project costs) of USD 54.4 million (USD 65 million including non-recurring project costs which formed the basis of 2022 capex guidance)
- › At 31 December 2022 cash at bank stood at USD 32.7 million and gross debt USD 79.5 million resulting in a net debt position of USD 46.8 million (representing a conservative net debt to EBITDA ratio of 0.374x)
- › Inaugural quarterly cash dividend declared of NOK 0.2639 per share (equivalent to a cash payment to shareholders of approximately USD 3 million)
- › In line with its announcement made in November 2022 Panoro intends to pay out a USD 20 million core dividend in 2023 on a quarterly basis in cash weighted towards H2 and subject to average oil price realisation remaining above USD 80 per barrel after the effects of any hedging in place and no material change in operations

#### 2023 Guidance and Outlook

- › Full year working interest production expected to average 9,000 bopd to 11,000 bopd in 2023, with the range being dependent on timing of the start-up of each of the new production wells at Dussafu Marin
- › Q1 2023 working interest production is expected to be 7,000 bopd to 7,500 bopd taking into account a planned shutdown during February at Dussafu Marin for final hook up and commissioning work. Thereafter production is expected to increase progressively as the six new production wells at the Hibiscus Ruche Phase I development are drilled and brought onstream
- › Expenditure on capital and other non-recurring projects in 2023 is expected to be approximately USD 75 million and includes approximately USD 5 million associated with long lead items and planning for 2024 drilling activities. The majority of planned 2023 expenditure is associated with the production drilling campaign at the Hibiscus Ruche Phase I development offshore Gabon and infill drilling campaign at Block G offshore Equatorial Guinea
- › Minimum debt principal repayments in 2023 are USD 20 million
- › Panoro expects its crude liftings in Q1 to be approximately 750,000 barrels in Equatorial Guinea and Tunisia
- › Total crude liftings in 2023 are expected to be approximately 2.9 million barrels, a materially greater volume than the 1.8 million barrels lifted in 2022

## Operations Update

### Equatorial Guinea – Block G (Panoro 14.25%)

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- › Company working interest production in the fourth quarter averaged 3,954 bopd (27,746 bopd on a gross basis) and for the full year averaged 4,402 bopd (30,895 bopd gross)
- › Rig contracted for a three well infill drilling campaign which is expected to commence in Q4 2023
- › Workovers including an electrical submersible pump (“ESP”) conversion and behind pipe perforations
- › Ongoing field life extension and asset integrity projects including flowline replacements
- › Gas compression project at Okume
- › Planning for future gas injection project to reduce routine flaring

### Gabon – Dussafu Marin Permit (Panoro 17.5%)

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- › Company working interest production in the fourth quarter averaged 1,680 bopd (9,602 bopd on a gross basis) and for the full year averaged 1,852 bopd (10,582 bopd gross)
- › Production drilling at the first of six Hibiscus Ruche Phase I development wells commenced in early January and is scheduled to come onstream around the end of Q1 in line with previously communicated guidance
- › Installation of flexible pipelines and risers between the BW MaBoMo production facility and the FPSO BW Adolo has been completed with final hook up and commissioning work being undertaken in Q1
- › New gas lift compressor unit to support production from the six existing wells on the producing Tortue field is being installed onboard the FPSO BW Adolo with commissioning and startup of the compressor expected around the time of first oil from Hibiscus Ruche Phase I

### Tunisia – TPS Assets (Panoro 29.4%)

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- › Company working interest production in the fourth quarter averaged 1,365 bopd (4,644 bopd on a gross basis) and for the full year averaged 1,244 bopd (4,232 bopd gross)
- › Recompletion of the GUE-10AST well on the high potential Douleb reservoir
- › Cercina workover campaign comprising ESP replacement and stimulation of three wells: CER-1; CER-6A; and CER-7
- › Detailed planning for development drilling campaign on the Rhemoura and Guebiba fields with operations expected to start at year end

### Exploration

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- › Panoro does not have any exploration wells planned during 2023
- › Panoro has been awarded a 56 percent operated interest in Block EG-01 offshore Equatorial Guinea. The award for an initial period of three years during which the partners will conduct subsurface studies based on existing seismic data to further define and evaluate the prospectivity of the block. Following this, the partners will have the option to enter into a further two-year period, during which they will undertake to drill one exploration well
- › Having reached agreement to farm into a 12 percent interest in Block S offshore Equatorial Guinea (subject to customary approvals) the partners are planning to drill the Kosmos Energy operated Akeng Deep exploration well in 2024 to test a play in the Albian, targeting an estimated gross mean resource of approximately 180 million barrels of oil equivalent in close proximity to existing infrastructure at Block G
- › Further exploration wells at Dussafu in Gabon are also being considered, using the optional wells slots under current contract
- › Complete study to evaluate the helium and natural gas prospectivity of Technical Co-operation Permit 218 onshore northern Free State, South Africa

