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Panoro Energy

Panoro Energy ASA

(Incorporated in Norway as a public limited liability company)
Registration number: 994 051 067)

Prospectus in connection with

Listing of 166,666,666 Placement Shares resolved issued in the Private Placement and up to 23,809,500 Offer Shares to be issued in connection with the Subsequent Offering

Subsequent Offering of up to 23,809,500 Offer Shares, each with a nominal value of NOK 0.005, at subscription price of NOK 0.42 per Offer Share, with Subscription Rights for Eligible shareholders (as defined herein)

Subscription Period for the Subsequent Offering:

From and including 14 March 2016 to 16:30 (CET) on 31 March 2016

THE PLACEMENT SHARES, OFFER SHARES AND THE SUBSCRIPTION RIGHTS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). EACH U.S. SHAREHOLDER ON THE RECORD DATE WISHING TO SUBSCRIBE FOR OFFER SHARES MUST PROVIDE A LETTER ATTACHED HERETO PROVIDING CERTIFICATION THAT IT IS EITHER (A) AN "ACCREDITED INVESTOR" AS DEFINED UNDER RULE 501(A) OF THE SECURITIES ACT, (B) A "QUALIFIED INSTITUTIONAL BUYER" (OR QIB) AS DEFINED UNDER RULE 144A OF THE SECURITIES ACT OR (C) A PERSON OTHER THAN A U.S. PERSON, AS THAT TERM IS DEFINED IN REGULATION S UNDER THE SECURITIES ACT. ONLY U.S. SHAREHOLDERS ON THE RECORD DATE WHO HAVE COMPLETED AND RETURNED THE CERTIFICATION ARE AUTHORIZED TO PARTICIPATE IN THE SUBSEQUENT OFFERING. THE OFFER SHARES WILL NOT BE TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED UNDER SECTION 5.11 "SELLING AND TRANSFER RESTRICTIONS". BY ACCEPTING THIS PROSPECTUS YOU AGREE TO BE BOUND BY THE FOREGOING INSTRUCTIONS.

THE DISTRIBUTION OF THIS PROSPECTUS IN OTHER JURISDICTIONS MAY BE RESTRICTED BY LAW, AND PERSONS INTO WHOSE POSSESSION THIS PROSPECTUS COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS. BY ACCEPTING THIS PROSPECTUS YOU AGREE TO BE BOUND BY THE FOREGOING INSTRUCTIONS.

SEE "RISK FACTORS" IN SECTION 2 FOR A DISCUSSION OF CERTAIN MATTERS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE OFFER SHARES.

Sole Manager

Arctic Securities AS

11 March 2016

ARCTIC SECURITIES

Important information

This Prospectus has been prepared in order to provide information about Panoro Energy ASA ("**Panoro Energy**", "**Panoro**" or the "**Company**") and its business in connection with (i) the listing (the "**Listing**") on Oslo Børs of 166,666,666 shares (the "**Placement Shares**") issued in the private placement announced on 9 February 2016 and resolved by the extraordinary general meeting on 2 March 2016 (the **"Private Placement"**) and (ii) subsequent repair offering (the "**Subsequent Offering**") and listing of up to 23,809,500 new shares in the Company (the "**Offer Shares**"), with subscription rights (the "**Subscription Rights**") issuable to Shareholders as of end of trading 9 February 2016 as registered with VPS on 11 February 2016 (the "**Record Date**"), except for those Shareholders who (a) were allocated Placement Shares in the Private Placement, or (b) are restricted from participating due to laws and regulations in their home country jurisdiction (collectively the "**Eligible shareholders**") as described herein.

For the definitions of terms used throughout this Prospectus, see Section 16"*Definitions and glossary*".

The Company has furnished the information in this Prospectus. Arctic Securities AS (the "**Manager**") makes no representation or warranty, expressed or implied, as to the accuracy or completeness of such information, and nothing contained in this Prospectus is, nor shall be relied upon as, a promise or representation by the Managers. This Prospectus has been prepared to comply with the Securities Trading Act of 29 June 2007 no. 75 ("Verdipapirhandelloven") (the ("**Norwegian Securities Trading Act**") and the Norwegian Regulation on Contents of Prospectuses, which implements the Prospectus Directive (EC/2003/71), including the Commission Regulation EC/809/2004, in Norwegian law. The Norwegian Financial Supervisory Authority has reviewed and approved (approval date: 11 March 2016) this Prospectus in accordance with the Norwegian Securities Trading Act sections 7-7 and 7-8. The Norwegian Financial Supervisory Authority has not made any form of control or approval relating to corporate matters described in or otherwise covered by this Prospectus. This Prospectus has been published in an English version only.

All inquiries relating to this Prospectus should be directed to the Company or the Manager. No other person has been authorised to give any information about, or make any representation on behalf of, the Company in connection with the Subsequent Offering and Listing, and, if given or made, such other information or representation must not be relied upon as having been authorised by the Company or the Manager.

The information contained herein is as of the date hereof and subject to change, completion or amendment without notice. There may have been changes affecting the Company or its subsidiaries subsequent to the date of this Prospectus. Any new material information and any material inaccuracy that might have an effect on the assessment of the Placement or Offer Shares arising after the publication of this Prospectus and before the Listing will be published as a supplement to this Prospectus in accordance with section 7-15 of the Norwegian Securities Trading Act. Neither the delivery of this Prospectus nor the completion of the Subsequent Offering or the Listing at any time after the date hereof will, under any circumstances, create any implication that there has been no change in the Company's or its subsidiaries' affairs since the date hereof or that the information set forth in this Prospectus is correct as of any time since its date.

The contents of this Prospectus shall not be construed as legal, business or tax advice. Each reader of this Prospectus should consult its own legal, business or tax advisor as to legal, business or tax advice. If in any doubt about the contents of this Prospectus, readers should consult their stockbroker, bank managers, lawyer, accountant or other professional adviser.

In the ordinary course of their respective businesses, the Manager and certain of its affiliates have engaged, and may continue to engage, in investment and commercial banking transactions with the Company and its subsidiaries. Without limiting the manner in which the Company may choose to make any public announcements, and subject to the Company's obligations under applicable law, announcements relating to the matters described in this Prospectus will be considered to have been made once they have been received by Oslo Børs and distributed through its information system.

Unless otherwise indicated or the context otherwise requires, all references in this Prospectus to "**Panoro Energy**", "Panoro", or the "**Company**" are to Panoro Energy ASA and its consolidated subsidiaries.

Investing in the Company's Shares involves risks. See Section 2 "Risk Factors" of this Prospectus.

The distribution of this Prospectus may be restricted by law in certain jurisdictions. This Prospectus may not be used for the purpose of, and does not constitute, an offer to sell or issue, or a solicitation of an offer to buy or subscribe for, any securities in any jurisdictions in any circumstances in which such offer or solicitation is not lawful or authorized. The Company and the Manager require persons in possession of this Prospectus inform themselves about and to observe such restrictions.

The Subscription Rights and the Offer Shares are being offered only in those jurisdictions in which, and only to those person to whom, offers and sales of the Offer Shares (pursuant to the exercise of Subscription Rights or otherwise) may lawfully be made. The Subscription Rights and the Offer Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities law of any state or other jurisdiction of the United States.

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1. SUMMARY

*The following summary of the information and consolidated financial and other data appearing elsewhere in this Prospectus is qualified in its entirety by such more detailed information set forth elsewhere herein and in the documents incorporated hereto by reference, see Section 15.2"*Documents incorporated by reference*". This summary does not contain all of the information that may be important to potential investors and it should be read as an introduction to the Prospectus. Potential investors should review carefully the entire Prospectus, including the risk factors and the more detailed financial and other data included herein or incorporated hereto by reference, before making an investment decision (financial data is available on www.panoroenergy.com). Following the implementation of the relevant provisions of the Prospectus Directive (EC/2003/71) in each member state of the European Economic Area ("**EEA**") in which an offer which is subject to the Prospectus Directive is conducted, no civil liability will attach to the responsible persons in any such member state solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court in a member state of the EEA, the plaintiff may, under the national legislation of the member state where the claim is brought, be required to bear the costs of translating this Prospectus before the legal proceedings are initiated.*

Section A – Introduction and Warnings

A.1	Warning	This summary should be read as an introduction to the Prospectus. Any decision to invest in the Offer Shares should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation in its Member State, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Resale and final placement by financial intermediates	Not applicable; no consent is granted by the Company for the use of this Prospectus for subsequent resale or final placement of the shares.

Section B – Issuer

B.1	Legal and commercial name	Panoro Energy ASA
B.2	Domicile and legal form, legislation and country of incorporation	Panoro Energy is a public limited liability company organised under the laws of Norway and subject to the the Norwegian Public Limited Liability Companies Act of 13 June 1997 no. 45 ("Allmennaksjeloven") (the "**Norwegian Public Limited Liability Companies Act**"). Panoro Energy was incorporated on 28 April 2009 under the name Startup 387 09 AS and was later renamed to New Brazil Holding ASA. The Company was renamed to Panoro Energy ASA on 1 June 2010. Panoro's registered organization number is 994 051 067.
B.3	Current operations, principal activities and markets	Panoro Energy ASA is an independent exploration and production ("**E&P**") company based in London and listed on the Oslo Stock Exchange with ticker PEN. The Company holds exploration and development assets in West Africa, namely the Dussafu License offshore southern Gabon, and Oil Mining License 113 offshore western Nigeria. Both assets have discoveries with approved Field Development Plans. In addition to

		discovered hydrocarbon resources and reserves, both assets also hold significant exploration potential. The Company's strategy is to become a full cycle exploration and production company with main focus on West Africa. Panoro's active assets and operations comprise[1)]: i) Aje Field Nigeria in License OML 113: a non-operated 6.502% equity interest (16.255% paying interest and 12.1913% revenue interest). The Company is invested in the Aje development that will initially consist of two wells in the Cenomanian oil reservoir producing into an Floating Production Storage and Offloading ("**FPSO**") with potentially two further wells to follow. ii) Dussafu Marin License: a non-operated 33.33% interest in license offshore Gabon. The economic gross 2C resources in Dussafu to date are around 33.4 MMbbls of oil distributed between the Ruche, Tortue, Moubenga and Walt Whitman fields. In addition to this, unrisked gross prospective resources of around 1 billion barrels have been identified on the license. 1) The percentages in relation to i) and ii) are the interests held by Panoro's subsidiaries involved in each of the projects.
B.4a	Significant recent trends	In the period from 31 December 2014 to 25 February 2016 (publication date for the Company's results for the 3 months ended 31 December 2015), the oil price dropped from USD 57 to USD 34, corresponding to a 41% decline. The oil price has declined significantly since year end 2015 (an 8% decline to 25 February 2016) and compared to the level that has been experienced since 2011 (avg. 2012-2014: 107). The drop in the oil price and uncertainty about the future price level has negatively impacted the economic viability of development of oil and gas reserves among oil and gas companies, and has also reduced the value of oil and gas companies' reserves and resources. Other than what is described above, the Company is not aware of any trends, uncertainties, demands, commitments or events that could have a material effect on the Group's prospects for the current financial year.
B.5	Description of the Group	The Group consists of Panoro Energy ASA, which is the parent company and the following subsidiaries: - Panoro Energy do Brasil Ltda - Panoro Energy Limited - African Energy Equity Resources Limited - Pan-Petroleum Holding (Cyprus) Limited - Pan-Petroleum Holding B.V. - Pan-Petroleum Gabon Holding B.V. - Pan-Petroleum Gabon B.V. - Pan-Petroleum Nigeria Holding B.V. - Pan-Petroleum Services Holding B.V. - Pan-Petroleum Aje Limited - Energy Equity Resources Aje Limited - Energy Equity Resources Oil and Gas Limited - Syntroleum Nigeria Limited - PPN Services Limted - Energy Equity Resources (Cayman Islands) Limited - Energy Equity Resources (Nominees) Limited
B.6	Interests in the Company and voting rights	The 20 largest shareholders in Panoro Energy ASA per 10 March 2016 are shown in the table below:

#	Shareholder	Shareholding	Share
1	KLP	39,317,825	9.8 %
2	Nordea	38,150,000	9.5 %
3	Storebrand	36,913,630	9.2 %

4	Danske Kapital	16,666,600	4.2 %
5	Midelfart Invest AS	11,904,700	3.0 %
6	Swedbank	11,714,200	2.9 %
7	Nanes Balkany Partners LLC / Balkany Investments LLC	11,001,051	2.7 %
8	CVI Investments	8,333,300	2.1 %
9	Arctic Securities	8,312,666	2.1 %
10	EUROCLEAR BANK S.A./N.V. ('BA')	6,548,434	1.6 %
11	NORDNET BANK AB	5,439,796	1.4 %
12	KAMPEN INVEST AS	5,259,500	1.3 %
13	Tigerstaden AS	5,000,000	1.2 %
14	MP Pensjon PK	4,930,948	1.2 %
15	Shaps Capital AB	4,000,000	1.0 %
16	Nordnet Livsforskring AS	3,837,599	1.0 %
17	RAVI INVESTERING AS	3,690,400	0.9 %
18	GOLDMAN SACHS INTERNATIONAL EQUITY	2,948,948	0.7 %
19	OLAV OLSEN HOLDING AS	2,500,000	0.6 %
20	BKS Capital AS	2,380,900	0.6 %
	Total	**228,850,497**	**57.0 %**

B.7 Selected historical key financial information

The following historical financial data has been extracted from the audited 2012, 2013 and 2014 consolidated financial statements of Panoro. The year ended 31 December 2015 unaudited historical information has been obtained from the unaudited interim consolidated financial statements of Panoro published in the 2015 fourth quarter report.

Consolidated income statement

	Three months ended 31 December		12 months ended 31 December				
USD 000	**2015**	**2014**	**2015**	**2014**	**2013**	**2013**	**2012**
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Audited)*	*(Audited)*	*(Audited, restated)*	*(Audited)*
Total revenue and income	-	-	-	-	54,146	7,000	46,830
Total Operating expenses	(1,501)	(2,333)	(39,273)	(8,034)	(75,902)	(10,456)	(78,860)
Discontinued operations	(162)	(1,020)	(582)	3,145	-	(29,715)	-
Net income / (loss)	(1,717)	(3,335)	(39,867)	(8,884)	(54,753)	(54,753)	(47,812)

Consolidated statement of financial position

	Twelve months ended 31 December				
USD 000	**2015**	**2014**	**2013**	**2013**	**2012**
	(Unaudited)	*(Audited)*	*(Audited)*	*(Audited, restated)*	*(Audited)*
Total current assets..........	12,641	47,220	57,725	57,725	92,522
Total non-current assets	102,455	106,743	106,843	106,843	275,779
Total assets classified as held for sale	-	-	96,856	96,856	-
Total assets.....................	115,096	153,963	261,424	261,424	368,301
Total current liabilities	693	1,530	124,180	124,180	45,627
Total non-current liabilities.	5,743	4,376	4,376	4,376	130,571
Total liabilities directly associated with assets classified as held for sale ...	-	-	14,420	14,420	-
Total liabilities	6,436	4,376	18,796	18,796	130,571

Consolidated statement of cash flows

USD 000	Three months ended 31 December 2015 (Unaudited)	2014 (Unaudited)	Twelve months ended 31 December 2015 (Unaudited)	2014 (Audited)	2013 (Audited)	2013 (Audited, restated)	2012 (Audited)
Net cash generated from / (used in) operating activities	(1,717)	1,638	(6,532)	(9,217)	18,263	18,263	19,764
Net cash provided by / (used in) investing activities	(4,407)	(12,701)	(23,511)	119,189	2,955	2,955	(21,761)
Net cash provided by / (used in) financing activities	(16)	24	59	(123,008)	28,977	(28,977)	(33,067)
Cash and cash equivalents at beginning of the period	17,086	52,526	40,941	54,152	70,623	70,623	107,939
Cash and cash equivalents at end of the period.............................	10,948	40,941	10,948	40,941	54,152	54,152	70,623

B.8	Selected key pro forma financial information	Not applicable. This Prospectus does not contain any pro forma financial information.
B.9	Profit forecast or estimate	Not applicable. The Company has not provided a profit forecast in this Prospectus.
B.10	Audit report qualifications	The Company's auditor is Ernst & Young AS ("**Ernst & Young**"). Ernst & Young has audited the Company's annual accounts for the fiscal years ended 31 December 2012, 2013 and 2014 and all audit opinions have been issued without qualifications.
B.11	Sufficient working capital	In the opinion of the Company, and taking into account the net proceeds from the Private Placement, the working capital for the Group is sufficient to meet the Group's working capital requirements for the next twelve months.

Section C – Securities

C.1	Type and class of securities admitted to trading and identification number	The Company has one class of Shares in issue and all shares provide equal rights in the Company. Each of the Shares carries one vote. The Company's tradable Shares have been created under the Norwegian Public Limited Companies Act and are registered in book-entry form with the VPS under International Securities Identification Number ("**ISIN**") NO NO0010564701.
C.2	Currency of issue	The Shares are issued in Norwegian Kroner ("**NOK**").
C.3	Number of shares in issue and par value	As at the date of this Prospectus the Company had a fully paid share capital of NOK 2,006,062.26 divided into 401,212,452 Shares, each with a par value of NOK 0.005.
C.4	Rights attaching to the securities	The Company has one class of shares. The Shares are equal in all respects, including the right to dividend; voting rights; rights to share in the issuer's profit; rights to share in any surplus in the event of liquidation; redemption provisions; reserves or sinking fund provisions; liability to further capital calls by the issuer; and any provision discriminating against or favoring any existing or prospective holder of such securities as a result of such shareholder owning a substantial number of shares. Each Share carries one vote at the Company's general meeting.
C.5	Restrictions on transfer	The shares are freely transferrable and, subject to the Articles of Association of the Company and any applicable securities law, there are no restrictions in the Company's securities.

C.6	Admission to trading	The Company's shares are listed on Oslo Børs. All of the Offer Shares will be subject to an application for admission to trading on Oslo Stock Exchange. Assuming timely payment by all subscribers, the Company expects that the Offer Shares will be listed on Oslo Stock Exchange on or about 8 April 2016. The Offer Shares will not be sought or admitted to trading on any other regulated market than Oslo Stock Exchange. The Placement Shares are subject to application for admission to trading on Oslo Stock Exchange. The Company expects the Placement Shares will be listed on Oslo Stock Exchange on or about 14 March 2016. The Placement Shares will not be sought admitted to trading on any other regulated market than Oslo Stock Exchange.
C.7	Dividend policy	The Company's objective is to create lasting value and provide competitive returns to its shareholders through profitability and growth. Long-term returns to shareholders should reflect the value created in the Company in the form of increased share price as well as dividends. Dividends should arise in line with the growth in the Company's results while at the same time recognizing the need for financial preparedness for cyclical market movements, as well as opportunities for adding value through new profitable investments. Over time, value added will be reflected to a greater extent by an increased share price, rather than through dividend distributions. The Company has not paid any dividend since its incorporation in 2009.

