

Panoro Energy – Acquisition of Minority Share in Panoro’s Tunisian Business

Oslo, 18 April 2023 – Panoro Energy ASA (“Panoro” or the “Company”) is pleased to announce that it has entered into a definitive agreement with Beender Tunisia Petroleum Limited (“Beender”) to acquire its 40 percent shareholding in Sfax Petroleum Corporation AS (“SPC”) for a total consideration of approximately USD 18.2 million in a mix of cash and shares (the “Acquisition”).

SPC through its subsidiaries, indirectly owns a 49 percent interest in the producing TPS Assets which comprise five oil field concessions in the region of the city of Sfax, onshore and offshore shallow water Tunisia, and an 87.5 percent interest in the Sfax Offshore Exploration Permit (“SOEP”) offshore Tunisia.

Prior to the Acquisition, Panoro’s effective ownership of SPC stood at 60 percent (29.4 percent interest in the TPS Assets and 52.5 percent interest in SOEP). Post the Acquisition Panoro’s ownership of SPC will increase to 100 percent (49 percent interest in the TPS Assets and 87.5 percent interest in SOEP) and SPC will be a fully owned subsidiary of Panoro.

John Hamilton, CEO of Panoro, commented:

“This is a compelling and accretive transaction for Panoro that is aligned with our growth strategy. The Acquisition materially increases our interest in the producing TPS Assets, where we have built a deep understanding through our role as joint operator alongside the Tunisian national oil company ETAP since 2018, and the prospective Sfax Offshore Exploration Permit. The TPS Assets are long-life, low-cost oil fields with a stable production history and significant volumes of oil yet to be recovered while the Sfax Offshore Exploration Permit holds three oil discoveries and numerous identified prospects and leads in the vicinity of existing infrastructure. Beender have been a highly valued minority partner for several years and we now welcome them as Panoro shareholders.”

Julien Balkany, Chairman of Panoro, added:

“We are very pleased to complete this complementary acquisition of almost 3 million barrels of oil of 2P reserves and net daily production of 800-900 bopd. We welcome the opportunity to expand our position in Tunisia and to increase our net exposure to our TPS existing producing assets with minimal additional G&A costs. The attractive purchase price means this value driven acquisition shall be immediately accretive and is consistent with Panoro’s strategic vision whilst remaining fully committed to maintain our current shareholder returns policy.”

Highlights

- Acquisition of Beender’s 40 percent ownership of SPC equates to a 19.6 percent interest in the producing TPS Assets and 35 percent interest in SOEP
- Adds an estimated 2.96 million barrels of net 2P reserves (100 percent oil) and 800 to 900 bopd of net production
- Increases Panoro’s full year 2023 production guidance to 9,500 to 11,500 bopd (from 9,000 to 11,000 bopd), recognising approximately nine months of production from completion, and increases the 2023 peak target to in excess of 13,000 bopd (previously in excess of 12,500 bopd) around year end
- Attractive valuation metrics and synergies
 - Total acquisition cost of USD 6 per 2P barrel
 - Simplifies Panoro’s Tunisian asset ownership structure with SPC becoming a wholly owned subsidiary
 - Minimal incremental administrative costs as already covered through Panoro’s existing presence
 - Simplified and more efficient lending structure, with Tunisian assets now included in Panoro’s main facility rather than standalone

- As part of the acquisition, Panoro has assumed approximately USD 4 million of Beender's share of outstanding Tunisian loan facilities. Panoro has refinanced this Tunisian facility into its principle corporate facility, increasing total facility amounts by USD 9 million (separately Panoro has made Q1 loan repayments of USD 6 million). Panoro has then also assumed Beender's share of cash and working capital equivalent to approximately USD 6.5 million
- The Consideration payable is inclusive of all working capital adjustments with completion expected in April 2023
- Balance sheet as of the completion date will include an additional 40 percent of asset and liabilities of SPC acquired at fair value and equally the results from the Tunisian operation will be consolidated at 100 percent
- Upfront consideration comprises USD 4.9 million cash and USD 8.3 million ("Share Consideration") via the allotment and issue of 2,945,035 new Panoro shares at an issue price of NOK 29.18 per share (issue value NOK 85,936,092.12). Half of the Share Consideration have an agreed lock-up period of six months from the issue date, whereas the remaining 50 percent are subject to a lock-up of 12 months.
- Deferred consideration of USD 5 million payable in cash by end 2023

About The TPS Assets

The TPS Assets comprise five oil field concessions in the region of the city of Sfax, onshore and shallow water offshore Tunisia. The concessions are Cercina, Cercina Sud, Rhemoura, El Ain/Gremda and El Hajeb/Guebiba.

The oil fields were discovered in the 1980's and early 1990's and have produced over 60 million barrels of oil to date. Current production is stable at rates in excess of 4,000 barrels of oil per day. Approximately 50 wells have been drilled in the TPS fields to date, whilst some of these wells have been abandoned, 12 remain on production with seven wells currently shut-in awaiting workovers or reactivation. Three wells are used for disposal of produced water. Production facilities consist of the various wellhead installations, connected via intra-field pipelines to processing, storage and transportation systems. Crude is transported to a storage and export terminal about 70 km south of the Assets at La Skhira.

SPC indirectly owns a 49 percent interest in the fields and a 50 percent interest in the TPS operating company. In 2022 gross production at the TPS Assets averaged 4,232 bopd. Panoro sees opportunities to restore production to historic levels of 6,000 bopd gross.

About The SOEP

The SOEP, containing the Ras El Besh Concession, lies in the prolific oil and gas Cretaceous and Eocene carbonate platforms of the Pelagian Basin offshore Tunisia. In the vicinity of the Permit area are numerous existing producing fields with infrastructure and spare capacity in pipelines and facilities.

The Permit is operated by Panoro Tunisia Exploration AS. There are three oil discoveries on the permit, Salloum, Ras El Besh, and Jawahra, with gross recoverable oil estimated to be approximately 20 million barrels.

In addition to these discoveries there is considerable exploration potential in the Permit, with gross unrisks prospective resources estimated at to be around 250 million barrels.

Enquiries

Qazi Qadeer, Chief Financial Officer
Tel: +44 203 405 1060
Email: investors@panoroenergy.com

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 interests in Block-G, Block S (pending approval) 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.

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