# 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 2021 Annual report.

## Condensed Consolidated Statement of Comprehensive Income

Q4 2021	Q3 2022	Q4 2022		YTD 2022	YTD 2021
(Unaudited)	(Unaudited)	(Unaudited)	Amounts in USD 000	(Unaudited)	(Audited)
81,027	96,079	70,856	Total revenues	188,626	119,657
(38,437)	(25,149)	(31,303)	Operating expenses	(52,295)	(40,246)
(1,466)	(2,567)	(2,135)	General and administrative costs	(9,713)	(8,605)
41,124	68,363	37,418	EBITDA	126,618	70,806
(9,350)	(8,450)	(6,847)	Depreciation, depletion and amortisation*	(33,573)	(27,550)
-	-	(9,210)	Exploration costs written off	(9,210)	-
-	-	-	Gain on acquisition of business	-	46,121
(7,506)	(1,187)	(377)	Other non-operating items	(2,318)	(8,360)
24,268	58,726	20,984	EBIT - Operating income/(loss)	81,517	81,017
(6,305)	(2,499)	(4,187)	Financial costs net of income	(20,364)	(17,626)
17,963	56,227	16,797	Profit/(loss) before tax	61,153	63,391
(10,568)	(21,161)	(6,959)	Income tax expense	(38,722)	(21,079)
7,395	35,066	9,838	Net profit/(loss) from continuing operations	22,431	42,312
7,842	297	-	Net income/(loss) from discontinued operations	1,258	7,011
15,237	35,363	9,838	Net profit/(loss) for the period	23,689	49,323
<b>NET INCOME /(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:</b>					
15,237	35,363	9,838	Equity holders of the parent	23,689	49,323
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:</b>					
15,237	35,363	9,838	Equity holders of the parent	23,689	49,323
<b>EARNINGS PER SHARE</b>					
0.13	0.31	0.09	Basic and diluted EPS on profit/(loss) for the period attributable to equity holders of the parent (USD) - Total	0.21	0.44
0.07	0.31	0.09	Basic and diluted EPS on profit/(loss) for the period attributable to equity holders of the parent (USD) - Continuing operations	0.20	0.37

\*Includes USD 1.3 million reversal of historical depreciation on decommissioning assets due to estimate changes in Q4 2022.

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 2021	Q3 2022	Q4 2022		YTD 2022	YTD 2021
			<i>Amounts in USD 000</i>		
17,963	56,227	16,797	Net income/(loss) before tax - continuing operations	61,153	63,391
377	429	408	Share based payments	1,591	1,231
112	204	70	Non-recurring costs	1,054	1,254
-	758	(31)	Loss/(gain) on investment	727	-
-	-	-	Gain on acquisition/disposal of business	-	(46,121)
7,129	-	-	Other non-operating items	-	7,129
(768)	(3,943)	(1,191)	Unrealised (gain)/loss on commodity hedges	(2,622)	3,868
<b>24,813</b>	<b>53,675</b>	<b>16,053</b>	<b>Underlying operating profit/(loss) before tax</b>	<b>61,903</b>	<b>30,752</b>

*Underlying Operating Profit/(Loss) before tax is a supplemental non-GAAP financial measure 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

	As at 31 December 2022	As at 30 September 2022	As at 31 December 2021
<i>Amounts in USD 000</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
Tangible and intangible assets	444,932	468,955	455,552
Other non-current assets	121	113	135
<b>Total Non-current assets</b>	<b>445,053</b>	<b>469,068</b>	<b>455,687</b>
Inventories, trade and other receivables	53,967	55,038	75,433
Other current assets	475	311	-
Cash and cash equivalents	32,670	34,138	24,532
<b>Total current assets</b>	<b>87,112</b>	<b>89,487</b>	<b>99,965</b>
Assets classified as held for sale	-	-	29,015
<b>Total Assets</b>	<b>532,165</b>	<b>558,555</b>	<b>584,667</b>
<b>Total Equity</b>	<b>210,299</b>	<b>200,054</b>	<b>195,439</b>
Decommissioning liability	122,295	143,499	140,839
Loans and borrowings	58,382	59,175	77,689
Other non-current liabilities	11,796	11,794	13,259
Deferred tax liabilities	64,411	66,904	74,109
<b>Total Non-current liabilities</b>	<b>256,884</b>	<b>281,372</b>	<b>305,896</b>
Loans and borrowings - current portion	21,129	23,229	19,221
Trade and other current liabilities	8,094	11,678	26,754
Current and deferred taxes	35,759	42,222	17,018
<b>Total Current liabilities</b>	<b>64,982</b>	<b>77,129</b>	<b>62,993</b>
Liabilities directly associated with assets classified as held for sale	-	-	20,339
<b>Total Liabilities</b>	<b>321,866</b>	<b>358,501</b>	<b>389,228</b>
<b>Total Equity and Liabilities</b>	<b>532,165</b>	<b>558,555</b>	<b>584,667</b>