Section D – Key Risks

D.1	Key risks specific to the Company or its industry	▪ Developing a hydrocarbon production field, such as Aje, requires significant investment. Panoro has used the Joint Venture's estimates of investments required to reach first oil. The Group's current and future development projects are associated with risks relating to delays, cost inflation, potential penalties and regulatory requirements; ▪ The Group is subject to third-party risk in terms of operators and partners. This includes the risk of partners not financing their share of the development cost either in the short term, resulting in other partners having to provide working capital for up to 45 days, or longer term whereby partners would terminally default on their obligations causing Panoro to assume a higher paying interest (and revenue interest) in the license on a pro-rated basis; ▪ The Group's hydrocarbon production may be restricted, delayed or terminated due to a number of internal or external factors. The Company does not yet have agreements in place for the offtake of Aje Oil; ▪ The Company's near term production from Aje will be concentrated in two subsea wells so the field cash flows could be affected by individual well reliability and performance. Unexpected shutdowns or other adverse effects may occur at the FPSO operating at the Aje field which impact cash flow from the field; ▪ There are risks and uncertainties relating to extension of the OML 113 license in 2018. The cost of licenses extension used in the economic modelling is a Joint Venture estimate;

		▪ The Group's operations are dependent on compliance with obligations under licenses, joint operating agreements and field development plans; ▪ The Group faces risks related to decommissioning activities and related costs and the Group may be subject to liability under environmental laws and regulations; ▪ The Group's insurance or indemnities may not adequately cover all risks, liabilities or expenses that could result from its operations; ▪ Up until first oil the Group's ability to sell or transfer license interests in OML 113 has restrictions through provisions in its joint operating agreements and applicable legislation; ▪ The Group faces the risk of litigation or other proceedings in relation to its business; ▪ The Group is subject to risks relating to capacity constraints and cost inflation in the service sector and lack of availability of required services and equipment; ▪ The Group's business, results of operations, value of assets, reserves, cash flows, financial condition and access to capital depend significantly upon and may be adversely affected by the level of oil and gas prices, which are highly volatile and have recently declined significantly; ▪ The Group is affected by the general global economic and financial market situation; ▪ Maritime disasters and other operational risks may adversely impact the Group's reputation, financial condition and results of operations; ▪ The Group's estimates of oil and gas reserves and resources are uncertain due to a variates of reasons, several of which are beyond the control of the Group. If the reserves and resources have to be adjusted downwards this would have a material negative impact on the Group's outlook and financial position; ▪ The substantial parts of the Group's current operations are carried out in Nigeria. As is the case with several emerging economies, operating in Nigeria includes the risk of unstable regulatory and tax regimes, challenges concerning corruption, hostilities towards the Group's assets and in general an uncertain risk of operations becoming curtailed, delayed, more costly or prohibited; ▪ The Group is exposed to credit risk.
D.2	Key risks specific to the securities	▪ *Potential dilution of shareholders* – Shareholders of the Company may suffer from dilution in connection with future issuances of Shares. ▪ *Restrictions on ownership and resale of the Shares* – The Shares are not qualified for sale in certain jurisdictions, including Canada and the United States, and as such may not be offered, sold or resold in these jurisdictions, directly or indirectly, unless an exemption is available. In addition, there can be no assurances that shareholders of the Company residing or domiciled in these jurisdictions will be able to participate in future capital increases.

	▪ *Share price volatility and liquidity* - The share price of early-to-mid-stage companies comparable to Panoro can be highly volatile and shareholdings can be illiquid. Shares registered in nominee accounts - Beneficial owners of the Shares that are registered in a nominee account (e.g. through brokers, dealers or other third parties) may not be able to vote on such Shares unless their ownership is re-registered in their names with the VPS Register prior to the Company's General Meetings, or their beneficial ownership is confirmed by the nominee in time for the General Meetings.

Section E – The Offer

E.1	Net proceeds and estimated expenses	The transaction costs of the Company related to the Private Placement and the Subsequent Offering are estimated at approximately NOK 5.1 million, and accordingly the net proceeds of the Private Placement and the Subsequent Offering will be approximately NOK 74.9 million, assuming the Subsequent Offering will be fully subscribed. No expenses or taxes are charged to the subscribers in the Private Placement or the Subsequent Offering by the Company or the Manager.
E.2a	Reasons for the Private Placement and Subsequent Offering and use of proceeds	The Company decided to conduct the Private Placement and the Subsequent Offering in order to strengthen its financial position. Panoro and its partners in Aje have recently reached key milestones in the development of the Aje field in OML 113 Nigeria. The Aje-5 and Aje-4 wells have both been completed as producers, and the FPSO and Installation works are on schedule, with first oil production expected by the end of Q1 2016. As Panoro comes closer to first oil, the management and board feel that the balance sheet should be strengthened for 2016 against a backdrop of prevailing low oil prices. The additional capital will be used to manage working capital requirements. Once the Company reaches first oil from the Aje field, Panoro will receive revenues from the sale of crude oil approximately every three months as the oil is lifted from the FPSO and sold. During the three month period of production prior to receiving revenues, the Company and its Joint Venture partners will incur operational costs that will need to be paid. Without the proceeds from the Private Placement and Subsequent Offering, the Company would have required other funding sources to fund working capital in this period.
E.3	Terms and conditions of the offer	On 10 February 2016, the Company raised NOK 70 million in gross proceeds through a Private Placement of 166,666,666 Placement Shares, each with a par value of NOK 0.005 and a subscription price of NOK 0.42 per Placement Share. The Private Placement was directed towards professional and institutional investors, including certain existing shareholders of the Company. The Private Placement was approved by the Company's Extraordinary General Meeting on 2 March 2016.

Number of Shares in the Private Placement:	The Private Placement comprised the issuance of 166,666,666 Placement Shares, each with a par value of NOK 0.005
Subscription Price:	The Subscription Price for the Placement Shares was set at NOK 0.42 per Share
Bookbuilding Period:	Start of Bookbuilding Period: 9 February 2016 at 16:30 CET End of Bookbuilding period: 10 February 2016 at 08:00 CET
Notification of allocation:	10 February 2016
Payment Date:	3 March 2016

Registration of share capital increase:	The share capital increase was registered in the Company Register on 8 March 2016.
Delivery of Placement Shares:	The Placement Shares were delivered on 8 March 2016
Trading of the Placement Shares:	First day of trading on the Oslo Stock Exchange for the Placement Shares is on or about 14 March 2016 subject to approval of this Prospectus and admittance for the Placement Shares to trading on the Oslo Stock Exchange
Number of Shares pre Private Placement:	234,545,786, each Share with a par value of NOK 0.005
Number of Shares post Private Placement:	401,212,452, each Share with a par value of NOK 0.005
Gross proceeds from the Private Placement:	NOK 70 million
Rights of the Placement Shares:	The Placement Shares are in all respects equal to the ordinary shares of the Company
Dilution:	The percentage of immediate dilution resulting from the Private Placement for the Company's shareholders is approximately 42 per cent

On the Extraordinary General Meeting held on 2 March 2016 it was resolved to conduct a Subsequent Offering of 23,809,500 Offer Shares. The Subsequent offering is directed towards shareholders in the Company as of 9 February who were not allocated Placement Shares in the Private Placement and who are not residents in a jurisdiction where such offering would be unlawful or, for jurisdictions other than Norway, would require any prospectus, filing, registration or similar action. Such shareholders were granted non-transferable preferential rights to subscribe for, and, upon subscription, be allocated new shares.

Below is an overview of the terms and timetable for the Subsequent Offering (subject to final resolution by the Board):

Number of Offer Shares in the Subsequent Offering:	The Subsequent Offering comprises up to 23,809,500 Offer Shares to be issued, each with a par value of NOK 0.005.
Subscription Price:	NOK 0.42 per Offer Share, equal to the Subscription Price in the Private Placement.
Subscription Period:	Commences on 14 March 2016 and ends on 31 March 2016 at 16.30 (CET).
Eligible Shareholders:	Shareholders in the Company as of 9 February 2016, who were not allocated Placement Shares in the Private Placement and who are not residents in a jurisdiction where such offering would be unlawful or, for jurisdictions other than Norway, would require any prospectus, filing, registration or similar action
Subscription Rights:	0.143115 Subscription Right for every Share held as of 9 February

			2016. The holders of Subscription Rights will be entitled to subscribe for one Offer Share for every Subscription Right held within the end of the Subscription Period.
		Allocation Date:	Allocation of Offer Shares is expected to take place on or about 1 April 2016.
		Allocation criteria:	The allocation of Offer Shares will be made applying the following criteria: i) Offer Shares shall be allocated on the basis of used Subscription Rights; ii) In the event that not all Subscription Rights are used and the Subsequent Offering is over-subscribed, holders of Subscription Rights who have subscribed for more Offer Shares than the held Subscription Rights, shall have preferential rights to allocation of unsubscribed Offer Shares in accordance with the principles of Section 10-4 (3) of the Norwegian Public Companies Act.
		Payment date:	Payment for the Offer Shares falls due on 5 April 2016.
		Delivery Date:	Assuming that payments from all Subscribers are made when due, delivery of the Offer Shares is expected to take place on or about 8 April 2016. Assuming that payments from all Subscribers are made when due, it is expected that the share capital increase will be registered in the Company Register on or about 8 April 2016.
		Trading of Offer Shares:	The first day of trading on Oslo Stock Exchange is expected to be on or about 8 April 2016.
		Number of Shares before the Subsequent Offering:	Following the registration of the Placement Shares to be issued in the Private Placement the number of Shares will be 401,212,452, each at a par value of NOK 0.005.
		Number of Shares after the Subsequent Offering:	Up to 425,021,952
		Gross proceeds from the Subsequent Offering:	Up to NOK 10 million.
		Rights of the Offer Shares:	The Offer Shares are in all respects equal to the ordinary shares of the Company.
E.4	Material and conflicting interests	Arctic Securities AS serves as Manager in connection with the Private Placement and the Subsequent Offering, and receives fees and commission in this regard. The Manager and its affiliates are currently providing, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which	

		they may receive and may continue to receive customary fees and commissions. The Manager, its employees and any affiliate may currently own Shares in the Company. Beyond the abovementioned, the Company is not aware of any interest of any natural or legal persons involved in the Private Placement or the Subsequent Offering that may have conflicting interest.
E.5	Selling shareholders and lock-up agreements	There are no selling Shareholders in the Subsequent Offering and no lock-up on the Offer Shares.
E.6	Dilution resulting from the Subsequent Offering	Dilution for shareholders in the Company as of 9 February 2016 who did not participate of the Private Placement but who participate in the subsequent offering will be approximately 37%. Dilution for shareholders not participating in the Private Placement and Subsequent Offering will be approximately 45%. Accordingly, dilution for shareholders who participated in the Private Placement will be approximately 6% as a consequence of the Subsequent Offering.
E.7	Estimated expenses charged to investor	Not applicable. The Company will not charge any costs, expenses or taxes directly to any shareholder or to the investor in connection with the Private Placement and Subsequent Offering.

2. RISK FACTORS

Potential investors should carefully consider each of the following risks and all of the information set forth in this Prospectus, including information incorporated hereto by reference, see Section 15.2 "Documents incorporated by reference", before deciding to invest in the shares. If any of the following risks and uncertainties develops into actual events, the Group's business, financial conditions, results of operations or cash flows could be materially adversely affected. In that case, the trading price of the shares could decline and potential investors may lose all or part of their investment.

2.1 RISKS RELATING TO THE GROUP'S BUSINESS AND OPERATIONS

Reserves and contingent resources are by their nature uncertain in respect of the inferred volume range

Included in this Prospectus is information relating to the reserves and contingent resources of the Aje field and discoveries in the Dussafu license. Reserves are defined as the volume of hydrocarbons that are expected to be produced from known accumulations in production, under development or with development committed. Reserves are also classified according to the associated risks and probability that the reserves will be actually produced. 1P – Proven reserves represent volumes that will be recovered with 90% probability 2P – Proven + Probable represent volumes that will be recovered with 50% probability 3P – Proven + Probable + Possible volumes that will be recovered with 10% probability. Contingent resources are the volumes of hydrocarbons expected to be produced from known accumulations in planning phase, where development is likely or where development is unlikely with present basic assumptions (e.g. due to the lack of a firm plan of development with the necessary partner or governmental approval, the lack of a market, or the lack of the proper delineation necessary to establish the size of the accumulation for commercial purposes), or under evaluation. Contingent resources are reported as 1C, 2C, and 3C, reflecting similar probabilities as reserves.

Many of the factors in respect of which assumptions are made when estimating reserves and resources are beyond the Group's control and therefore these assumptions may prove to be incorrect over time. For example, sustained lower oil and gas prices may cause the Group to make substantial downward adjustments to its oil and gas reserves and resources. If this occurs, or the Group's estimates of production or economic factors change, the Group may be required to write-down the carrying value of its proved oil and gas properties for impairments. In addition, the depreciation of oil and gas assets charged to its income statement is dependent on the estimate of its oil and gas reserves.

Evaluations of reserves and resources necessarily involve multiple uncertainties. The accuracy of any reserves or resources evaluation depends on the quality of available information and petroleum engineering and geological interpretation. Exploration drilling, interpretation, testing and production after the date of the estimates may require substantial upward or downward revisions in the Issuer's reserves or resources data.

Moreover, different reservoir engineers may make different estimates of reserves and cash flows based on the same available data. Actual production, revenues and expenditures with respect to reserves and resources will vary from estimates, and the variances may be material. Also, effects of regulations adopted by governmental agencies, future operating costs, royalties, tax on the extraction of commercial minerals, development costs and well as work-over and remedial costs represent further variables and assumptions which makes the estimation of reserves and resources uncertain and incorrect.

Special uncertainties exist with respect to the estimation of resources in addition to those set forth above that apply to reserves, such as:

- The quantities and qualities that are ultimately recovered;
- The production and operating costs incurred;
- The amount and timing of additional exploration and future development expenditures;
- Demand for oil and gas; and
- Future oil and gas sales prices.

The probability that contingent resources will be economically developed, or be economically recoverable, is considerably lower than for proven, probable and possible reserves. Forward-looking statements contained in this Presentation concerning the reserves and resources definitions should not be unduly relied upon by potential investors. If the assumptions upon which the estimates of the Group's oil and gas reserves or resources are based prove to be incorrect, the Group may be unable to recover and/or produce the estimated levels or quality of oil or gas set out in this Prospectus, which could have a material adverse effect on the Group's business, prospects, financial condition or results of operations.

Developing a hydrocarbon production field, in particular the development of contingent resources into reserves, requires significant investment

Developing a hydrocarbon production field, in particular the development of contingent resources into reserves, requires significant investment, generally over several decades, to build the requisite operating facilities, drilling of production wells along with implementation of advanced technologies for the extraction and exploitation of hydrocarbons with complex properties. Making these investments and implementing these technologies, normally under difficult conditions, can result in uncertainties about the amount of investment necessary, operating costs and additional expenses incurred as compared with the initial budget, thereby negatively affecting the business, prospects, financial condition and results of operations of the Group. Further, with respect to contingent resources, the amount of investment needed may be prohibitive, such that conversion of resources into reserves may not be commercially viable. The Group may be unable to obtain needed capital or financing on satisfactory terms. If the Group's revenues decrease, it may have limited ability to obtain the capital necessary to sustain operations at current levels. If the Group's available cash is not sufficient, a curtailment of its operations relating to development of its prospects could occur, which in turn could lead to a decline in its oil and natural gas reserves, or if it is not possible to cancel or stop a project, be legally obliged to carry out the project contrary to its desire or with negative economic impact. Further, the Group may inter alia fail to make required cash calls and thus breach license obligations, which again could lead to adverse consequences. All of the above may have a material adverse effect on the Group.

The Group's current or future development projects are associated with risks relating to delays, cost inflations, potential penalties and regulatory requirements

Development projects inter alia involve complex engineering, procurement, construction work, drilling operation to be carried out and governmental approvals obtained prior to commencement of production. The exploration or development period of a license, are commonly associated with higher risk, requiring high levels of capital expenditure without a commensurate degree of certainty of a return on that investment. The complexity of offshore development projects also makes them very sensitive to delays or costs increases. Current or future projected target dates for production may be delayed and significant cost overruns may incur. The Group's estimated exploration costs are subject to a number of assumptions that may not materialize. Such factors may again impact on to what extent the Aje field is fully funded as contemplated by this Prospectus and consequently could result in breach by the Group of its obligations and/or require the Group to raise additional debt and/or equity. Moreover, the Group's partners and counterparties consist of a diverse base with no single material source of credit risk profile. Ultimately, there are risks that the rights granted under the Group's licenses or agreements with the government may be forfeited and the Group may be liable to pay large penalty sums, which inter alia could jeopardize its ability to continue operations. Any delays, cost increases or other negative impact relating to the current or future development projects of the Group, may have a material adverse effect on its business, results of operations, cash flow, financial condition and prospects.

The Group's hydrocarbon production may be restricted, delayed or terminated due to a number of internal or external factors

The Group's hydrocarbon production may be restricted, delayed or terminated due to a number of internal or external factors, among which are malfunctions of hydrocarbon discharge or production facilities, administrative delays (particularly in the approval of development projects by public authorities), shortages or delays in the availability of drilling rigs and delivery of equipment and materials, pressure or irregularities in geological formations, equipment failures or accidents or adverse weather conditions or malicious actions. These factors may have a material adverse effect on the Group's cash flow as well as on its business, prospects, financial condition or results of operations and consequently affect the Group's ability to serve its debts and fulfil its obligations under the Bonds.

The Group's near term production and expected future production is concentrated in a limited number of offshore fields

The Company expects that a significant proportion of the Group's future production will come from the Aje field, and in the longer term potentially from the discoveries in the Dussafu license. If mechanical or technical problems, storms, shutdowns or other events or problems affect the future production on one of these fields, it may have direct and significant impact on a substantial portion of the Group's production or, if the actual reserves associated with any one of the Group's fields are less than anticipated, this may result in material adverse effects for the Company.

Unexpected shutdowns or other adverse effects may occur at the Aje FPSO

The Company is especially sensitive to any shutdown or other technical issues on the Aje FPSO due to the fact that, with the current portfolio of assets, the Aje field for the next years will be the only producing field of the Group. Any shutdown, technical issues, delay or other negative events in relation to the Aje FPSO may result in material adverse effects for the Group.

There are risks and uncertainties relating to extension of licenses

OML 113, is due to expire on 11 June 2018. To progress the project beyond this date requires a renewal of the lease by the federal government of Nigeria. The Dussafu Main Production Sharing Contract Third Exploration period is due to expire on 28 May 2016. The Ruche Area Exclusive Exploitation Authorization will expire on 17 July 2018 unless oil production commences before that date. If any of the licenses expire, the Group may lose its investments into the license and forego the opportunity to take part in any successful development of, and future production from, the relevant license area, which could have a material adverse effect on the Group's financial position and future prospects.

The Group's operations are dependent on compliance with obligations under licenses, joint operating agreements and field development plans

All exploration and production licenses have incorporated detailed and mandatory work programs that are required to be fulfilled within a specific timespan. Failure to comply with the obligations under the licenses may lead to fines, penalties, restrictions, revocation of licenses and termination of related agreements. A failure to comply with payment obligations (cash calls) under joint operating agreements (and unitization agreements) for the Group's licenses, may lead to penal interest on the defaulted amount, loss of voting rights and information within the license and a right for the other licensees to acquire the Group's participant interest on terms that are unfavourable to the Group and disconnected from the value of the license interest. Further, if other joint venture partners default on their payment obligations (cash calls), the Group may have to increase its interest level in the relevant field, which in turn will result in a corresponding increase in the Group's exposure and investment obligations towards the relevant field. Such increased exposure and obligations may result in the Group not being fully funded to meet such increased exposure and obligations and consequently could result in breach by the Group of its obligations and/or require the Group to raise additional debt and/or equity.

There are currently no oil off-take agreements or crude marketing agreements in place for the Group

Currently there are no oil off-take or crude marketing arrangements in place for the Group. While the Group, either separately or together with the Joint Venture ("**JV**") partners, intends to further progress discussions with potential crude off-takers over the next few months, there is no guarantee that these off-take arrangements will come into place on satisfactory terms or at all. Should the off-take arrangements not come into place, be delayed in being arranged or not be on terms not satisfactory, this may have a materially adverse impact on the Group's financial position.

The Group is subject to third-party risk in terms of operators, partners and counterparties

The Group is not the operator of any of the fields in which it has an interest, and consequently it has limited control over management of the assets and mismanagement by the operator or disagreements with the operator as to the most appropriate course of action, which again may result in significant delays, losses or increased costs to the Group. There is a risk that partners with interests in the Group's licenses may not be able to fund or may elect not to participate in, or consent to, certain activities relating to those licenses. In these circumstances, it may not be possible for such activities to be undertaken by the Group alone or in conjunction with other participants. Inversely, decisions by the other partners to engage in certain activities, may also be contrary to the Group's desire not to commence such activities and may require the Group to incur its share of costs in relation thereto, or that the other partners may enforce decisions which will delay or affect the profitability of a project. This is especially an inherent risk in fields under development where the Group only holds a minority interest. Further, the Group has exposure through participating in joint ventures to contracts with a number of counter-parties which are suppliers to the joint venture operations. Some of these suppliers may have a weak financial position and there is a risk that such counter-parties will not be able to supply the services and goods as anticipated, which in turn could indirectly have a negative impact on the Group's operations and financial position.

The Group may not have access to necessary infrastructure or capacity booking for the transportation of oil and gas

The Group is dependent on capacity (whether through pipelines, tankers or otherwise) to transport and sell its oil and gas production. The Group, or the license group in which the Group holds an interest, may need to rely on access to third-party infrastructure to be able to transport produced oil and gas. There can be no assurance that the Group will be able to get access to necessary infrastructure at an economically justifiable cost or access necessary infrastructure at all. If access to third-party infrastructure and necessary capacity bookings are unavailable or unavailable at an economically justifiable cost, the Group's income relating to the sale of oil and gas may be reduced, which may have a material adverse effect on the Group.

The Group is subject to risks relating to capacity constraints and cost inflation in the service sector and lack of availability of required services and equipment

The Group is highly reliant upon services, goods and equipment provided by contractors and other companies to carry out its operations. There is a continuing risk for capacity constraints and cost inflation in the service sector. Any non-performance, delays or faulty deliveries by contractors, or any other failure to obtain necessary services, goods or equipment, at all or at a reasonable cost, may expose the Group to significant delays, cost increases or liability, which may again lead to material adverse effects for the Group. Further, the Group's contractors and other companies may potentially be adversely affected by market conditions. If the Group's contractors, their suppliers or other companies should be unable to respect their obligations (towards the Group or others), become insolvent or otherwise unable to pay debts as they come due, this could lead to material adverse effects for the Group.

The Group is vulnerable to adverse market perception

The Group must display a high level of integrity and maintain the trust and confidence of investors, license partners, public authorities and counterparties. Any mismanagement, fraud or failure to satisfy contracts, fiduciary or regulatory responsibilities, allegations of such activities, negative publicity, or the association of any of the above with the Group could materially adversely affect its reputation and the value of its brand, as well as its business, results of operations, cash flow and financial condition.

The Group faces risks related to decommissioning activities and related costs

There are significant uncertainties relating to the estimated costs and time for decommissioning of the Group' current licenses, including licenses under relinquishment in Brazil.

The Group's ability to sell or transfer license interests may be restricted by provisions in its joint operating agreements including pre-emption rights, if any, or applicable legislation

The Group's exit in relation to any particular oil and gas interest may be subject to the prior approval of its commercial partners pursuant to joint operating agreements, unitization agreements and approval from the relevant authorities, thus restricting the Group's ability to dispose of, sell or transfer a license interest and make funds available when needed.

The Group may be subject to liability under environmental laws and regulations

All phases of oil and gas activities present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and national laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, and releases or emissions of various substances. The legislation also requires that wells and facility sites are operated, maintained and abandoned to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties in addition to loss of reputation. Any pollution may give rise to material liabilities and may require the Group to incur material costs to remedy such discharge. No assurance can be given that current or future environmental laws and regulations will not result in a curtailment or shut down of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on the Group.

The Group faces the risk of litigation or other proceedings in relation to its business

The Group faces the risk of litigation and other proceedings in relation to its business. The outcome of any litigation may expose the Group to unexpected costs and losses, reputational and other non-financial consequences and diverting management attention.

The Group will have guarantee obligations

The Group will in its ordinary course of business provide guarantees to governmental agencies, joint venture partners or third party contractors in respect of activities relating to its subsidiaries, inter alia for such subsidiaries' working and abandonment obligations under licenses or obligations under the relevant terms of agreements with third party contractors. Such guarantees, if called upon, may have a material adverse effect on the Group's financial position.

The Group is exposed to political and regulatory risks

The oil and gas industry is subject to extensive government policies, standards, regulations and requirements. No assurance can be given that future political conditions in Nigeria, Gabon or any other jurisdiction in which the Group may operate, existing legislation, new interpretation of existing legislation or changes in administrative practice or policies, will not result in a reduction of income, curtailment of production, delays or a material increase in operating costs and capital expenditure or otherwise adversely affect the Group. Further, a failure to comply with applicable legislation, regulations and conditions or orders issued by the regulatory authorities, may lead to fines, penalties, restrictions, withdrawal of licenses and termination of related agreements. Additionally, the Group is dependent on receipt of discretionary government approvals, decisions and permits to develop and produce its assets. Further, the Group may be unable to obtain, renew or extend required drilling rights, licenses (including production licenses), permits and other authorizations and these may also be suspended, terminated or revoked prior to their expiration. The relevant authorities may also stipulate conditions for any such extension or for not revoking any licenses or permits. Lack of governmental approvals or permits or delays in receiving such approval may delay the Group's operations, increase its costs and liabilities or affect the status of its contractual arrangements or its ability to meet its contractual obligations.

The Group's insurance or indemnities may not adequately cover all risks, liabilities or expenses that could result from its operations

The Group's offshore oil and gas operations are subject to all the significant risks and hazards typically associated with such operations. The Group is not necessarily fully insured against all risks it may face (it has for example currently not taken out business interruption insurance). Furthermore, not all mentioned risks are insurable, or only insurable at a disproportionately high cost. The nature of the hazards and risks typical for the Group's industry is such that liabilities could materially exceed policy limits or not be insured at all, which may result in substantial financial liability or losses. Any uninsured loss or liabilities, or any loss and liabilities exceeding the insured limits, may have a material adverse effect on the Group.

The Group may experience conflicts of interest

Some of the directors, officers and principal shareholders of the Company are or may become engaged in other oil and gas interests (including interests relating to oil and gas services) on their own behalf and on behalf of other companies resulting in a conflict of interest or direct competition with the Group. Such conflicts, if any, will be subject to the procedures and remedies under Norwegian company law (or any similar, foreign laws), but this may not prevent adverse effects for the Group with regard to such conflicts. The Company's directors, officers and principal shareholders may not devote their time on a full-time basis to the affairs of the Group as a result of such conflicts.

The risk of losing key employees

The Group only has a very limited number of employees and executives. The loss of key employees could adversely affect the Group's ability to operate. The Group believes that its success depends on the continued service of its key employees, as well as its ability to hire additional key employees, when and as needed. The unexpected loss of the services of any of the key employees, or the Group's failure to find suitable replacements within a reasonable period of time thereafter, could have a material adverse effect on the Group's ability to execute its business plan and therefore, on its financial condition and results of operations.

Changes in foreign exchange rates may affect the Group's results of operations and financial position

The Group is exposed to market fluctuations in foreign exchange rates. While the Group currently has no foreign currency exchange hedging arrangements in place, the Group may from time to time enter into such hedges to manage the risk of foreign currency exposure and may also be required to provide security for such derivative transactions.

Maritime disasters and other operational risks may adversely impact the Group's reputation, financial condition and results of operations

The Group's offshore operations are subject to all the risks common in its industry, including inter alia encountering unexpected rock formations or pressures, seismic shifts, blowouts, pollution, explosions, fires and equipment damage or failure. The facilities on the Aje and Dussafu fields will also be subject to the hazards inherent in marine operations, such as inter alia capsizing, sinking, grounding and damage from severe weather conditions. If any of these events were to occur, they could, among other adverse effects, result in environmental damage, injury to persons, loss of life, a failure to produce oil and/or gas in commercial quantities, delays, shut-down of operations or other damage. These events can also put at risk some or all of the Group's licenses and could inter alia result in the Group incurring significant civil liability claims, significant fines as well as criminal sanctions. In the Group's capacity as licensee, it is inter alia subject to liability provisions under the applicable statutory and regulatory regimes of the jurisdictions where the Group operates.

The operation of the FPSO vessel has an inherent risk of maritime disaster, environmental mishaps, cargo and property losses or damage and business interruptions caused by, among others, mechanical failure, damages requiring dry-dock repairs, human error, labour strikes, adverse weather conditions, vessel off-hire periods, regulatory delays and political action, civil conflicts, terrorism and piracy in countries where vessel operations are conducted, vessels are registered or from which spare parts and provisions are sourced and purchased.

Any of these circumstances could adversely affect the operation of the FPSO vessel, and result in loss of revenues or increased costs and adversely affect the Group's profitability. Terrorist acts and regional hostilities around the world in recent years have led to increases in insurance premium rates and the implementation of special war risk premiums for certain areas. Such increases in insurance rates may adversely affect the Group's profitability with respect to the Aje field.

2.2 RISKS RELATING TO THE JURISDICTIONS IN WHICH THE GROUP OPERATES

Risks relating to changes to and the application of tax rates and laws

Income derived from the Aje field will be subject to the jurisdiction of the Nigerian taxing authorities and income derived from the Dussafu field will be subject to the jurisdiction of the Gabonese taxing authorities.

The Nigerian government applies different tax rates upon income derived from Nigerian oil operations ranging from 50% to 85%, based on a number of factors. The final determination of the tax liabilities with respect to the Aje field involves the interpretation of local tax laws and related authorities. In addition, changes in the operating environment, including changes in tax law and currency/repatriation controls, could impact the determination of tax liabilities with respect to the Aje field for a tax year.

In general, there is no assurance that future political conditions in Nigeria and/or Gabon, or in any other jurisdiction in which the Group conducts or may in the future conduct business, will not result in the government adopting materially different policies for petroleum taxation. Furthermore, the amounts of taxes the Group must pay could also change significantly as a result of new interpretations of tax laws and regulations or changes to such laws and regulations. In the event there are any such changes, it could inter alia lead to new investments being less attractive, prevent the Group from further growth, affect the Group's current and future tax positions, net income after tax and financial conditions. In addition, tax authorities could review and question the Group's tax returns leading to additional taxes and tax penalties. Any change in tax rules and regulations, or the interpretation and application of such rules and regulations, may have an adverse effect on the Group's financial position and future prospects.

Security risks associated with operating in Nigeria

The Aje field is located offshore and thus in an area with so far less security risk compared to the Niger Delta. However, a security incident could result in harm to the Aje field's operations and thus impact the economical income from the Aje field. There are some risks inherent to oil production in Nigeria. Since December 2005, Nigeria has experienced pipeline vandalism, kidnappings and militant takeovers of oil facilities in the Niger Delta. The Movement for the Emancipation of the Niger Delta ("**MEND**") is the main group attacking oil infrastructure for political objectives, claiming to seek a redistribution of oil wealth and greater local control of the sector. Additionally, kidnappings of oil workers for ransom are taking place. Security concerns have led some oil services firms to pull out of the country and oil workers unions to threaten strikes over security issues. The instability in the Niger Delta has caused shut-in production and several companies to declare force majeure on oil shipments.

Despite undertaking various security measures and being situated offshore the Nigerian coast, the Aje field installations may become subject to terrorist acts and other acts of hostility like piracy. Such actions could adversely impact on the Group's overall business, financial condition and operations. The Aje license's facilities are subject to these substantial security risks and its financial condition and results of operations may materially suffer as a result.

Legal risks associated with operating

Nigeria may have less developed legal systems than more established economies which could result in risks such as (i) effective legal redress in the courts of such jurisdictions being more difficult to obtain; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or (v) relative inexperience of the judiciary and courts in such matters. In certain jurisdictions the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to the Group's licenses and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licenses, license applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.

Future changes in the Nigerian authorities and the Nigerian Petroleum Development Company ("NPDC") and/or in government oil and gas policy may adversely affect the Group

The Nigerian government owns the country's mineral resources and grants hydrocarbon exploration and production rights under fixed term licenses and OMLs, which subject to certain terms and conditions can be renewed. It thus retains control over the exploration and exploitation of hydrocarbon reserves and, in numerous cases, acquires interests of its own through the state-owned oil company, Nigerian National Petroleum Corporation ("**NNPC**"), and its subsidiary, NPDC. Any adverse changes in the government's policy with respect to the oil and gas industry, including any which may occur following the national elections held in 2015, may adversely impact the interests of the Group, in particular should the international oil companies' divestment process be delayed in advance of national elections. Further, the strategy and business of the Group in Nigeria depend on it maintaining good relationships and cooperating with the relevant Nigerian authorities. While the Group believes that it has a good relationship with the Nigerian authorities, there is no guarantee that this positive relationship will continue or that actions by the current or future governments will not seriously affect the business or financial position of the Group. This relationship could be adversely impacted by future changes in the personnel or management of the Group or the Nigerian authorities.

The Nigerian government may intervene in the oil and gas industry in ways that are unfavourable to the Group's business and strategy

Generally, exploration and development activities in Nigeria can require lengthy negotiations with the Nigerian government, NNPC and third parties and may be subject to expropriation, nationalisation, renegotiation, change or nullification of existing licenses, changes to contracts, changes to royalty rates and taxes, difficulties in enforcing contractual rights, adverse changes to laws (whether of general application or otherwise) or the interpretation thereof, foreign exchange restrictions, changing political conditions, local currency devaluation, currency controls and the interpretation, implementation, enforcement of any laws or governmental regulations that favour or require the awarding of contracts to local contractors or require contractors to employ citizens of, or purchase supplies from, Nigeria (for example, the Local Content Act, see below). Any of these factors detailed above or similar factors could have a material adverse effect on the Group's business, prospects, financial condition or results of operations.

The Petroleum Act 1969 states that the Minister may revoke an oil prospecting license or an oil mining license if the licensee or lessee becomes controlled directly or indirectly by a citizen of, or subject of, or a company incorporated in, any country which is: (a) a country other than the licensee's or lessee's country of origin; and (b) a country the laws of which, do not permit citizens of Nigeria or Nigerian companies to acquire, hold and operate petroleum concessions on conditions which, in the opinion of the Minister, are reasonably comparable with the conditions upon which such concessions are granted to subjects of that country. If, in the future, any member of the Group ceases to fulfil these criteria, there is a risk that the Minister may revoke any oil prospecting license or oil mining license held by such member of the Group.

The passage into law of the Nigerian Petroleum Industry Bill ("PIB") could create local ownership control requirements and additional fiscal and regulatory burdens on the parties to the Aje field, which could have a material adverse effect on the Group

The PIB seeks to introduce significant changes to legislation governing the oil and gas sector in Nigeria, including new fiscal regulatory and tax obligations and expanded fiscal and regulatory oversight that may impose additional operational and regulatory burdens on the operations under the Aje field and impact the economic benefits anticipated by the parties to the Aje field. Any such fiscal and regulatory changes could have a negative impact on the profits allocable to the Aje field and its owners.

The Local Content Act includes a definition of "Nigerian Company", as a company formed and registered in Nigeria in accordance with the provision of Companies and Allied Matters Act with not less than 51 % equity shares owned by Nigerians. While the definition of an "indigenous Nigerian company" is not provided for under the Local Content Act, in implementing the Local Content Act, the Nigerian Content and Development Monitoring Board require that any company wishing to operate in the oil and gas industry must meet the requirement of a minimum of 51% (fifty one percent) Nigerian shareholding in compliance with the definition of a Nigerian Company under the Local Content Act.

The PIB defines an 'indigenous petroleum company' as a company:

(a) engaged in the exploration for and production of petroleum of which 51% or more of its shares are beneficially owned directly or indirectly by Nigerian citizens or associations of Nigerian citizens;

(b) which meets the requirements of any guidelines or regulations that may be issued by the new industry regulators which will be established under the PIB; and

(c) which is accredited as an indigenous petroleum company by the new industry regulator provided that a company listed on any stock exchange in Nigeria with a majority of Nigerian directors shall be deemed to qualify as an indigenous petroleum company in Nigeria.

Whether or not the three elements of the definition of 'indigenous petroleum company' under the PIB will be considered as conjunctive remains unclear.

If the relevant member of the Group did not in the future qualify as an "indigenous petroleum company" then there is a risk that the Group would not have priority in bidding for new oil mining/prospecting licenses. In addition, there remains a risk that the provisions dealing with the definition of "indigenous petroleum companies" and any benefits attributed to such companies will be amended in a manner that is adverse to the interests of the Group.

There is considerable uncertainty surrounding the PIB and risks associated with the PIB, and related efforts to reform the Nigerian oil and gas industry may include that:

- The proposed changes in the tax structure for oil and gas companies operating in Nigeria may lead companies to curtail their operations or future investment;
- Oil producers may be directed to supply the domestic market with oil for refining to reduce the amount of refined products currently being imported into Nigeria at prices significantly lower than those obtainable on the export market;
- Gas producers may be required to retain a specific volume of the gas that they produce for the local Nigerian market;
- The PIB may include new fines and penalties for gas flaring; and
- The PIB may fail to adequately address the concerns of communities in the Niger Delta region; or
- Create new grounds for further conflict.

Companies that are compliant with the Local Content Act will be given first consideration in the award of oil blocks, oil field licenses, oil lifting licenses and all projects for which contracts are to be awarded in the Nigerian oil and gas industry. Failure by the Group to comply with the Local Content Act will mean that compliant companies will have preference over the Group in relation to bids for licenses and contracts in the Nigerian oil and gas industry.

The Group may further be subject to fines and other penalties if it fails to comply with the Local Content Act

The Local Content Act provides that any project or contract with a budget of over USD 100 million must contain a specific labour clause requiring a minimum percentage of Nigerian employees in specific cadres as may be stipulated by the Nigerian Content and Development Monitoring Board. Furthermore, the operator or developer of the project must limit the number of expatriates in management positions (the current limit is a maximum of 5%). The Local Content Act also provides that oil and gas industry operators must keep at least 10% of their total revenue accruing from their operations in Nigeria in a bank account in Nigeria. Although the Local Content Act does not state precisely what these funds may be used for, it seems in practice that they may be used to pay local operating costs, such as taxes or royalties. Failure by the Group to comply with the provisions of the Local Content Act would constitute an offence punishable by a fine of 5% of the amount of each project and could potentially lead to the cancellation of the project to which the violation pertains. Furthermore, a future renewal of the Group's licenses and leases may depend on the Group's level of compliance with the Local Content Act, violation or non-compliance may be a ground for refusing to renew licenses and leases by the appropriate agencies.