## Condensed Consolidated Statement of Changes in Equity

Attributable to equity holders of the parent

**For the twelve months ended**

**31 December 2022**

*Amounts in USD 000*

	Issued capital	Share premium	Additional paid-in capital	Retained earnings	Other reserves	Currency translation reserve	Total
<b>At 1 January 2022 (Audited)</b>	<b>721</b>	<b>427,496</b>	<b>122,324</b>	<b>(311,694)</b>	<b>(37,647)</b>	<b>(5,761)</b>	<b>195,439</b>
Net income/(loss) for the period - continuing operations	-	-	-	12,593	-	-	12,593
Net income/(loss) for the period - discontinued operations	-	-	-	1,258	-	-	1,258
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,851</b>	<b>-</b>	<b>-</b>	<b>13,851</b>
Settlement of Restricted Share Units	-	-	(2,081)	-	-	-	(2,081)
Employee share options charge	-	-	1,184	-	-	-	1,184
Share issue under RSU plan	2	1,007	-	-	-	-	1,009
Dividend	-	-	-	(9,348)	-	-	(9,348)
<b>At 30 September 2022 (Unaudited)</b>	<b>723</b>	<b>428,503</b>	<b>121,427</b>	<b>(307,191)</b>	<b>(37,647)</b>	<b>(5,761)</b>	<b>200,054</b>
Net income/(loss) for the period - continuing operations	-	-	-	9,838	-	-	9,838
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,838</b>	<b>-</b>	<b>-</b>	<b>9,838</b>
Settlement of Restricted Share Units	-	-	(1)	-	-	-	(1)
Employee share options charge	-	-	408	-	-	-	408
<b>At 31 December 2022 (Unaudited)</b>	<b>723</b>	<b>428,503</b>	<b>121,834</b>	<b>(297,353)</b>	<b>(37,647)</b>	<b>(5,761)</b>	<b>210,299</b>

Attributable to equity holders of the parent

**For the twelve months ended**

**31 December 2021**

*Amounts in USD 000*

	Issued capital	Share premium	Additional paid-in capital	Retained earnings	Other reserves	Currency translation reserve	Total
<b>At 1 January 2021 (Audited)</b>	<b>459</b>	<b>349,446</b>	<b>122,465</b>	<b>(361,017)</b>	<b>(37,647)</b>	<b>(5,761)</b>	<b>67,945</b>
Net income/(loss) for the period - continuing operations	-	-	-	34,917	-	-	34,917
Net income/(loss) for the period - discontinued operations	-	-	-	(831)	-	-	(831)
Other comprehensive income/(loss)	-	-	-	-	-	-	-
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,086</b>	<b>-</b>	<b>-</b>	<b>34,086</b>
Share issue for cash	260	80,417	-	-	-	-	80,677
Settlement of Restricted Share Units	-	-	(1,372)	-	-	-	(1,372)
Share issue costs	-	(3,043)	-	-	-	-	(3,043)
Employee share options charge	-	-	856	-	-	-	856
Share issue under RSU plan	2	676	-	-	-	-	678
<b>At 30 September 2021 (Unaudited)</b>	<b>721</b>	<b>427,496</b>	<b>121,949</b>	<b>(326,931)</b>	<b>(37,647)</b>	<b>(5,761)</b>	<b>179,827</b>
Net income/(loss) for the period - continuing operations	-	-	-	7,395	-	-	7,395
Net income/(loss) for the period - discontinued operations	-	-	-	7,842	-	-	7,842
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,237</b>	<b>-</b>	<b>-</b>	<b>15,237</b>
Employee share options charge	-	-	375	-	-	-	375
<b>At 31 December 2021 (Audited)</b>	<b>721</b>	<b>427,496</b>	<b>122,324</b>	<b>(311,694)</b>	<b>(37,647)</b>	<b>(5,761)</b>	<b>195,439</b>