The Group conducts substantially all of its business in Nigeria

The Group's present and future international operations in Nigeria are, and will be, subject to risks generally associated with conducting businesses in foreign countries, such as: foreign laws and regulations that may be materially different from those of Norway or the European Union, changes in applicable laws and regulations, challenges to, or failure of, title, labour and political unrest, foreign currency fluctuations, changes in foreign economic and political conditions, export and import restrictions, tariffs, customs, duties and other trade barriers, difficulties in staffing and managing foreign operations, longer time periods and difficulties in collecting accounts receivable and enforcing agreements, possible loss of properties due to nationalization or expropriation and limitations on repatriation of income or capital. Specifically, the Nigerian government may enact and enforce laws and regulations requiring increased ownership by businesses and/or state agencies in energy producing businesses and the facilities used by these businesses, which could adversely affect the Group's ownership interests in then existing ventures.

Security Issues and Fraud, Bribery and Corruption

The Group operates and conducts business in Nigeria, which, like many countries in emerging market economies, experiences a considerable level of criminal activity, fraud, bribery and corruption. Oil and gas companies operating in West Africa, and more specifically Nigeria, may be particular targets of criminal or militant actions.

In general, criminal, corrupt or militant action against the Group, its properties or facilities could have a material adverse effect on the Group's business, prospects, financial condition or results of operations. It may not be possible for the Group to detect or prevent every instance of fraud, bribery or corruption. Failure to detect or prevent any such instances may expose the Group to potential civil or criminal penalties under relevant applicable law and to reputational damage, which may have a material adverse effect on the Group's business, prospects, financial condition or results of operations.

2.3 RISKS RELATING TO THE OIL AND GAS INDUSTRY IN WHICH THE GROUP OPERATES

The market in which the Group operates is highly competitive

The Group competes with a substantial number of other companies with larger technical staffs and greater resources, inter alia in acquiring (prospective) oil and gas licenses and attempting to secure drilling rigs and other equipment or services necessary for operation or projects. As a result of this competitive environment, the Group may inter alia be unable to acquire suitable licenses or licenses on terms that it considers acceptable, or equipment or services it requires may be in short supply. As a result, the Group's revenues may decline over time.

The oil and gas industry is characterized by rapid and significant technological advancements, and the Group may not be able to keep pace

As others use or develop new technologies, the Group may be placed at a competitive disadvantage over time or may be forced by competitive pressures to implement those new technologies at substantial costs. The Group may not be able to respond to these competitive pressures or implement new technologies on a timely basis or at an acceptable cost. Further, one or more of the technologies used by the Group now or in the future may become obsolete. In addition, new technology implemented by the Group may have unanticipated or unforeseen adverse consequences, either to its business or the industry as a whole.

The Group's business, results of operations, value of assets, reserves, cash flows, financial condition and access to capital depend significantly upon and may be adversely affected by the level of oil and gas prices, which are highly volatile and have recently declined significantly. It is impossible to accurately predict future oil and gas price movements. Sustained lower oil and gas prices or price declines may inter alia lead to a material decrease in the Group's net production revenues. The Group may from time to time enter into agreements to receive fixed prices on its oil and gas production to offset the risk of revenue losses if commodity prices decline. However, if commodity prices increase beyond the levels set out in such agreements, the Group will not benefit from such increases and may nevertheless be obligated to pay suppliers and others in the market based on such higher prices. Furthermore, there can be no assurance that hedging will be available or continue to be available on commercially reasonable terms, and in addition, hedging itself carries certain risks, including expenses associated with terminating any hedging agreements. Further, certain development projects could become unprofitable as a result of a decline in price and could result in the Group having to postpone or cancel a planned project, or if it is not possible to cancel the project, carry out the project with negative economic impact. Additionally, if oil and gas prices remain depressed, it could reduce the Group's ability to raise debt or equity financing or to refinance any outstanding loans on terms satisfactory, or at all.

Consequently, a sustained level of low prices for oil and/or gas may have a material adverse effect on the Group's reserves and resources, its financial position and future prospects.

The Group is affected by the general global economic and financial market situation

The Group may be materially and adversely affected by, amongst other things, the general state of the economy and business conditions, the occurrence of recession, inflation, adverse credit markets, fluctuations in operating expenses, technical problems, work stoppages or other labour difficulties. Weak global or regional economic conditions may negatively impact the business of the Group in ways that it cannot predict. Global financial markets and economic conditions have been severely disrupted and volatile in recent years and remain subject to significant vulnerabilities, such as the rapid accumulation of public debt, continued deleveraging in the banking sector and a limited supply of credit. The Group may inter alia experience difficulties obtaining financing commitments or be unable to fully draw on the capacity under committed loans it arranges in the future if its lenders are unwilling to extend financing to it or unable to meet their funding obligations due to their own liquidity, capital or solvency issues. The Group cannot be certain that financing will be available on acceptable terms, or at all. If financing is not available when needed, or is available only on unfavourable terms, the Group may be unable to meet its future obligations as they come due. The Group's failure to obtain such funds could have a material adverse effect on its business, results of operations and financial condition, as well as its ability to service its indebtedness.

2.4 FINANCIAL RISKS

The Group is exposed to credit risk

The Group may be exposed to financial loss if counterparties to contracts fail to meet their obligations. If significant amounts are not paid this could have a material adverse impact on the Group. Whilst the Group actively manages its credit risk with suppliers and has rights of quiet enjoyment on its key vessel contracts, should a contractor encounter financial difficulties, it could have an adverse of the project and the Group's operations.

The Group may incur substantial debt in the future, which may make it difficult for it to service its debt

The Group or any future subsidiaries may incur substantial indebtedness in the future. If the Group incurs new debt or other obligations, the related risks that it faces could increase, including the risk of being unable to repay such debt.

The Group may require a significant amount of cash to service any future debt and sustain its operations, and its ability to generate sufficient cash depends on many factors beyond its control

The Group's ability to make payments on, or repay or refinance, any future debt, and to fund working capital and capital investments, will depend on its future operating performance and ability to generate sufficient cash. This depends on the success of its business strategy and on general economic, financial, competitive, market, legislative, regulatory, technical and other factors as well as the risks discussed in these "Risk Factors", many of which are beyond the Group's control. The Group cannot assure that its business will generate sufficient cash flow from operations or that any future debt and equity financings will be available to it in an amount sufficient to enable it to pay its debt, or to fund its other liquidity needs. The Group cannot give assurance that it will be able to refinance any future debt on commercially reasonable terms or at all. Any failure by the Group to make payments on debt on a timely basis would likely result in a reduction of its credit rating, which could also harm its ability to incur additional indebtedness. There can be no assurance that any assets that the Group may elect to sell can be sold or that, if sold, the timing of such sale will be acceptable and the amount of proceeds realized will be sufficient to satisfy its debt service and other liquidity needs. If the Group is unsuccessful in any of these efforts, it may not have sufficient cash to meet its obligations, which could cause an event of default under any debt arrangements and could result in the debt being accelerated, lending reserves and certain bank accounts being frozen, triggering of cross-default provisions, enforcement of security and the companies of the Group, including the Company, being forced into bankruptcy or liquidation, which could result in an investor losing its investment in the Company's Shares in its entirety.

The Group's working capital needs beyond the next 12 months are difficult to forecast and may be subject to significant and rapid increases which could result in additional financing requirements that the Group may not be able to obtain on satisfactory terms or at all.

The Group is unable to predict with certainty its working capital needs beyond the next 12 months. This is primarily due to large working capital requirements for general operating expenses, exploration and development expenditures, acquisition of equipment and other materials necessary for the Group and to support any future services and growth.

As the future level of income is also difficult to predict with any certainty due to uncertainties concerning prices for oil and gas and actual production levels, forecasting working capital requirements is difficult and subject to substantial uncertainty, which could adversely affect the Group's ability to obtain such required funds on satisfactory terms, or at all.

2.5 RISKS RELATED TO THE SHARES

Volatility of share price

The Company's Share price may experience substantial volatility. The trading price of the Shares could fluctuate significantly in response to, inter alia, the financial situation of the Group, variations in operating results, response to quarterly and annual reports issued by the Company, changes in earnings estimates by analysts, adverse business developments, changing conditions in the oil and gas industry at large, changes in general market or economic outlook, interest rate changes, foreign exchange rate movements, changes in financial estimates by securities analysts, matters announced in respect of major customers or competitors or changes to the regulatory environment in which the Company operates or rumours and speculation in the market. The equity markets in general have experienced extreme volatility that has at times been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of the Company's Shares.

Substantial future sales of Company Shares by its current or future holders or any future share issuances by the Company could cause its share price to decline

The Company is unable to predict whether significant amounts of its shares will be sold by its current or future holders following the Private Placement and Subsequent Offering. Any sales of substantial amounts of the Company's Shares in the public market, or the perception that these sales might occur, could lower the market price of the Company's Shares.

Shareholders may risk being diluted

The Company may in the future see the need of additional equity investment in relation to financing capital intensive projects, or related to unanticipated expenses or liabilities. This may lead to a future need of additional issuance of shares in the Company. The Company cannot guarantee that the current shareholders ownership will not be diluted. For reasons relating to U.S. securities laws, and the laws in certain other jurisdictions, or other factors, U.S. investors, and investors in such other jurisdictions, may not be able to participate in a new issuance of shares or other securities and may face dilution as a result.

Limitations on dividends

The Company currently anticipates that it will retain all future earnings, if any, to finance the growth and development of its business. The Company does not intend to pay cash dividends in the foreseeable future. Any payment of cash dividends will depend upon the Company's financial condition, capital requirements, earnings and other factors deemed relevant by its Board and general meeting of shareholders.

Holders of the Shares that are registered in a nominee account may not be able to exercise voting rights as readily as shareholders whose shares are registered in their own names with the VPS

Beneficial owners of the Shares that are registered in a nominee account (e.g., through brokers, dealers or other third parties) may not be able to vote for such shares unless their ownership is re-registered in their names with the VPS prior to the Company's general meetings, <u>or their beneficial ownership is confirmed by the nominee in time for the general meetings</u>. The Company cannot guarantee that beneficial owners of the Shares will receive the notice for a general meeting in time to instruct their nominees to either effect a re-registration of their shares, <u>issue the required confirmations as to beneficial ownership</u> or otherwise vote their shares in the manner desired by such beneficial owners.

Pre-emptive rights may not be available to U.S. holders

In accordance with Norwegian law, prior to issuance of any shares for consideration in cash, the Company must offer holders of then-outstanding shares pre-emptive rights to subscribe and pay for a sufficient number of shares to maintain their existing ownership percentages, unless these rights are waived at a general meeting of the shareholders. Such rights were waived in connection with the Private Placement. The pre-emptive rights are generally transferable during the subscription period for the related offering and may be quoted on the Oslo Stock Exchange ("**OSE**").

U.S. holders of the Shares, and possibly holders of Shares in other jurisdictions as well, may not be able to receive, trade or exercise pre-emptive rights for shares in the Company unless a registration statement under the Securities Act (or similar provisions in other jurisdictions) is effective with respect to such rights or an exemption from the registration requirements of the Securities Act is available. The Company is not currently subject to the reporting requirements of the U.S. Securities and Exchange Act of 1934 (the "**U.S. Exchange Act**"), or any other foreign jurisdiction reporting requirements, and currently has no intention to subject itself to such reporting. If U.S. holders of the Shares, or possibly holders of Shares in other jurisdictions, are not able to receive, trade or exercise pre-emptive rights granted in respect of their shares in any issue of shares by the Company, then they may not receive the economic benefit of such rights. Any such rights may, at the sole discretion of the Company, be sold on behalf of such shareholders and such shareholders may receive any profits from such sale, but any profit will depend on the prevailing market prices for the pre-emptive rights. In addition, such shareholder's proportionate ownership interests in the Company will be diluted.

Investors in the United States may have difficulty enforcing any judgment obtained in the United States against the Company or its directors or executive officers in Norway

The Company is incorporated in Norway, and several of the Company's directors and executive officers reside outside the United States. All or a substantial portion of the assets of these persons and the Company are located outside the United States. In addition, our auditors are also organized outside the United States. As a result, it may be difficult or impossible to serve process against any of these persons in the United States, including for U.S. securities laws violations. Furthermore, as all or substantially all of the assets of these persons are located outside of the United States, it may not be possible to enforce judgments obtained in courts in the United States predicated upon civil liability provisions of the federal securities laws of the United States against these persons. Additionally, there is doubt as to the enforceability in Norway of civil liabilities based on the civil liability provisions of the securities laws of the United States.

Transfer of Shares is subject to restrictions under the securities laws of the United States and other jurisdictions

The Shares of the Company have not been registered under the U.S. Securities Act or any state securities laws in the United States or any other jurisdiction outside of Norway, and there are no plans to file for such registration. As such, the Shares of the Company may not be offered or sold except pursuant to an exemption from the registration requirements of the U.S: Securities Act and applicable securities laws. See also Section 5.11 "*Selling and transfer restrictions*".

Shareholders outside of Norway are subject to exchange rate risk

The Shares of the Company are priced in NOK, and any future payments of dividends or other distributions from the Company will be denominated in NOK. Accordingly, any investor outside Norway is subject to adverse movements in the NOK against their local currency, as the foreign currency equivalent of any dividends paid on the Shares or price received in connection with any sale of the Shares could be materially adversely affected.

3. RESPONSIBILITY FOR THE PROSPECTUS

THE BOARD OF DIRECTORS OF PANORO ENERGY

The Board of Directors of Panoro Energy (the "**Board of Directors**" or the "**Board**") accepts responsibility for the information contained in this Prospectus. The Board of Directors hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of our knowledge, in accordance with the facts and contains no omissions likely to affect its import.

11 March 2016

Julien Balkany

Chairman

Alexandra Herger

Board member

Torstein Sanness

Board member

Garrett Soden

Board member

4. GENERAL INFORMATION

4.1 PRESENTATION OF FINANCIAL AND OTHER INFORMATION

4.1.1 Financial information

The Group’s audited consolidated financial statements as of, and for the years ended, 31 December 2014, 2013 and 2012 have been prepared in accordance with the International Financial Reporting Standards, as adopted by the EU ("**IFRS**"). The Group’s audited consolidated financial statements as of, and for the years ended, 31 December 2014, 2013 and 2012 are together referred to as the "**Audited Financial Statements"** and incorporated by reference to this Prospectus. The Group’s unaudited interim consolidated financial statements as of, and for the three and twelve month periods ended, 31 December 2015 and 2014 (the "**Interim Financial Statements**"), have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("**IAS 34**") and are incorporated by reference to this Prospectus. The Audited Financial Statements and Interim Financial Statements are together referred to as the "**Financial Statements**". The Audited Financial Statements have been audited by Ernst & Young AS, as set forth in their auditor’s report included herein.

The Company presents the Financial Statements in USD (presentation currency) rounded to the nearest thousands.

The Company’s auditor Ernst & Young AS had the following qualification to the 2014 annual accounts:

“*According to Note 1, Note 18 and information in the Board of Director’s report the liquidity and funding situation for the Company is uncertain. These conditions, along with other matters as set forth in Note 1, Note 18 and the Board of Director’s report, indicate the existence of a material uncertainty that may cast significant doubt about the company’s ability to continue as going concern and realization of assets and settlement of debt in normal operations. No provisions or write-downs have been made for any losses that may occur if this assumption is no longer present. Our opinion is not qualified in respect of this matter*”

4.1.2 Non-IFRS financial measures

In this Prospectus, the Company presents certain non-IFRS financial measures and ratios:

- EBITDA represents operating income before depreciation and write-downs ("**EBITDA**").
- EBITDA margin represents EBITDA as a percentage of total operating revenue.
- Capital expenditures represent the sum of purchases of fixed assets and intangible assets.

The non-IFRS financial measures presented herein are not recognised measurements of financial performance under IFRS, but are used by management to monitor and analyse the underlying performance of the Company’s business and operations. Investors should not consider any such measures to be an alternative to profit and loss for the period, operating profit for the period or any other measures of performance under generally accepted accounting principles.

The Company believes that the non-IFRS measures presented herein are commonly used by investors in comparing performance between companies. Accordingly, Panoro discloses the non-IFRS financial measures presented herein to permit a more complete and comprehensive analysis of its operating performance relative to other companies across periods. Because companies calculate the non-IFRS financial measures presented herein differently, the non-IFRS financial measures presented herein may not be comparable to similarly defined terms or measures used by other companies.

4.1.3 Industry and market data

This Prospectus contains statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Group's business and the industries and markets in which it operates. Unless otherwise indicated, such information reflects the Group's estimates based on analysis of multiple sources, including data compiled by professional organisations, consultants and analysts and information otherwise obtained from other third party sources, such as annual and interim financial statements and other presentations published by listed companies operating within the same industry as the Group, as well as the Group's internal data and its own experience, or on a combination of the foregoing. Unless otherwise indicated in this Prospectus, the basis for any statements regarding the Group's competitive position is based on the Company's own assessment and knowledge of the market in which it operates.

The Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified. The Company does not intend, and does not assume any obligations to, update industry or market data set forth in this Prospectus.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Prospectus that was extracted from these industry publications or reports and reproduced herein. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Prospectus and projections, assumptions and estimates based on such information may not be reliable indicators of the Group's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 2 ("***Risk factors***

Risk factors") and elsewhere in this Prospectus.

4.1.4 Rounding

Certain figures included in this Prospectus have been subject to rounding adjustments (by rounding to the nearest whole number or decimal or fraction, as the case may be). Accordingly, figures shown for the same category presented in different tables may vary slightly. As a result of rounding adjustments, the figures presented may not add up to the total amount presented.

4.2 NOTICE REGARDING FORWARD LOOKING STATEMENTS

This Prospectus includes "forward-looking" statements, including, without limitation, projections and expectations regarding the Group's future financial position, business strategy, plans and objectives. When used in this document, the words "anticipate", "believe", "estimate", "expect", "seek to" and similar expressions, as they relate to the Group or its management, are intended to identify forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Group, or, as the case may be, the industry, to materially differ from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate. Factors that could cause the Group's actual results, performance or achievements to materially differ from those in the forward-looking statements include but are not limited to:

- the competitive nature of the markets in which the Group operates,
- global and regional economic conditions,
- government regulations,
- changes in political events, and
- force majeure events.

Some important factors that could cause actual results to differ materially from those in the forward-looking statements are, in certain instances, included with such forward-looking statements and in the section entitled "Risk Factors" (Section 2) in this Prospectus.

These forward-looking statements speak only as of the date of this Prospectus. Panoro undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise, other than as required by law or regulation

Given the aforementioned uncertainties, prospective investors are cautioned not to place undue reliance on any of these forward-looking statements.

5. THE PRIVATE PLACEMENT AND THE SUBSEQUENT OFFERING

5.1 THE PURPOSE OF THE PRIVATE PLACEMENT AND THE SUBSEQUENT OFFERING AND USE OF PROCEEDS

The Company decided to conduct the Private Placement and the Subsequent Offering in order to strengthen its financial position. Panoro and its partners in Aje have recently reached key milestones in the development of the Aje field in OML 113 Nigeria. The Aje-5 and Aje-4 wells have both been completed as producers, and the FPSO and Installation works are on schedule, with first oil production expected by the end of Q1 2016. As Panoro comes closer to first oil, the management and board feel that the balance sheet should be strengthened for 2016 against a backdrop of prevailing low oil prices. The additional capital will be used to manage working capital requirements. Once the Company reaches first oil from the Aje field, Panoro will receive revenues from the sale of crude oil approximately every three months as the oil is lifted from the FPSO and sold. During the three month period of production prior to receiving revenues, the Company and its Joint Venture partners will incur operational costs that will need to be paid. Without the proceeds from the Private Placement and Subsequent Offering, the Company would have required other funding sources to fund working capital in this period. The net proceeds are estimated to NOK 74.9 million assuming the full amount of the Subsequent Offering is raised.