## Condensed Consolidated Statement of Cashflows

Q4 2021	Q3 2022	Q4 2022		YTD 2022	YTD 2021
(Unaudited)	(Unaudited)	(Unaudited)	Cash inflows / (outflows) (USD 000)	(Unaudited)	(Audited)
25,805	56,524	16,797	Net (loss)/income for the period before tax	62,411	70,402
<b>ADJUSTED FOR:</b>					
9,350	8,450	6,847	Depreciation	33,573	27,550
(36,328)	655	(196)	Increase/(decrease) in working capital	4,902	17,093
(2,875)	(2,319)	(15,915)	Taxes	(29,679)	(22,613)
6,548	2,479	2,448	Net finance costs and losses/(gains) on commodity hedges	18,487	18,061
-	-	-	Gain/(loss) on acquisition/(disposal) of business	-	(46,121)
(8,000)	-	-	Impairment reversal	(1,200)	(8,000)
7,463	(583)	9,617	Other non-cash items	9,895	14,026
1,963	65,206	19,598	Net cash (out)/inflow from operations	98,389	70,398
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
-	-	-	Cash outflow related to acquisition(s)	-	(140,477)
(10,166)	(15,373)	(14,131)	Investment in exploration, production and other assets	(54,389)	(55,736)
3,597	-	-	Return of excess cash held for guarantee	-	3,674
(6,569)	(15,373)	(14,131)	Net cash (out)/inflow from investing activities	(54,389)	(192,539)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
-	-	-	Proceeds from loans and borrowings (net of upfront and arrangement costs)	-	90,000
-	(35,000)	-	Oil revenue advances	-	-
-	-	(2,200)	Repayment of non-recourse loan	(4,064)	(3,106)
(870)	(6,420)	(1,020)	Repayment of Senior Secured loans	(14,730)	(13,384)
(2,829)	(2,752)	(1,409)	Realised gain/(loss) on commodity hedges	(8,692)	(4,354)
(2,253)	(2,129)	(2,251)	Borrowing costs, including bank charges	(8,140)	(5,401)
-	-	-	Gross proceeds from Equity Private Placement and Subsequent offering	-	81,240
-	-	-	Cost of Equity Private Placement	-	(3,737)
(60)	(55)	(55)	Lease liability payments	(227)	(254)
(6,012)	(46,356)	(6,935)	Net cash (out)/inflow from financing activities	(35,853)	141,004
(10,618)	3,477	(1,468)	Change in cash and cash equivalents during the period	8,147	18,862
42	-	-	Change in cash and cash equivalents - assets held for sale	(9)	(4)
35,108	30,661	34,138	Cash and cash equivalents at the beginning of the period	24,532	5,674
24,532	34,138	32,670	Cash and cash equivalents at the end of the period	32,670	24,532

## Segment information

Q4 2021	Q3 2022	Q4 2022		YTD 2022	YTD 2021
(Unaudited)	(Unaudited)	(Unaudited)	All amounts in USD 000 unless otherwise stated	(Unaudited)	(Unaudited)
<b>OPERATING SEGMENTS - GROUP NET SALES</b>					
4,333	4,239	3,954	Net average daily production - Block G (bopd)	4,402	4,219
2,148	1,827	1,680	Net average daily production - Dussafu (bopd)	1,852	1,938
1,337	1,221	1,365	Net average daily production - TPS assets (bopd)	1,244	1,339
<b>7,817</b>	<b>7,287</b>	<b>6,999</b>	<b>Total Group Net average daily production (bopd)</b>	<b>7,498</b>	<b>7,495</b>
699,896	745,069	-	Oil sales (bbls) - Net to Panoro - Block G, Equatorial Guinea	745,069	699,896
247,619	-	647,111	Oil sales (bbls) - Net to Panoro - Dussafu, Gabon	647,111	478,499
115,601	135,827	128,690	Oil sales (bbls) - Net to Panoro - TPS assets, Tunisia	423,418	400,176
<b>1,063,116</b>	<b>880,896</b>	<b>775,801</b>	<b>Total Group Net Sales (bbls) - continuing operations</b>	<b>1,815,598</b>	<b>1,578,571</b>
<b>OPERATING SEGMENT - WEST AFRICA - EQUATORIAL GUINEA</b>					
25,243	58,396	1,236	<b>EBITDA</b>	66,102	37,721
6,306	5,826	5,241	Depreciation and amortisation	23,778	18,236
286,974	252,584	233,046	Segment assets	233,046	286,974
<b>OPERATING SEGMENT - WEST AFRICA - GABON</b>					
11,167	2,008	31,273	<b>EBITDA</b>	37,831	21,512
1,647	1,719	1,539	Depreciation and amortisation	7,068	3,807
188,392	224,019	219,544	Segment assets	219,544	188,392
<b>OPERATING SEGMENT - NORTH AFRICA - TUNISIA</b>					
5,582	9,944	6,057	<b>EBITDA</b>	28,235	17,466
1,325	826	(12)	Depreciation and amortisation*	2,410	5,271
66,918	67,569	67,078	Segment assets	67,078	66,918
<b>OPERATING SEGMENT - SOUTH AFRICA</b>					
-	(109)	(293)	<b>EBITDA</b>	(596)	-
-	5,236	17	Segment assets	17	-
<b>CORPORATE</b>					
(868)	(1,876)	(855)	<b>EBITDA</b>	(4,954)	(5,893)
72	79	79	Depreciation and amortisation	317	236
13,368	9,147	12,480	Segment assets	12,480	13,368
<b>TOTAL - CONTINUING OPERATIONS</b>					
41,124	68,363	37,418	<b>EBITDA</b>	126,618	70,806
9,350	8,450	6,847	Depreciation and amortisation	33,573	27,550
555,652	558,555	532,165	Segment assets	532,165	555,652
<b>Nigeria - Discontinued operations</b>					
7,842	297	-	<b>Net income/(loss) for the period-Discontinued operations</b>	1,258	7,011
29,015	-	-	Assets classified as held for sale	-	29,015
(20,339)	-	-	Liabilities directly associated with assets classified as held for sale	-	(20,339)