5.2 THE PRIVATE PLACEMENT

5.2.1 Overview of the Private Placement

On 9 February 2016, Panoro announced a possible private placement of up to NOK 60-70 million. Following a pre-sounding, Panoro Energy and the Manager thereafter invited certain institutional and professional investors to participate in a book-building process in the Private Placement. On 10 February 2016, prior to opening on Oslo Børs, the Company completed such book-building process for the issuance of 166,666,666 Placement Shares at a Subscription Price of NOK 0.42 per Placement Share in the Private Placement, all subject to approval by the Extraordinary General Meeting ("**EGM**").

The Board allocated the Placement Shares to investors based on consultations with the Manager. The allocation principles, in accordance with normal practice for institutional placements, included criteria such as long-term domestic and international leading investors, investor quality and quality of order. The Board of Directors decided to set aside the Shareholders' preferential right to subscribe for Shares. Investors who were allocated Placement Shares in the Private Placement accepted not to receive Subscription Rights in the Subsequent Offering.

In a board meeting held on 8 February 2016, the Company's Board of Directors resolved to call for an extraordinary general meeting of the Company which was to be held on 2 March 2016. The Board of Directors proposed to approve the issuance of the Placement Shares and thereby to set aside existing shareholders' pre-emptive rights for subscription of new shares. The Board believes that this was in the best interest of the Company and the shareholders as reducing transaction risk and the time period from the transaction until the Company receives funds is imperative inter alia (a) in order to secure working capital as the Aje field comes into first oil production, and (b) in order to raise funding for general purposes against the backdrop of difficult macro economic circumstances in the oil and gas industry. The Board is of the opinion that the private placement has allowed the Company to raise capital more quickly and, at a lower discount compared to a rights issue. Also, the Board is of the view that, in the current market situation and based on feedback from possible investors, a private placement had a greater chance of success than a rights issue. Further, in order to give shareholders who did not participate in the Private Placement the possibility to subscribe Shares at the same price as applicable to the Private Placement, the Board proposed to carry out a subsequent share issue.

At the EGM, the issuance of the Placement Shares as well as the Subsequent Offering were approved. The EGM passed the following resolution to increase the Company's share capital in relation to the Private Placement:

1. The Company's share capital is increased by NOK 833,333.33, from NOK 1,172,728.93 to NOK 2,006,062.26 by issue of 166,666,666 new shares (the "New Shares"), each with a par value of NOK 0.005.

2. The subscription price for each New Share is NOK 0.42.

3. Existing shareholders' pre-emptive rights to subscribe the New Shares are set aside.

4. The New Shares shall be subscribed on a separate subscription form by Arctic Securities AS on behalf of, and pursuant to proxies from, the investors having ordered and been allocated shares in accordance with the Company's decision to allocate the shares no later than 3 March 2016.

5. The total subscription amount shall be paid to Arctic Securities AS' account no. 5083.06.08270 in DNB Bank no later than 3 March 2016.

6. The New Shares entitle the holder to dividend as from the time of registration with the Register of Business Enterprises.

7. The Company’s articles of association § 4 first paragraph is amended to read “The Company’s share capital is NOK 2,006,062.26, divided into 401,212,452 shares, each having a par value of NOK 0.005”.

8. The Company’s costs associated with the placement, primarily linked to fees to financial and legal advisers as well as registration fees etc, are estimated to approximately NOK 4.4 million ex VAT.

The percentage of immediate dilution resulting from the Private Placement for Panoro Energy's shareholders (not taking into account the Subsequent Offering) is approximately 42%[1].

5.2.2 Issuance and Listing of the Placement Shares

The Placement Shares issued pursuant to the resolution by the EGM were issued and registered with the Norwegian Register of Business Enterprises and the VPS on 8 March 2016.

The Placement Shares were first registered on a separate ISIN (NO 001 0759129), and are expected to be registered with the Company’s ordinary ISIN NO NO0010564701 following the approval of this Prospectus. The Placement Shares are subject to application for admission to trading on Oslo Stock Exchange. The Company expects the Placement Shares will be listed on Oslo Stock Exchange on or about 14 March 2016. The Placement Shares will not be sought admitted to trading on any other regulated market than Oslo Stock Exchange.

The Placement Shares carry full shareholder rights equal to the existing ordinary Shares of the Company. For a description of rights attaching to Shares in the Company, see section 12 “*Share capital and shareholder matters*” of this Prospectus.

5.3 THE SUBSEQUENT OFFERING

5.3.1 Overview of the Subsequent Offering

The Subsequent Offering comprises up to 23,809,500 Offer Shares, each with nominal value of NOK 0.005, at a Subscription Price of NOK 0.42 per Offer Share, which is the same subscription price applicable to the subscription of the Placement Shares.

Subscription rights (the “**Subscription Rights**”) will be issued to Shareholders as of end of trading 9 February 2016 as registered with VPS on 11 February 2016 (the “**Record Date**”), except for those Shareholders who (a) were allocated Placement Shares in the Private Placement, or (b) are restricted from participating due to laws and regulations in their home country jurisdiction (collectively the “**Eligible Shareholders**”). Eligible Shareholders will receive 0.143115 non-transferable Subscription Rights for each Share in the Company held on the Record Date.

5.3.2 Increase of share capital in connection with the Subsequent Offering

The following resolution to increase the Company’s share capital in connection to the Subsequent Offering was passed by the EGM:

”The Company’s share capital is increased pursuant to the Norwegian Public Limited Companies Act section 10-1 on the following conditions:

1. The Company’s share capital is increased by minimum NOK 0.005 and maximum NOK 119,047.50, from NOK 2,006,062.26 to minimum NOK 2,006,062.31 and maximum NOK 2,125,109.76, by issue of minimum 1 and maximum 23,809,500 new shares (the “New Shares”), each with a par value of NOK 0.005.

2. The subscription price for each New Share is NOK 0.42.

3. The New Shares shall be subscribed by shareholders (i) as of 9 February 2016 and registered as such with VPS on 11 February 2016, (ii) who were not allocated shares in the private placement, and (iii) who in accordance with local laws may receive the offer to subscribe shares in the Company without any filing or other actions by the Company being required.

4. Shareholders as set out in item 3 shall receive 0.143115 non-transferrable subscription rights for each share held and as registered with VPS on 11 February 2016 (rounded downward to the nearest whole number). Each of these subscription rights entitles the holder to subscribe one New Share. Shareholders as set out in item 3 may over-subscribe new shares. If the subscriptions rights are not fully exercised and the share issue is over-subscribed not based on the subscription right, the shares which are subscribed and not based on subscription rights shall be allocated pro rata to such subscriptions.

5. The subscription period is from 14 March 2016 to 31 March 2016 at 16.30 Central European Time (“**CET**”). If the prospectus for the share issue has not been approved by the prospectus authority in time for the subscription period to commence on 14 March 2016, the start and end of the subscription period shall commence at the latest on the second trading day on Oslo Børs after such approval has been obtained and

[1] Calculated as the number of shares issued divided by the new total share count for the Company post completion of the Private Placement

end at 16.30 CET two weeks thereafter, however so that the subscription period shall not start later than 14 April 2016.

6. The total subscription amount shall be paid to Arctic Securities AS' account no. 5083.06.08270 in DNB Bank no later than 5 April 2016 or no later than 3 trading days on Oslo Børs after the expiry of the subscription period if this has been postponed pursuant to item 5.
7. The New Shares entitle the holder to dividend as from the time of registration with the Register of Business Enterprises.
8. The Company's articles of association § 4 first paragraph is amended accordingly.
9. The Company's costs associated with the share issue, primarily linked to fees to financial and legal advisers as well as registration fees etc, are estimated to approximately NOK 700,000 ex VAT.

5.3.3 The Subscription Period

The Subscription Period for the Subsequent Offering commences on 14 March 2016 and expires at 16:30 (CET) on 31 March 2016. In the event that the Prospectus has not been approved by the Norwegian FSA by the end of 11 March 2016, the start and end of the subscription period shall commence at the latest on the second trading day on Oslo Børs after such approval has been obtained and end at 16.30 CET two weeks thereafter, however so that the subscription period shall not start later than 14 April 2016.

5.3.4 Subscription Price

The Subscription Price in the Subsequent Offering has been set at NOK 0.42 per Offer Share, which is identical to the Subscription Price per Placement Share in the Private Placement. No expenses or taxes are charged to the subscribers (the "**Subscribers**") in the Subsequent Offering by the Company or the Managers. The Subscription price of NOK 0.42 per Offer Share represents a discount of 30 per cent compared to the last trade on 9 February 2016.

5.3.5 Subscription Rights

In accordance with the resolution passed by the EGM, Eligible Shareholders will be allocated non-tradable Subscription Rights in proportion to their shareholding in the Company as at the Record Date. The Company will issue 0.143115 Subscription Rights per each Share held in the Company as at 9 February 2016 and registered with the VPS on 11 February 2016. The number of Subscription Rights issued to each Eligible Subscriber will be rounded down to the nearest whole number of Subscription Rights.

Each Subscription Right grants the owner the right to subscribe for and be allocated one Offer Share.

The Subscription Rights will be issued and registered to Eligible Shareholders in the VPS under ISIN NO 001 0759301. The Subscription Rights will be delivered free of charge and the recipient will not be debited any charges. The Subscription Rights will not be transferrable, except that with respect to Shareholders registered with the VPS as at the Record Date resident in countries with legislation that forbids or restricts subscription for Offer Shares in the Subsequent Offering ("**Ineligible Subscribers**") the Company shall have the right (but no obligation) to sell such Ineligible Shareholders' Subscription Rights against payment of net sales proceeds to such Ineligible Shareholders. Ineligible Shareholders will not receive the Prospectus or the Subscription Form. The Subscription Rights may initially be transferred to the VPS account of such Ineligible Subscribers, however, such Subscription Rights may not be exercised by the Ineligible Subscriber.

Subscribers subscribing on the basis of Subscription Rights who over-subscribe (i.e. subscribes for more Offer Shares than the number of Subscription Rights held by them) will have priority to the Offer Shares not subscribed for by holders of Subscription Rights (see section 5.3.7 "Allocation of *Offer Shares*" for more details).

Subscription Rights not used to subscribe for Offer Shares before the expiry of the Subscription Period will lapse without compensation to the holder, and consequently be of no value.

The Subsequent Offering means that the existing shareholders' pre-emptive right to subscribe shares are set aside. The Board believes that this is in the best interest of the Company and the shareholders as it is necessary in order to accomplish the Subsequent Offering and allow Eligible Shareholders to subscribe Offer Shares.

5.3.6 The subscription procedure

Eligible Shareholders will receive a letter which includes information on shareholdings registered as at the Record Date and certain other matters relating to the relevant shareholders. The Prospectus is available at www.panoroenergy.com and www.arctic.com, and at the offices of Arctic Securities AS and Panoro Energy ASA. Subscriptions for Offer Shares must be made on a Subscription Form in the form attached as Appendix 2 hereto. Norwegian subscribers domiciled in Norway can in addition download the Prospectus on www.arctic.com and subscribe for shares through VPS' internet service. A link to VPS' internet service will be available at www.arctic.com and www.panoroenergy.com.

Online subscriptions must be submitted, and accurately completed Subscription Forms must be received by the Manager by 16.30 hours CET on no later than 31 March 2015. Neither the Company nor the Manager may be held responsible for delays in the mail system, busy facsimile lines or for non-receipt of Subscription Forms forwarded by facsimile to the Manager.

Properly completed and signed Subscription Forms may be faxed, mailed or delivered to the Manager at the address set out below:

Arctic Securities AS

Haakon VII's gt.5

P.O. Box 1833 Vika

0123 Oslo, Norway

Tel: +47 21 01 30 40

Fax: +47 21 01 31 36

Email: subscription@arctic.com

The Board and the Manager may at their sole discretion refuse any improperly completed, delivered or executed Subscription Form or any subscription which may be unlawful. A subscription is irrevocable and may not be withdrawn, cancelled or modified once it has been received by the Manager. Multiple subscriptions are allowed. In the event the Subscriber submits two or more Subscription Forms, the Board and the Manager reserves the right to approve all or only some of the Subscription Forms.

Oversubscription is permitted.

Neither the Manager nor the Company will be held responsible for delays in the mail or facsimile system resulting in Subscription Forms not being received in time. Subscription for Offer Shares by a subscriber is irrevocable and may not be withdrawn, cancelled or modified by the subscriber after having been received by the Manager.

Neither the Manager nor the Company assumes any responsibility for failure to subscribe or inability to subscribe for Offer Shares due to technical or internet problems.

Subscription Forms received after the end of the Subscription Period may be disregarded at the sole discretion of the Company and/or the Manager without prior notice to the subscribers. The Company and/or the Manager may, without prior notice to the subscribers, in their sole discretion disregard any incomplete and/or incorrect Subscription Forms or any subscription that may be unlawful. In the event that the Manager needs to verify the identification of a subscriber under the Norwegian Money Laundering Act 2009, the subscriber is responsible for providing the Manager with the necessary documentation. Non-compliance with these requirements may lead to the subscriber not being allocated Offer Shares in the Subsequent Offering.

5.3.7 Allocation of Offer Shares

The allocation of Offer Shares will be made applying the following criteria:

i) Offer Shares shall be allocated on the basis of used Subscription Rights;

ii) In the event that not all Subscription Rights are used and the Subsequent Offering is over-subscribed, holders of Subscription Rights who have subscribed for more Offer Shares than the held Subscription Rights, shall have preferential rights to allocation of unsubscribed Offer Shares in accordance with the principles of Section 10-4 (3) of the Norwegian Public Companies Act

The allocation of Offer Shares will take place after the expiry of the Subscription Period on or about 1 April 2016 and notifications of allocation will be dispatched by post from the VPS on or about 1 April 2016. The Board reserves the right to round off, regulate or in another way reject or reduce any subscription not covered by Subscription Rights (ref. item (i) above). Any excess payments made to the Company will be returned to the subscriber's bank account within two weeks following allocation, without any compensation for lost interest.

No fractional Offer Shares will be allocated and Subscription Rights for less than a whole Offer Share will hence not provide for guaranteed allocation.

The Company will disclose information with regard to the number of Shares subscribed for in the Subsequent Offering on or about 1 April 2016 through the information system of Oslo Børs at www.newsweb.no under the ticker PEN.

5.3.8 Payment for the allocated Offer Shares

The payment for the Offer Shares falls due on 5 April 2016 (the "**Payment Date**").

Each Subscriber must provide a one-time authorisation to the Manager to debit a specified bank account with a Norwegian bank for the amount (in NOK) payable for the Offer Shares allotted to such Subscriber by signing the Subscription Form when subscribing for Offer Shares. The amount will be debited on or about 5 April 2016. Subscribers not having a Norwegian bank account or Subscribers subscribing for Offer Shares for more than NOK 5,000,000 must ensure that payment for their Offer Shares with cleared funds is made on or before 16.30 hours CET on 5 April 2016 and should contact the Manager in this respect.

If there are insufficient funds on a Subscriber's bank account or if it is impossible to debit a bank account for the amount the subscriber is obligated to pay, or payment is not received by the Manager according to other instructions, the allotted Offer Shares will be withheld. Interest will in such event accrue at a rate equal to the interest on late payment, currently 8.75 per cent per annum. The Manager reserves the right to make up to three attempts to debit the Subscribers' accounts in the period up to and including 15 April 2016 if there are insufficient funds on the account on previous debit dates. If payment for the allotted Offer Shares is not received when due, the Offer Shares will not be delivered to the Subscriber, and the Board reserves the right, at the risk and cost of the Subscriber, to cancel the subscription in respect of the Offer Shares for which payment has not been made, or to sell or otherwise dispose of the Offer Shares, and hold the Subscriber liable for any loss, cost or expense suffered or incurred in connection therewith. The original Subscriber remains liable for payment of the entire amount due, including interest, costs, charges and expenses accrued, and the Manager may enforce payment of any such amount outstanding.

5.3.9 Delivery and Listing of the Offer Shares

All Subscribers subscribing for Offer Shares must have a valid VPS account (established or maintained by an investment bank or Norwegian bank that is entitled to operate VPS accounts) to receive Offer Shares.

Assuming that payments from all Subscribers are made when due, delivery of the Offer Shares is expected to take place on or about 8 April 2016. Assuming that payments from all Subscribers are made when due, it is expected that the share capital increase will be registered in the Company Register on or about 8 April 2016.

All of the Offer Shares will be subject to an application for admission to trading on Oslo Stock Exchange. Assuming timely payment by all subscribers, the Company expects that the Offer Shares will be listed on Oslo Stock Exchange on or about 8 April 2016. The Offer Shares will not be sought or admitted to trading on any other regulated market than Oslo Stock Exchange.

The Company has not entered into any underwriting agreements, stabilization agreement, market making agreements or similar agreements for trading of its Shares on Oslo Stock Exchange in relation to the Subsequent Offering.

5.3.10 The rights conferred by the Offer Shares

The Offer Shares will in all respects carry full shareholder rights equal to the existing ordinary Shares of the Company from the date the share capital increase is registered in the Norwegian Register of Business Enterprises. For a description of rights attaching to Shares in the Company, see Section 12.4.6 "*Voting rights and other shareholder rights*" of this Prospectus.

5.3.11 Publication of information in respect to the Subsequent Offering

In addition to press releases on the Company's website www.panoroenergy.com, the Company intends to use the Oslo Børs information system at www.newsweb.no under the Company's ticker code "PEN" to publish information in respect to the Subsequent Offering. The Company will publish information with regard to the number of shares subscribed in the Subsequent Offering on or about 1 April 2016.

5.3.12 Eligible shareholders

The Company's shareholders as of 9 February 2016 as documented by the shareholder register in the VPS on the Record Date, who were not allocated shares in the Private Placement and who are not resident in a jurisdiction where such offering would be unlawful or, for jurisdictions other than Norway, would require any prospectus, filing, registration or similar action (the "Eligible Shareholders").

5.3.13 Record date

Eligible Shareholders registered with VPS as at 11 February 2016 will receive Subscription Rights.

5.3.14 Share capital following the Subsequent Offering

The maximum number of Offer Shares to be issued is 23,809,500, all with a nominal value of NOK 0.005 per Share. If fully subscribed, the Subsequent Offering would give a further increase in the Company's total number of issued Shares post Private Placement from 401,212,452 to 425,021,952, each share with a nominal value of NOK 0.005 per Share. The Offer Shares will be issued in accordance with the Shareholders' resolution passed at the board meeting at the EGM. See Section 12.1.2 "Share capital" for a further description of the Company's share capital.

5.4 VPS REGISTRATION

The Company's Shares are registered in VPS, the Norwegian Central Securities Depository. The Shares' ISIN is NO 0010564701, under which the Offer Shares will be registered, on or about 8 April 2016. The Company's VPS registrar is Nordea Bank Norge ASA, Registrars department, Essendrops gate 7, 0368 Oslo, Norway.

The Placement Shares and the Offer Shares issued in the Subsequent Offering will be listed on Oslo Børs under the ticker code PEN.

5.5 SHARE CAPITAL FOLLOWING THE PRIVATE PLACEMENT AND THE SUBSEQUENT OFFERING

As of the date of this Prospectus, the Company's share capital is NOK 2,006,062.26 divided into 401,212,452 shares, each with a nominal value of NOK 0.005. The Company's share capital is fully paid up and issued in accordance with Norwegian Law.

The final number of Offer Shares to be issued in connection with the Subsequent Offering will depend on the number of Offer Shares subscribed. The minimum number of Offer Shares is 1 and the maximum number of Offer Shares to be issued is 23,809,500, all with a nominal value of NOK 0.005 per Share which will give a further increase in the Company's share capital of NOK 0.005 to a maximum of NOK 119,047.50. Correspondingly, the Company's Share Capital will be NOK 2,006,062.265 in the low end of the range and NOK 2,125,109.76 in the high end of the range. The Offer Shares will be issued in accordance with the resolution passed at the EGM. Please see Section 12 "*Share capital and shareholder matters*" for a further description of the Company's share capital.

5.6 PROCEEDS AND COSTS

The transaction costs of the Company related to the Private Placement and the Subsequent Offering are estimated at approximately NOK 5.1 million, and accordingly the net proceeds of the Private Placement and the Subsequent Offering will be approximately NOK 74.9 million, assuming the Subsequent Offering will be fully subscribed.

No expenses or taxes are charged to the subscribers in the Private Placement or the Subsequent Offering by the Company or the Manager.

5.7 DILUTION

The Company had 234,545,786 Shares outstanding prior to the Private Placement. Assuming full subscription in the Subsequent Offering, a total of 190,476,166 new Shares will be issued in the Private Placement and the Subsequent Offering, resulting in a dilution of approximately 45%[1] for existing shareholders who did not participate in the Private Placement or the Subsequent Offering.

Taking into account the Placement Shares, the percentage of immediate dilution resulting from the Subsequent Offering for Panoro Energy's shareholders is expected to amount to approximately 7%[2] if all Offer Shares are issued.

The table below illustrates the sequence of dilution for shareholders not participating in the Private Placement nor the Subsequent Offering:

	Prior to the Private Placement and Subsequent Offering	**Prior to the Subsequent Offering**	**Subsequent to both the Private Placement and Subsequent Offering**
No of Shares each with a nominal value of NOK 0.005	234,545,786	401,212,452	425,021,952
% dilution	0%	42%	45%

5.8 MANAGER AND AVDISORS

The Private Placement and the Subsequent Offering is being managed by Arctic Securities AS. Michelet & Co Advokatfirma AS is acting as Company's legal counsel in connection to the Private Placement and the Subsequent Offering. Advokatfirmat BA-HR DA acts as legal advisor to the Manager in connection with the Private Placement.

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1 Defined as total of new Shares issued in the Private Placement and assuming full subscription in the Subsequent Offering divided by the total number of Shares following the Private Placement and the Subsequent Offering.

2 Defined as number of new Shares issued in connection with the Subsequent assuming full subscription divided by the total number of Shares following issuance of the Offer Shares less the amount held by existing shareholders as of 9 February 2016 who participated in the Private Placement.

5.9 JURISDICTION AND GOVERNING LAW

This Prospectus, the Subscription Form and the terms and conditions of the Subsequent Offering shall be governed by and construed in accordance with, and the Offer Shares will be issued pursuant to, Norwegian law. Any dispute arising out of, or in connection with, this Prospectus or the Subsequent Offering shall be subject to the exclusive jurisdiction of Oslo District Court.

5.10 INTEREST OF NATURAL AND LEGAL PERSONS IN THE SUBSEQUENT OFFERING

Arctic Securities AS serves as Manager in connection with the Private Placement and the Subsequent Offering, and receives a success based fee and commission in this regard. The fee is a fixed percentage fee, calculated on the basis of the gross proceeds raised in the Private Placement and Subsequent Offering.

The Manager and its affiliates are currently providing, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may receive and may continue to receive customary fees and commissions. The Manager, its employees and any affiliate may currently own Shares in the Company.

Beyond the abovementioned, the Company is not aware of any interest of any natural or legal persons nor conflicts of interest involved in the Private Placement or the Subsequent Offering.

5.11 SELLING AND TRANSFER RESTRICTIONS

5.11.1 General

The grant of Subscription Rights and/or issue of Offer Shares, upon exercise of Subscription Rights, to persons resident in, or who are citizens of countries other than Norway, may be affected by the laws of the relevant jurisdiction. Shareholders should consult their professional advisers as to whether they require any governmental or other consent or need to observe any other formalities to enable them to exercise Subscription Rights or purchase or subscribe for Offer Shares.

The Company does not intend to take any action to permit a public offering of the Offer Shares in any jurisdiction other than Norway. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus is for information only and should not be copied or redistributed. Except as otherwise disclosed in this Prospectus, if a Shareholder receives a copy of this Prospectus in any territory other than Norway, the Shareholder may not treat this Prospectus as constituting an invitation or offer to it, nor should the Shareholder in any event deal in the Offer Shares, unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that Eligible Shareholder, or the Subscription Rights and Offer Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements, and such Shareholder consequently qualify as an "Eligible Shareholder" pursuant to the Subsequent Offering. Accordingly, if a Shareholder receives a copy of this Prospectus, the Shareholder should not distribute or send the same, or, if such Shareholder qualifies as an Eligible Shareholder; transfer the Subscription Rights and/or Offer Shares to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If the Shareholder forwards this Prospectus into any such territories (whether under a contractual or legal obligation or otherwise), the Shareholder should direct the recipient's attention to the contents of this Section 5.11.

Except as otherwise noted in this Prospectus and subject to certain exceptions: (i) the Subscription Rights and Offer Shares being granted or offered, may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, Member States of the EEA that have not implemented the Prospectus Directive, Australia, Canada, Hong Kong, Japan, the United States, Switzerland or any other jurisdiction in which it would not be permissible to offer the Subscription Rights and/or the Offer Shares (the "Ineligible Jurisdictions"); (ii) this Prospectus may not be sent to any person in any Ineligible Jurisdiction; and (iii) the crediting of Subscription Rights to an account of an Ineligible Shareholder or other person in an Ineligible Jurisdiction (such other persons referred to as "Ineligible Persons") does not constitute an offer to such persons of the Subscription Rights or the Offer Shares. Ineligible Persons may not exercise Subscription Rights.

If a Shareholder purports to be an Eligible Shareholder and takes up, delivers or otherwise transfers Subscription Rights, exercises Subscription Rights to obtain Offer Shares or trades or otherwise deals in the Subscription Rights and Offer Shares, that Eligible Shareholder will be deemed to have made or, in some cases, be required to make, some or all of the following representations and warranties to the Company and any person acting on the Company's or its behalf ("the Eligible Shareholders Representations and Warranties"):

(i) the Eligible Shareholder is not located in an Ineligible Jurisdiction;

(ii) the Eligible Shareholder is not an Ineligible Person;

(iii) the Eligible Shareholder is not acting, and has not acted, for the account or benefit of an Ineligible Shareholder or an Ineligible Person;

(iv) unless the Eligible Shareholder (a) is a "qualified institutional buyer" as defined in Rule 144A under the U.S. Securities Act or (b) is an "accredited investor" as defined in Rule 501(a) under the U.S. Securities Act, the

Eligible Shareholder is located outside the United States and any person for whose account or benefit it is acting on a non-discretionary basis is located outside the United States and, upon acquiring Offer Shares, the Eligible Shareholder and any such person will be located outside the United States;

(v) the Eligible Shareholder understands that the Subscription Rights and Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered, sold, pledged, resold, granted, delivered, allocated, taken up or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, registration under the U.S. Securities Act; and

(vi) the Eligible Shareholder may lawfully be offered, take up, subscribe for and receive Subscription Rights and Offer Shares in the jurisdiction in which it resides or is currently located.

The Company and any persons acting on behalf of the Company, including the Manager, will rely upon the Eligible Shareholder's representations and warranties. Any provision of false information or subsequent breach of these representations and warranties may subject the Eligible Shareholder to liability.

If a person is acting on behalf of a holder of Subscription Rights (including, without limitation, as a nominee, custodian or trustee), that person will be required to provide the foregoing representations and warranties to the Company with respect to the exercise of Subscription Rights on behalf of the holder. If such person cannot or is unable to provide the foregoing representations and warranties, the Company will not be bound to authorize the allocation of any of the Subscription Rights and Offer Shares to that person or the person on whose behalf the other is acting. Subject to the specific restrictions described below, if an Eligible Shareholder (including, without limitation, its nominees and trustees) is outside Norway and wishes to exercise or otherwise deal in or subscribe for Subscription Rights and/or Offer Shares, the Eligible Shareholder must satisfy itself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

The information set out in this Section 5.11 is intended as a general overview only. If any Shareholder is in any doubt as to whether it is eligible to receive the Subscription Rights and/or subscribe for the Offer Shares, that Shareholder should consult its professional adviser without delay.

Subscription Rights will initially be credited to financial intermediaries for the accounts of all shareholders who hold Company Shares registered through a financial intermediary and as registered with VPS on the Record Date. Subject to certain exceptions, financial intermediaries, which include brokers, custodians and nominees, may not exercise any Subscription Rights on behalf of any Ineligible Shareholder or any Ineligible Persons, and may be required in connection with any exercise of Subscription Rights to provide certifications to that effect.

Subject to certain exceptions, financial intermediaries are not permitted to send this Prospectus or any other information about the Subsequent Offering in or into any Ineligible Jurisdiction. Subject to certain exceptions, exercise instructions or certifications sent from or postmarked in any Ineligible Jurisdiction will be deemed to be invalid and the Offer Shares will not be delivered to an addressee in any Ineligible Jurisdiction. The Company reserves the right to reject any exercise (or revocation of such exercise) in the name of any person (a) who provides an address in an Ineligible Jurisdiction for acceptance, revocation of exercise or delivery of such Subscription Rights and Offer Shares, (b) who is unable to represent or warrant that such person is an Eligible Shareholder and (c) who is acting on a non-discretionary basis for such persons, or who appears to the Company or its agents to have executed its exercise instructions or certifications in, or dispatched them from, an Ineligible Jurisdiction. Furthermore, the Company reserves the right, with sole and absolute discretion, to treat as invalid any exercise or purported exercise of Subscription Rights which appears to have been executed, effected or dispatched in a manner that may involve a breach or violation of the laws or regulations of any jurisdiction.

Notwithstanding any other provision of this Prospectus, the Company reserves the right to permit a holder to exercise its Subscription Rights based on the Eligible Shareholders Representations and Warranties as set out above, or if the Company, at its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the laws or regulations giving rise to the restrictions in question. Applicable exemptions in certain jurisdictions are described further below. Not all jurisdictions in which shareholders with shares are registered with the VPS on the Record Date were residents are covered by the descriptions above. In any such case, the Company does not accept any liability for any actions that a holder takes or for any consequences that it may suffer as a result of the Company accepting or refusing the holder's exercise of Subscription Rights.

No action has been or will be taken by the Manager to permit the possession of this Prospectus (or any other offering or publicity materials or application or subscription form(s) relating to the Subsequent Offering) in any jurisdiction where such distribution may lead to a breach of any law or regulatory requirement.

Neither the Company nor the Manager, nor any of their respective representatives, is making any representation to any recipient, offeree, subscriber or purchaser of Subscription Rights and/or Offer Shares regarding the legality of an investment in the Subscription Rights and/or the Offer Shares by such recipient, offeree, subscriber or purchaser under the laws applicable to such recipient, offeree, subscriber or purchaser. Each Eligible Shareholder should consult its own advisers before subscribing for Offer Shares or purchasing Offer Shares. Eligible Shareholders are required to make their independent assessment of the legal, tax, business, financial and other consequences of a subscription for Offer Shares or a purchase of and/or Offer Shares.

5.11.2 United States

The Subscription Rights, including the Offer Shares, have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from the registration requirements of the U.S. Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. There will be no public offer of the Subscription Rights and the Offer Shares in the United States. A notification of exercise of Subscription Rights and subscription of Offer Shares in contravention of the above may be deemed to be invalid.

The Subscription Rights and Offer Shares are being offered and sold outside the United States in reliance on Regulation S under the U.S. Securities Act. Any offering of the Subscription Rights and Offer Shares by the Company to be made in the United States will be made only to a limited number of (a) "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) or (b) "accredited investors" (as defined in Rule 501(a) under the U.S. Securities Act), pursuant to an exemption from registration under the U.S. Securities Act who have executed and returned an Eligible Shareholder letter to the Company prior to exercising their Subscription Rights. Prospective purchasers are hereby notified that sellers of the Subscription Rights and the Offer Shares may be relying on an exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A.

Accordingly, subject to certain limited exceptions, this Prospectus will not be sent to any Shareholder with a registered address in the United States. In addition, the Company and the Manager reserve the right to reject any instruction sent by or on behalf of any account holder with a registered address in the United States in respect of the Subscription Rights and/or the Offer Shares.

Any recipient of this document in the United States is hereby notified that this Prospectus has been furnished to it on a confidential basis and is not to be reproduced, retransmitted or otherwise redistributed, in whole or in part, under any circumstances. Furthermore, recipients are authorized to use it solely for the purpose of considering an investment in the Subsequent Offering and may not disclose any of the contents of this document or use any information herein for any other purpose. This document is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for Offer Shares or otherwise acquire Subscription Rights and/or Offer Shares. Any recipient of this document agrees to the foregoing by accepting delivery of this document.

Until 40 days after the commencement of the Subsequent Offering, any offer or sale of the Subscription Rights and Offer Shares within the United States by any dealer (whether or not participating in the Subsequent Offering) may violate the registration requirements of the U.S. Securities Act.

The Subscription Rights and the Offer Shares have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Subsequent Offering or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offense in the United States.

Each person to which Subscription Rights and/or Offer Shares are distributed, offered or sold in the United States, by accepting delivery of this Prospectus or by its subscription for Offer Shares, will be deemed to have represented and agreed, on its behalf and on behalf of any Eligible Shareholder accounts for which it is subscribing for Offer Shares, as the case may be, that:

(i) it is (a) a "qualified institutional buyer" as defined in Rule 144A under the U.S. Securities Act, or (b) an "accredited investor" as defined in Rule 501(a) under the U.S. Securities Act, and that it has executed and returned an Eligible Shareholder letter to the Company prior to exercising their Subscription Rights; and

(ii) the Subscription Rights and Offer Shares have not been offered to it by the Company by means of any form of "general solicitation" or "general advertising" (within the meaning of Regulation D under the U.S. Securities Act).

Each person to which Subscription Rights and/or Offer Shares are distributed, offered or sold outside the United States will be deemed, by its subscription or purchase of Offer Shares, to have represented and agreed, on its behalf and on behalf of any Eligible Shareholder accounts for which it is subscribing for or purchasing Offer Shares, as the case may be, that:

(i) it is acquiring the Offer Shares from the Company or the Manager in an "offshore transaction" as defined in Regulation S under the U.S. Securities Act; and

(ii) the Subscription Rights and/or the Offer Shares have not been offered to it by the Company or the Underwriters by means of any "directed selling efforts" as defined in Regulation S under the U.S. Securities Act.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (THE "RSA") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE

STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

5.11.3 EEA Selling Restrictions

In relation to each member state of the EEA other than Norway, which has implemented the Prospectus Directive (each a "**Relevant Member State**") delivery of Subscription Rights and/or an offer of Offer Shares which are the subject of the Subsequent Offering contemplated by this Prospectus may not be made to the public in that Relevant Member State except that delivery of Subscription Rights and/or an offer to the public in that Relevant Member State of any Offer Shares may be made at any time under the following exemptions under the Prospectus Directive, provided such exceptions have been implemented in that Relevant Member State:

(i) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(ii) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than Euro ("**EUR**") 43,000,000 and (3) an annual net turnover of more than EUR 50,000,000, as shown in its last annual or consolidated accounts;

(iii) to fewer than 150 natural or legal persons (other than persons and investors as further defined in the Prospectus Directive) subject to obtaining the prior consent of the Manager for any such offer; or

(iv) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of New Shares shall result in a requirement for the publication by the Company or any Underwriter of a Prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable investors to decide to purchase or subscribe for any shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

5.11.4 Notice to Australian Eligible Shareholders

This Prospectus is not a disclosure document under Chapter 6D of the Corporations Act 2001 (Cth) (the "**Australian Corporations Act**"), has not been lodged with the Australian Securities and Investments Commission and does not purport to include the information required of a disclosure document under Chapter 6D of the Australian Corporations Act.

Accordingly:

(a) The delivery of Subscription Rights and/or the offer of the Offer Shares in Australia may only be made to persons who are "sophisticated Eligible Shareholders" (within the meaning of section 708(8) of the Australian Corporations Act) or to "professional Eligible Shareholders" (within the meaning of section 708(11) of the Australian Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708(8) of the Australian Corporations Act, so that it is lawful to offer, or invite applications for, the Subscription Rights and Offer Shares without disclosure to persons under Chapter 6D of the Australian Corporations Act; and

(b) this Prospectus may only be made available in Australia to persons as set forth in clause (a) above.

If you receive or trade Subscription Rights and/or acquire Offer Shares, then you (i) represent and warrant that you are a person to whom an offer of securities can be made without a disclosure document in accordance with subsections 708(8) or (11) of the Australian Corporations Act and (ii) agree not to sell or offer for sale any Subscription Rights and Offer Shares in Australia within 12 months after their issue to the offeree or invitee under this Prospectus, except in circumstances where disclosure to Eligible Shareholders under Chapter 6D would not be required under the Australian Corporations Act.

No person receiving a copy of this Prospectus and/or receiving a credit of Subscription Rights to an account in VPS with a bank or financial institution in Australia may treat the same as constituting an invitation or offer to such person nor should such person in any event deal in Subscription Rights in VPS unless such an invitation or offer could lawfully be made to such person without contravention of any registration or other legal requirements. In such circumstances, this document is to be treated as received for information only and should not be copied or redistributed.

5.11.5 Notice to Canadian Eligible Shareholders

Neither the Subscription Rights nor the Offer Shares have been or will be qualified by a prospectus for sale to the public in Canada under applicable Canadian securities laws, and accordingly, any offer or sale of the Subscription Rights or Offer Shares in Canada must be made pursuant to an exemption from the applicable prospectus and registration requirements, and otherwise in compliance with applicable Canadian laws.

5.11.6 Notice to Hong Kong Eligible Shareholders

The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Subsequent Offering. If you are in any doubt regarding any of the contents of this Prospectus, you should obtain independent professional advice. This Prospectus does not constitute an offer or sale in Hong Kong of any Subscription Rights or the Offer Shares and no person may offer or sell in Hong Kong, by means of this Prospectus other than to (a) professional Eligible Shareholders within the meaning of Part I of Schedule 1 to the Securities and Futures Ordinance of Hong Kong (Cap. 571) ("**SFO**") and any rules made under the SFO ("p**rofessional Eligible Shareholders**") or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance of Hong Kong (Cap. 32) ("**CO**") or which do not constitute an offer or invitation to the public for the purposes of the CO or the SFO. No person shall issue or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to Subscription Rights or Offer Shares which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to those Subscription Rights or Offer Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to such professional Eligible Shareholders.