\* Includes USD 1.3 million reversal of historical depreciation on decommissioning assets due to estimate changes in Q4 2022.

## 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 2021 Annual Report, available on the Company's website [www.panoroenergy.com](http://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 2021 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 2021 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 2022	30 September 2022	31 December 2021
<i>Amounts in USD 000</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
Senior Loan facility - Non-current	1,740	2,760	5,820
Senior Loan facility - Current	5,100	5,100	4,950
Senior Loan interest accrued - Current	170	166	169
<b>Total Senior Loan facility</b>	<b>7,010</b>	<b>8,026</b>	<b>10,939</b>
Senior Loan Unamortised borrowing costs - Non-current	(8)	(17)	(63)
Senior Loan Unamortised borrowing costs - Current	(55)	(67)	(103)
<b>Total Unamortised borrowing costs</b>	<b>(63)</b>	<b>(84)</b>	<b>(166)</b>
<b>Total Senior Loan facility</b>	<b>6,947</b>	<b>7,942</b>	<b>10,773</b>

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.

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 11.74% per annum over the remaining term of the facility.

## 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 2022	30 September 2022	31 December 2021
<i>Amounts in USD 000</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
Borrowing Base Loan facility - Non-current	57,600	57,600	73,800
Borrowing Base Loan facility - Current	16,200	16,200	10,800
<b>Total Senior Loan facility</b>	<b>73,800</b>	<b>73,800</b>	<b>84,600</b>
Borrowing Base Unamortised borrowing costs - Non-current	(950)	(1,168)	(1,868)
Borrowing Base Unamortised borrowing costs - Current	(918)	(979)	(1,102)
<b>Total Unamortised borrowing costs</b>	<b>(1,868)</b>	<b>(2,147)</b>	<b>(2,970)</b>
<b>Total Senior Loan facility</b>	<b>71,932</b>	<b>71,653</b>	<b>81,630</b>

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.

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 13.5% 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 2022	30 September 2022	31 December 2021
<i>Amounts in USD 000</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>(Audited)</i>
BW Energy non-recourse loan - Current	632	2,809	4,507
<b>Total carrying value</b>	<b>632</b>	<b>2,809</b>	<b>4,507</b>

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.

## 5. Decommissioning liability

Decommissioning liability relates to the future cost of dismantling and removal of oil and gas infrastructure in accordance with the agreements and legislation when the production ceases.

The exact timing of these obligations is uncertain and depends on the rate the reserves of the field are depleted and the liability is calculated based on the existing production profile of the assets and underlying assumptions.

Changes in estimates were made reflecting revised estimates of future decommissioning costs and changes to reflect current economic climate and is reflected in the decommissioning liability at 31 December 2022 which is based on a discount rate of 4% and an inflation rate of 2%, compared to previous rates of 2.5% and 2% in 2021.

The following table shows the effect of these changes:

	USD'000
At 31 December 2021 <i>(audited)</i>	140,839
Unwinding of decommissioning obligation	3,520
Change in estimates	(22,064)
<b>At 31 December 2022 <i>(unaudited)</i></b>	<b>122,295</b>

# 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 <sup>3</sup>	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 <sup>3</sup>	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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