Existing shareholders agree not to offer or sell in Hong Kong any Subscription Rights or the Offer Shares other than (a) to professional Eligible Shareholders; or (b) in other circumstances which do not result in the document offering for sale the Subscription Rights or the Offer Shares being a "prospectus" as defined in the CO or which do not constitute an offer to the public within the meaning of the CO or the SFO. Existing shareholders also agree not to issue or have in their possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Subscription Rights or the Offer Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Subscription Rights or the Offer Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to professional Eligible Shareholders.

5.11.7 Notice to Japanese Eligible Shareholders

The Subsequent Offering of Offer Shares offered hereby has not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the "**Financial Instruments and Exchange Law**"). Accordingly, each Underwriter has represented, warranted and agreed that the Offer Shares to which it each subscribes will be subscribed by it as principal and that, in connection with the offering made hereby, it will not, directly or indirectly, offer or sell any Subscription Rights or Shares in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and other relevant laws and regulations of Japan.

5.11.8 Notice to Swiss Eligible Shareholders

This Prospectus is not being publicly distributed in Switzerland. Each copy of this document is addressed to a specifically named recipient and may not be passed on to third parties. The Subscription Rights or Offer Shares are not being offered to the public in or from Switzerland, and neither this document, nor any other offering material in relation to the Subscription Rights or Offer Shares may be distributed in connection with any such public offering.

5.12 MANDATORY ANTI MONEY LAUNDERING PROCEDURES

The Subsequent Offering is subject to the Norwegian Money Laundering Act of 6 March 2009 no. 11 and the Norwegian Money Laundering Regulations (collectively the "**Anti-Money Laundering Legislation**").

All subscribers not registered as existing customers with the Managers must verify their identity in accordance with the requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Subscribers that have designated an existing Norwegian bank account and an existing VPS account on the Subscription Form are exempted, provided the aggregate subscription price is less than NOK 100,000, unless verification of identity is requested by the Manager. The verification of identity must be completed prior to the end of the Subscription Period. Subscribers that have not completed the required verification of identity may not be allocated Offer Shares.

Further, in participating in the Subsequent Offering, each subscriber must have a VPS account. The VPS account number must be stated on the Subscription Form. VPS accounts can be established with authorised VPS registrars, which can be Norwegian banks, authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA. However, non-Norwegian subscribers may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorised by the Norwegian Ministry of Finance. Establishment of a VPS account requires verification of identity before the VPS registrar in accordance with the Anti-Money Laundering Legislation.

5.13 SUBSCRIPTIONS IN THE PRIVATE PLACEMENT AND SUBSEQUENT OFFERING BY MAJOR SHAREHOLDERS, MANAGEMENT, SUPERVISORY, ADMINISTRATIVE BODIES AND PERSON/ENTITIES SUBSCRIBING FOR MORE THAN FIVE PER CENT OF THE OFFERINGS

5.13.1 The Private Placement

The table below provides an overview of members of management, supervisory and administrative bodies that participated in the Private Placement and other persons/entities that subscribed for more than five per cent of the Private Placement:

Investor	Shares subscribed	Share of offering
Nordea[1]	38,150,000	22.89 %
KLP Kapitalforvaltning[2]	22,240,400	13.34 %
Danske Kapital – DI Norge Vekst	16,666,600	10.00 %
Storebrand Kapitalforvaltning	14,285,700	8.57 %
Midelfart Invest AS	11,904,700	7.14 %
Swedbank SMB	10,714,200	6.43 %
CVI Investments Inc.	8,333,300	5.00 %
Julien Balkany (Chairman of the Board)[3]	5,550,000	3.33 %
John Hamilton (CEO)	238,000	0.14 %
Qazi Qadeer (CFO)	178,500	0.11 %
Richard Morton (Technical Director)	119,000	0.07 %
Alexandra Herger (Board Member)	59,500	0.04 %

5.13.2 The Subsequent Offering

To the extent known to the Issuer, no major shareholders, members of management, supervisory and administrative bodies intend to subscribe for Shares in the Subsequent Offering, nor does the Issuer know of any shareholders who intend to subscribe for more than 5% of the Subsequent Offering.

[1] Through the funds Nordea Avkastning, Nordea Norwegian Equity Market Fund, Nordea Kapital and Nordea Norge Pluss

[2] Through the funds KLP Liv and KLP Aksje Norge

[3] Through Nanes Balkany Partners LLC and Balkany Investments LLC

6. CONSOLIDATED FINANCIAL INFORMATION

6.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Group's audited consolidated financial statements as of, and for the years ended, 31 December 2014, 2013 and 2012 have been prepared in accordance with the International Financial Reporting Standards, as adopted by the EU. The Group's audited consolidated financial statements as of, and for the years ended, 31 December 2014, 2013 and 2012 are together referred to as the "**Audited Financial Statements"** and are incorporated by reference to this Prospectus. The Group's unaudited interim consolidated financial statements as of, and for the three and twelve month periods ended, 31 December 2015 and 2014 (the "**Interim Financial Statements**"), have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("**IAS 34**") are incorporated by reference to this Prospectus. The Audited Financial Statements and Interim Financial Statements are together referred to as the "**Financial Statements**".

The Company presents the Financial Statements in USD (presentation currency) rounded to the nearest thousands.

The Company divested its Brazilian operations 1 April 2014. As a consequence of this transaction, Panoro restated financial information for the financial year 2013 to separate out the effect of its discontinued operations. The restated financials are provided as a supplement to the ordinary audited financials for the financial year ended 31 December 2013.

The selected financial data set forth below may not contain all of the information that is important to a potential investor of shares in the Company. As a result, the data should be read in conjunction with the relevant financial statements and the notes to those statements.

6.2 FUNDING AND TREASURY POLICIES AND BASIS FOR PREPARATION

The following tables present the data extracted from the audited historical financial statements of the Company's annual reports as of and for each of the three years ended 31 December 2012, 2013 and 2014. Due to the transaction involving a sale of Company's subsidiary in 2014, the comparative information for the years 31 December 2012 and 2013 as published in the Annual reports are not comparable on a like for like bases due to restatement for accounting discontinued operations. The interim financial information for the year financial quarter ended 31 December 2015 and 2014 have been extracted from Panoro Energy's unaudited Interim Financial Statements published in the Company's 2015 and 2014 fourth quarter reports.

For information regarding accounting policies and the use of estimates and judgements, please refer to note 2 of the Audited Financial Statements, incorporated by reference in this Prospectus.

The Company operates predominantly in one business segment being the exploration of oil and gas in West Africa. After the divestment of Company's interest in Manati field at the end of March 2014, the Group is only left with West African operating business. Brazilian items have been reported as discontinued operations in the financial years 2013, 2014 and 2015. In the year 2012, the Brazilian items were reported as continuing operations.

6.3 CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended		**12 months ended**				
	31 December		**31 December**				
USD 000	***2015***	***2014***	**2015**	**2014**	**2013**	**2013**	**2012**
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Audited)*	*(Audited)*	*(Audited)*	*(Audited)*
CONTINUING OPERATIONS						*(Restated)*	
Revenue							
Oil and Gas revenue	-	-	-	-	43,646	-	45,939
Other income	-	-	-	-	10,500	7,000	891
Total revenue	-	-	-	-	54,146	7,000	46,830
Expenses							
Production costs	-	-	-	-	(10,877)	-	(5,557)
Exploration related costs and operator G&A	(426)	(667)	(1,877)	(1,523)	(922)	(653)	(903)
General and administrative costs	(1,042)	(1,327)	(4,823)	(5,388)	(10,723)	(5,956)	(16,312)
Strategic review costs	-	(117)	-	(327)	(2,190)	(1,856)	-
Impairment and write-downs	-	-	(32,445)	-	(46,815)	-	(47,150)
Severance and restructuring costs	-	(285)	(38)	(686)	-	-	-

Gain/(loss) on disposal of exploration and evaluation assets and other assets	-	-	-	-	(1,681)	(1,681)	(75)
Depreciation	(33)	(17)	(90)	(76)	(2,459)	(92)	(7,713)
Share based payments	-	80	-	(34)	(235)	(218)	(1,150)
Total operating expenses	**(1,501)**	**(2,333)**	**(39,273)**	**(8,034)**	**(75,902)**	**(10,456)**	**(78,860)**
Operating loss	**(1,501)**	**(2,333)**	**(39,273)**	**(8,034)**	**(21,756)**	**(3,456)**	**(32,030)**
Net foreign exchange (loss)/gain	8	(77)	(25)	(61)	707	2,640	(4,926)
Interest costs net of income / Effect of re-measurement of bond liability	(12)	70	73	(3,830)	(22,883)	(23,933)	(15,436)
Other financial costs	(4)	-	(14)	(129)	-	(80)	-
Loss before income taxes	**(1,509)**	**(2,340)**	**(39,239)**	**(12,054)**	**(43,932)**	**(24,829)**	**(52,392)**
Income tax benefit / (expense)	(46)	25	(46)	25	(10,821)	(209)	4,580
Net loss from continuing operations	**(1,555)**	**(2,315)**	**(39,285)**	**(12,029)**	**(54,753)**	**(25,038)**	**(47,812)**
DISCONTINUED OPERATIONS							
Net income / (loss) from discontinued operations	(162)	(1,020)	(582)	3,145	-	(29,715)	-
Net loss for the period	**(1,717)**	**(3,335)**	**(39,867)**	**(8,884)**	**(54,753)**	**(54,753)**	**(47,812)**
Exchange differences arising from translation of foreign operations	(35)	(101)	(19)	3,406	(19,138)	(19,138)	(18,400)
Recycling of accumulated currency translation on sale of subsidiary	-	-	-	35,195	-	-	-
Other comprehensive income / (loss) for the period (net of tax)	**(35)**	**(101)**	**(19)**	**38,601**	**(19,138)**	**(19,138)**	**(18,400)**
Total comprehensive income / (loss)	**(35)**	**(3,436)**	**(39,886)**	**29,717**	**(73,891)**	**(73,891)**	**(66,212)**
Net loss attributable to:							
Equity holders of the parent	(1,717)	(3,335)	(39,867)	(8,884)	(54,753)	(54,753)	(47,812)
Total comprehensive income / (loss)							
Equity holders of the parent	(1,752)	(3,436)	(39,886)	29,717	(73,891)	(73,891)	(66,212)
Earnings per share							
(USD) – Basic and diluted - Income/(loss) period attributable to equity .... of the parent – Total	(0.01)	(0.01)	(0.17)	(0.04)	(0.23)	(0.23)	(0.20)
(USD) – Basic and diluted - Income/(loss) for the period attributable to equity holders of the parent – Continuing operations	(0.01)	(0.01)	(0.17)	(0.05)	(0.23)	(0.11)	(0.20)

6.4 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

USD 000	12 months ended 31 December 2015	2014	2013	2013	2012
	(Unaudited)	*(Audited)*	*(Audited)*	*(Audited) (Restated)*	*(Audited)*
ASSETS					
Non-current assets					
Intangible assets					
Licenses and exploration assets	31,032	61,480	94,755	94,755	182,569
Development assets	70,195	45,169	-	-	-
Deferred tax assets	-	-	11,899	11,899	20,140
Total intangible assets	**101,227**	**106,649**	**106,654**	**106,654**	**202,709**
Tangible assets					
Production assets and equipment	-	-	-	-	69,147
Property, furniture, fixtures and equipment	266	94	189	189	1,021
Other non-recurrent assets	962	-	-	-	2,632
Total tangible assets	**1,228**	**94**	**189**	**189**	**73,070**
Total non-current assets	**102,455**	**106,743**	**106,843**	**106,843**	**275,779**
Current assets					
Trade and other receivables	1,693	6,279	969	969	19,019
Cash and cash equivalents	10,948	40,941	54,152	54,152	70,623
Restricted cash	-	-	2,604	2,604	2,880
Total current assets	**12,641**	**47,220**	**57,725**	**57,725**	**92,522**
Assets classified as held for sale	-	-	96,856	96,856	-
TOTAL ASSETS	**115,096**	**153,963**	**261,424**	**261,424**	**368,301**
EQUITY AND LIABILITIES					
Equity					
Share capital	193	56,333	56,333	56,333	56,333
Share premium	344,998	288,858	288,858	288,858	288,858
Additional paid-in capital	65,914	65,914	66,021	66,021	65,786
Total paid-in equity	**411,105**	**411,105**	**411,212**	**411,212**	**410,977**
Other reserves	(43,395)	(43,376)	(81,976)	(81,976)	(218,874)
Retained earnings	(259,539)	(219,672)	(210,788)	(210,788)	-
Total equity attributable to shareholder of the parent	**108,171**	**148,057**	**118,448**	**118,448**	**192,103**
Non-current liabilities					
Non-current interest bearing debt	-	-	-	-	110,801
Deferred tax liability	4,376	4,376	4,376	4,376	10,817
Other non-current liabilities	-	-	-	-	6,130
Asset retirement obligation	1,856	-	-	-	2,823
Total non-current liabilities	**6,232**	**4,376**	**4,376**	**4,376**	**130,571**
Current liabilities					
Accounts payable and accrued liabilities	693	1,530	5,268	5,268	29,785
Current interest bearing debt	-	-	118,912	118,912	15,496
Corporation tax liability	-	-	-	-	346
Total current liabilities	**693**	**1,530**	**124,180**	**124,180**	**45,627**
Liabilities directly associated with assets classified as held for sale	-	-	14,420	14,420	-
TOTAL EQUITY AND LIABILITIES	**115,096**	**153,963**	**261,424**	**261,424**	**368,301**

6.5 CONSOLIDATED STATEMENTS OF CASHFLOWS

USD 000	3 months ended 31 December 2015 (Unaudited)	3 months ended 31 December 2014 (Unaudited)	12 months ended 31 December 2015 (Unaudited)	12 months ended 31 December 2014 (Audited)	12 months ended 31 December 2013 (Audited)	12 months ended 31 December 2013 (Audited) (Restated)	12 months ended 31 December 2012 (Audited)
Net (loss) / income for the year before tax – Continuing operations..	(1,509)	(2,340)	(39,239)	(12,054)	(43,932)	(24,828)	(52,392)
Net (loss) / income for the year before tax – Discontinued operations.....................................	(162)	(106)	(582)	15,845	-	(19,104)	-
Net income/(loss)..	**(1,671)**	**(2,446)**	**(39,821)**	**3,791**	**(43,932)**	**(43,932)**	**(52,392)**
Adjusted for:							
Depreciation...	33	17	90	79	2,459	2,459	7,713
Recycling accumulated .... currency translation on sale of subsidiary	-	-	-	35,195	-	-	-
Effect of re-measurement of bond liability	-	-	-	(8,694)	8,694	8,694	-
Other income	-	-	-	-	(10,500)	(10,500)	(891)
Exploration related costs and operator G&A	426	-	1,877	-	-	-	-
Impairment and asset write off	184	159	32,823	755	46,815	46,815	47,150
(Gain) / loss on disposal of subsidiary /assets........	-	-	-	(53,495)	1,681	1,681	75
Net finance costs	16	(448)	(59)	12,064	14,189	14,189	15,436
Share-based payments	-	(112)	-	(108)	235	235	1,150
Foreign exchange loss / (gain)............................	(7)	584	25	212	(707)	(707)	4,926
Increase/(decrease) in trade and other payables....	(288)	541	(838)	1,443	2,584	2,584	(5,404)
(Increase)/decrease in trade and other receivables	(364)	3,343	(583)	(459)	1,177	1,177	5,023
Taxes paid	(46)	-	(46)	-	(4,432)	(4,432)	(3,022)
Net cash flows from operating activities	**(1,717)**	**1,638**	**(6,532)**	**(9,217)**	**18,263**	**18,263**	**19,764**
Cash flows from investing activities							
Investment in exploration, production and other assets	(4,407)	(12,701)	(22,549)	(19,911)	(22,030)	(22,030)	(21,777)
Movement in related non-current assets	-	-	(962)	-	-	-	-
Proceeds from disposal of subsidiary (net of costs).	-	-	-	139,100	35,000	35,000	16
Incidental income on termination of sale agreement	-	-	-	-	7,000	7,000	-
Cash and cash equivalents classified as held for sale	-	-	-	-	(17,015)	(17,015)	-
Net cash flows from investing activities..........	**(4,407)**	**(12,701)**	**(23,511)**	**119,189**	**2,955**	**2,955**	**(21,761)**
Cash flows from financing activities							
Interest paid							
Net financial cost (paid)/income received	(16)	24	59	386	(15,403)	(15,403)	(19,097)
Repayment of bond	-	-	-	(123,394)	(13,850)	(13,850)	(14,070)
Movement in restricted cash balance	-	-	-	-	276	276	100
Net cash flows from financing activities..........	**(16)**	**24**	**59**	**(123,008)**	**(28,977)**	**(28,977)**	**(33,067)**
Effect of foreign currency translation adjustment on cash balances	2	(546)	(9)	(175)	(8,712)	(8,712)	(2,252)
Change in cash and cash equivalents during the period	**(6,138)**	**(11,585)**	**(29,993)**	**(13,211)**	**(16,471)**	**(16,471)**	**(37,316)**
Cash and cash equivalents at the beginning of the period..	17,086	52,526	40,941	54,152	70,623	70,623	107,939
Cash and cash equivalents at the end of the period	**10,948**	**40,941**	**10,948**	**40,941**	**54,152**	**54,152**	**70,623**

6.6 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

USD 000	Issued capital	Share premium	Additional paid-in capital	Retained earnings	Other reserves	Currency translation reserve	Total
At 1 January 2012 - (Audited)	**56,333**	**288,858**	**64,636**	**(108,223)**	**(37,647)**	**(6,792)**	**257,165**
Net income (loss)	-	-	-	(47,812)	-	-	(47,812)
Other comprehensive income/(loss)	-	-	-	-	-	(18,400)	(18,400)
Total comprehensive income/(loss)	-	-	-	(47,812)	-	(18,400)	(66,212)
Employee share options	-	-	1,150	-	-	-	1,150
At 31 December 2012 - (Audited)............	**56,333**	**288,858**	**65,786**	**(156,035)**	**(37,647)**	**(25,192)**	**192,103**
Net income (loss) - Continuing Operations	-	-	-	(25,038)	-	-	(25,038)
Net income (loss) - Discontinued Operations ..	-	-	-	(29,715)	-	-	(29,715)
Other comprehensive income/(loss)	-	-	-	-	-	(19,138)	(19,138)
Total comprehensive income/(loss)	-	-	-	(54,753)	-	(19,138)	(73,891)
Employee share options	-	-	235	-	-	-	235
At 31 December 2013 - (Audited)............	**56,333**	**288,858**	**66,021**	**(210,788)**	**(37,647)**	**(44,330)**	**118,448**
Net income (loss) - Continuing Operations	-	-	-	(12,029)	-	-	(12,029)
Net income/(loss) – Discontinued Operations	-	-	-	3,145	-	35,195	38,340
Other comprehensive income/(loss)	-	-	-	-	-	3,406	3,406
Total comprehensive income/(loss)	-	-	-	(8,884)	-	38,601	29,717
Employee share options	-	-	(107)	-	-	-	(107)
At 31 December 2014 - (Audited)............	**56,333**	**288,858**	**65,914**	**(219,672)**	**(37,647)**	**(5,729)**	**148,057**
At 1 January 2015 - (Audited)	**56,333**	**288,858**	**65,914**	**(219,672)**	**(37,647)**	**(5,729)**	**148,057**
Net income/(loss) for the period - Continuing Operations	-	-	-	(39,285)	-	-	(39,285)
Net income/(loss) for the period - Discontinued Operations	-	-	-	(582)	-	-	(582)
Other comprehensive income/(loss)...............	-	-	-	-	-	(19)	(19)
Total comprehensive income/(loss)................	-	-	-	(39,867)	-	(19)	(39,886)
Reduction in registered share capital..............	(56,140)	56,140	-	-	-	-	-
At 31 December 2015 - (Unaudited).........	**193**	**344,998**	**65,914**	**(259,539)**	**(37,647)**	**(5,748)**	**108,171**
At 30 September 30 2014 - (Unaudited)	**56,333**	**288,858**	**66,017**	**(216,336)**	**(37,647)**	**(5,629)**	**151,596**
Net income/(loss) for the period - Continuing Operations	-	-	-	(2,315)	-	-	(2,315)
Net income/(loss) for the period - Discontinued Operations	-	-	-	(1,020)	-	-	(1,020)
Other comprehensive income/(loss)...............	-	-	-	-	-	(101)	(101)
Total comprehensive income/(loss)................	-	-	-	(3,335)	-	(101)	(3,436)
Translation adjustment realised on sale of Rio Contas	-	-	-	-	-	-	-
Employee share options	-	-	(103)	-	-	-	(103)
At 31 December 2014 - (Unaudited).........	**56,333**	**288,858**	**65,914**	**(219,671)**	**(37,647)**	**(5,730)**	**148,057**

At 30 September 2015 - (Unaudited)........	**193**	**344,998**	**65,914**	**(257,822)**	**(37,647)**	**(5,713)**	**109,923**
Net income/(loss) for the period - Continuing Operations	-	-	-	(1,555)	-	-	(1,555)
Net income/(loss) for the period - Discontinued Operations	-	-	-	(162)	-	-	(162)
Other comprehensive income/(loss)...............	-	-	-	-	-	(35)	(35)
Total comprehensive income/(loss)................	-	-	-	(1,717)	-	(35)	(1,752)
Translation adjustment realised on sale of Rio Contas	-	-	-	-	-	-	-
Employee share options	-	-	-	-	-	-	-
At 31 December 2015 - (Unaudited).........	**193**	**344,998**	**65,914**	**(259,539)**	**(37,647)**	**(5,748)**	**108,171**

6.7 TREND INFORMATION AND SIGNIFICANT CHANGES TO PANORO ENERGY'S FINANCIAL POSITIONS SINCE 31 DECEMBER 2015

In February 2016, the Company raised gross NOK 70 million (~USD 8 million) in new equity in the Private Placement, directed at Norwegian and international institutional investors. The Private Placement received support of new and existing investors, and reached the top end of the range raising NOK 70 million in gross proceeds. The price in the book-building process was set at NOK 0.42 per share. 166,666,666 Shares will be issued following the Private Placement. The completion of the Private Placement was approved by the Company's Extraordinary General Meeting held on 2 March 2016.

The Board of Directors proposed to the Extraordinary General Meeting a subsequent offering of 23,809,500 million shares at a subscription price of NOK 0.42 per share (total proceeds up to NOK 10 million) directed towards Panoro shareholders as of 9 February, 2016 (as recorded in VPS on February 11, 2016) who were not allocated shares in the Private Placement and who were not residents in jurisdictions where such offering would be unlawful or, for jurisdictions other than Norway, would require any prospectus, filing, registration or similar action, which was approved by the Extraordinary General Meeting.

Except for the significant developments described above, there has been no significant change in the financial or trading position of the Group since 31 December 2015.

The Company has not experienced any changes or trends outside the ordinary course of business that are significant to the Company after 31 December 2015 and to the date of this Prospectus. The Company does not know of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for the current financial year.

6.8 SEGMENT INFORMATION

6.8.1 Operating Segments of Panoro Energy

The Company operated predominantly in one business segment being the exploration and production of oil and gas in West Africa. In addition, the Company had a heritage business in Brazil which has been classified as discontinued operations. The Company did not have any oil and gas for the current continuing operations business.

The Group's reportable segments, for both management and financial reporting purposes, are as follows:

- The West African segment holds the following assets:
  - The Dussafu license representing the Group's 33.3% working interest in the Dussafu Marin exploration license in Gabon.
  - The OML 113(Aje) license representing the Group's 6.5% participating interest (16.255% paying interest and 12.1913% revenue interest) in Nigeria.
- The 'Corporate and others' category consists of head office and service company operations that are not directly attributable to the other segment. Further, it also includes the residual corporate business in Brazil which is expected to be dormant in the foreseeable future.

Management monitors the operating results of business segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on capital and general expenditure. Details of group segments are reported below.

- The 'Other' category consists of head office and service company operations that are not directly attributable to the other segments.

Management monitors the operating results of business segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on capital expenditure and production levels.

In terms of discontinued operations, all licenses in Brazil have been relinquished and pending regulatory formalities for closure.

Year ended 31 December 2014

USD 000- Audited	**West Africa**	**Corporate**	**Total – Continuing operations**	**Brazil – Discontinued operations**	**Total**
Revenue (net) *	-	-	-	10,393	10,393
EBITDA....................................	(1,462)	(6,462)	(7,924)	6,049	(1,875)
Depreciation..............................	-	(76)	(76)	(3)	(79)
Impairment	-	-	-	(755)	(755)
Profit /(loss) before tax...............	(1,474)	(10,580)	(12,054)	51,040	38,986
Net profit/(loss)	(1,449)	(10,580)	(12,029)	3,145	(8,884)
Segment assets	112,335	40,434	152,769	1,194	153,963
- Additions to licenses, exploration and evaluation assets, development assets......................................	11,894	-	11,894	-	11,894

Year ended 31 December 2013 (restated)

USD 000- Audited	**West Africa**	**Corporate**	**Total – Continuing operations**	**Brazil – Discontinued operations**	**Total**
Revenue (net) *	-	7,000	7,000	47,146	54,146
EBITDA....................................	(304)	(677)	(981)	30,415	29,434
Depreciation..............................	-	(93)	(93)	(2,366)	(2,459)
Impairment	-	-	-	(46,815)	(46,815)
Profit /(loss) before tax...............	(5,267)	(18,425)	(23,692)	(20,240)	(43,932)
Net profit/(loss)	(5,267)	(18,633)	(23,900)	(30,853)	(54,753)
Segment assets	94,544	50,517	145,061	116,363	261,424
- Additions to licenses, exploration and evaluation assets, development assets..........	20,246	-	20,246	-	20,246

Year ended 31 December 2012

USD 000- Audited	**West Africa**	**Corporate**	**Brazil**	**Total**
Revenue (net) *	-	-	46,830	46,830
EBITDA	(2,071)	(6,454)	32,583	24,058
Depreciation..............................	-	(145)	(7,568)	(7,713)
Impairment	-	-	(47,150)	(47,150)
Profit /(loss) before tax	(7,700)	(15,886)	(28,806)	(52,392)
Net profit/(loss)	(6,919)	(15,453)	(25,440)	(47,812)
Segment assets	135,949	53,352	179,000	368,301
- Additions to licenses, exploration and evaluation assets, development assets..........	29,578	-	2,355	31,933

Year ended 31 December 2015

USD 000- Audited	**West Africa**	**Corporate**	**Total – Continuing operations**	**Brazil – Discontinued operations**	**Total**
Revenue (net) *	-	-	-	-	-
EBITDA	(1,954)	(4,784)	(6,738)	(112)	(6,850)
Depreciation..............................	-	(90)	(90)	-	(90)
Impairment	(32,445)	-	(32,445)	(493)	(32,938)
Profit /(loss) before tax	(36,714)	(2,525)	(39,239)	(582)	(39,821)
Net profit/(loss)	(36,714)	(2,571)	(39,285)	(582)	(39,867)
Segment assets	103,698	11,120	114,818	278	115,096
- Additions to licenses, exploration and evaluation assets, development assets	27,024	-	27,024	-	27,024

6.9 SELECTED OTHER FINANCIAL INFORMATION

The non-IFRS financial measures presented in this Prospectus are not recognised measurements of financial performance or liquidity under IFRS, but are used by Management to monitor and analyse the underlying performance of the Company's business and operations. In particular, non-IFRS financial measures should not be viewed as substitutes for any income statement, cash flow or balance sheet items shown herein and in accordance with IFRS. See Section 4.1.2 ("**Presentation of financial and other information**").

	Three months ended 31 December		12 months ended 31 December			
In USD '000, except for percentages and ratios	**2015**	**2014**	**2015**	**2014**	**2013**	**2012**
Net profit	(1,752)	(3,436)	(39,886)	29,717	(73,891)	(66,212)
Net profit margin (%)(1)	n.m.	n.m.	n.m.	n.m.	-1055.6 %	-141.4 %
EBIT	(1,501)	(2,333)	(39,273)	(8,034)	(3,456)	(32,030)
EBIT margin (%)(2)	n.m.	n.m.	n.m.	n.m.	-49.4 %	-68.4 %
EBITDA	(1,468)	(2,316)	(39,183)	(7,958)	(3,364)	(24,317)
EBITDA margin (%)(3)	n.m.	n.m.	n.m.	n.m.	-48.1 %	-51.9 %
Net debt(4)	(10,948)	(40,941)	(10,948)	(40,941)	(56,756)	(73,503)
Net debt to EBITDA ratio (x)(5)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Free cash flow(6)	(1,468)	(2,316)	(39,183)	111,231	(409)	(46,078)
Cash conversion rate (%)(7)	100.0%	100.0 %	100.0%	-1397.7 %	12.2 %	189.5 %
Net interest expenses(8)	(8)	(7)	34	(4,020)	(21,373)	(20,362)
Interest coverage ratio (x)(9)	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.

1) Net profit margin represents Net profit divided by Total revenue

2) EBIT margin represents EBIT divided by Total revenue

3) EBITDA margin represents EBITDA divided by Total revenue

4) Net debt represents the sum of long term liabilities to financial institutions and short term liabilities to financial institutions minus cash and cash equivalents

5) Net debt to EBITDA ratio represents the sum of long term liabilities to financial institutions and short term liabilities to financial institutions minus cash and cash equivalents divided by EBITDA

6) Free cash flow represents EBITDA less total capital expenditures

7) Cash conversion rate represents EBITDA less total capital expenditures as a percentage of EBITDA

8) Net interest expenses represent the sum of Net foreign exchange (loss)/gain, Interest costs net of income / effect of re-measurement of bond liability, and other financial costs

9) Interest coverage ratio represents EBIT divided by the sum of Other financial income, Changes in fair value of financial current assets, Interest expenses and Other financial expense

6.10 STATUTORY AUDITORS

The Company's auditor for the years ended 31 December 2012, 2013 and 2014 is Ernst & Young, Dronning Eufemias gate 6, P.O. Box 20, NO-0051 Oslo, Norway. Ernst & Young is a member of the Norwegian Institute of Public Accountants (Den Norske Revisorforening). Their address is Dronning Eufemias gate 6, Oslo Atrium, P.O. Box 20, NO-0051 Oslo, Norway. Ernst & Young AS has been the Company's auditor throughout the period covered by financial information included in this Prospectus.

Ernst & Young AS has not audited, reviewed or produced any report on any information provided in this Prospectus.

The financial figures for the financial years ended 31 December 2012, 2013 and 2014 are audited. The financial figures presented for the Group for the interim information for the three months ended 31 December 2015 and 2014 are unaudited.

There have been no audit qualifications in connection with the 2012, 2013 and 2014 financial statements for Panoro Energy. In the 2014 audit report, the Company's auditors Ernst & Young draws attention to the Board of Directors discussion of the uncertainty concerning liquidity and funding situation that was present at the time of the audit report, without qualifying its report, with the following wording: *"According to Note 1, Note 18 and information in the Board of Director's report the liquidity and funding situation for the Company is uncertain. These conditions, along with other matters set forth in Note 1, Note 18 and Board of Director's report, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. The financial statement has been prepared under the assumption of going concern and realisation of assets and settlement of debt in normal operations. No provisions or write-downs have been made for any losses that may occur if this assumption is no longer present. Our opinion is not qualified in respect of this matter"*.

7. OPERATING AND FINANCIAL REVIEW

Since the activity in Panoro Energy ASA is limited the discussion in the following section is focusing on the Group, i.e. including Panoro Energy ASA's consolidated subsidiaries. The financial statements of Panoro Energy is incorporated by reference, see section 15.2 "Documents Incorporated by Reference" in this Prospectus.

The following discussion of the financial condition and results of operations should be read in conjunction with the financial statements included in this Prospectus. The following discussion may contain forward-looking statements that are based on current assumptions and estimates by Panoro Energy's management regarding future events and circumstances. Panoro Energy's actual results could differ materially from those expressed or implied by the forward-looking statements as a result of many factors, including those described in Section 2 "Risk factors". The selected historical consolidated financial data for Panoro Energy discussed in this section is based on the financial information as presented in the annual reports of years ended 31 December 2012, 2013 and 2014 and unaudited interim consolidated financial statements of the Company for the year and three months ended 31 December 2015 and 2014.

7.1 MANAGEMENT'S DISCUSSIONS AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

7.1.1 Three months ended 31 December 2015 vs 31 December 2014

The analysis of results as presented below is based on reclassified income statement balances after segregating discontinued operations.

Panoro Energy reported a net loss of USD 1.6 million from continuing operations for three months ended 31 December 2015, compared to a loss of USD 2.3 million in the same period in 2014.

Following the completion of the sale of Rio das Contas in the first quarter of 2014, no revenue and production costs are presented in the Group statement of comprehensive income as all its results have been included as part of the discontinued operations.

Exploration related costs and operator general and administration costs ("**G&A**") decreased from USD 0.7 million in the fourth quarter 2014 to USD 0.4 million in 2015. This movement is consistent with the operator general and administrative costs on the JVs and in line with the budgeted expenditure in the respective periods, which do not meet internal capitalisation criteria.

Strategic review costs were nil for the current period in comparison to USD 0.1 million in Q4 2014. These costs have discontinued following the decision to terminate the strategic review process in November 2014. The costs in the year 2014 mostly related to legal charges.

Severance and restructuring costs incurred in three months to 31 December 2015 were nil compared to USD 285 thousand in 2014. The amount in Q4 2014 reflected the severance cost for the former Chief Executive Officer, the closure of Brazil office and the Head Office portion of the severance costs for the employees in Brazil. The remainder of these costs is reflected in the discontinued Operations line in Q4 2014. The overall costs of severance has been allocated between both continuing and discontinued activities in order to align some of core head office functions which were historically undertaken from the Brazil office.

General and Administration costs from continuing operations decreased to USD 1.0 million in the current quarter compared to USD 1.3 million in Q4 2014. The reduction is a result of continued cost saving initiatives introduced by the Company.

Depreciation increased from USD 17 thousand in Q4 2014 and USD 33 thousand for the three months ended 31 December 2015. This is due to London office relocation during 2015.

Share based payments charge for the current year was nil compared to USD 80 thousand reversal in the fourth quarter 2014. The options were fully vested during the year ended 31 December 2014 and hence there is no vesting charges required in the current period. No share options have been awarded to the employees since year 2012.

Operating loss from continuing operations was thus a negative USD 1.5 million for the fourth quarter 2015, compared to a loss of USD 2.3 million for the same period in the year 2014.

Net financial items amounted to an expense of USD 84 thousand in the current period compared to negative USD 7 thousand in 2014. The movements were not material.

Loss before tax from continuing activities was USD 1.5 million for the Q4 2015 which was lower by USD 0.8 million compared to the Q4 2014 loss of USD 2.3 million. The decrease in loss is predominantly due to lower exploration related costs, reduced G&A and the absence of strategic review and severance costs in the Q4 2015.

Income tax charge for fourth quarter 2015 was USD 46 thousand compared to an income tax benefit of USD 25 thousand in the fourth quarter 2014. The charge for current period relates to tax liability arising in the UK subsidiary.

Net loss for the period from discontinued operations was USD 0.2 million for the current period compared to net loss of USD 1.0 million in the comparative period. The loss is lower in 2015 due to absence of severance costs in Brazil and lower G&A costs following the office closure.

The total net loss in the current period was USD 1.7 million, compared to a net loss of USD 3.3 million in the fourth quarter 2014.

Other comprehensive income of a negative USD 34 thousand was a result of translating Brazilian subsidiary for reporting purposes. For Q4 2014, the other comprehensive income was negative USD 101 thousand.

7.1.2 Year ended 31 December 2015 vs 31 December 2014

The analysis of results as presented below is based on reclassified income statement balances after segregating discontinued operations.

Panoro Energy reported a net loss of USD 39.3 million from continuing operations for financial year 2015, compared to a loss of USD 12.0 million in the same period in 2014.

Following the completion of the sale of Rio das Contas in the first quarter of 2014, no revenue and production costs are presented in the Group statement of comprehensive income as all its results have been included as part of the discontinued operations.

Exploration related costs and operator G&A increased from USD 1.5 million in the year 2014 to USD 1.9 million in 2015. This is consistent with the operator general and administrative costs on the JVs and in line with the budgeted expenditure in the respective periods, which do not meet internal capitalisation criteria and the advancement in the programs of both JV assets.

Strategic review costs were nil for 2015 in comparison to USD 0.3 million in 2014. These costs have discontinued following the decision to terminate the strategic review process in November 2014. The costs in the year 2014 mostly related to legal charges and advisory costs.

Severance and restructuring costs incurred in the financial year 2015 was 38 thousand compared to USD 686 thousand in 2014. The 2014 costs included severance to former Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**") and costs associated with closure of Brazil and Oslo offices.

General and Administration costs from continuing operations decreased to USD 4.8 million in 2015 compared to USD 5.4 million in 2014. The reduction is a result of continued cost saving initiatives introduced by the Company.

Depreciation increased slightly for 2015 to USD 90 thousand compared to USD 76 thousand in 2014. The increase is a result of depreciation on new office equipment and fixtures in London.

During the year ended 31 December 2015, the Company recorded a non-cash provision for impairment of USD 32.4 million to its investment in the Dussafu asset in Gabon. The impairment was the result of the effect of the continuing decline in forward oil prices which was considered a prudent and conservative accounting adjustment to our book costs. There is no underlying change in the technical view of the asset and any impairment charge may be reversed on improvement of macro-economic conditions. Other impairment charges for both periods have been reallocated to the Discontinued Operations and related solely to Brazilian assets. No impairments were recorded in the year 2014 for continued operations.

Share based payments charge for the current year was nil compared to USD 34 thousand charge in the previous year. The options were fully vested during the year ended 31 December 2014 and hence there is no vesting charges required in the current year. No share options have been awarded to the employees since year 2012.

Operating loss from continuing operations was thus a negative USD 39.3 million for the year 2015, compared to a loss USD 8.0 million for the previous year.

Net financial items amounted to an income of USD 34 thousand in the current year compared to an expense of USD 4 million in 2014. The charge in the previous year relates to interest and early redemption charges on repayment of senior secured callable bond.

Loss before tax from continuing activities was USD 39.2 million for the year 2015 which was higher by USD 27.2 million compared to the 2014 loss of USD 12.0 million. The increase in loss is predominantly due to the Dussafu impairment charge.

Net loss for the period from discontinued operations was USD 0.6 million for the current year ended 31 December 2015 compared to net gain of USD 3.1 million in 2014. The 2014 results from discontinued operations include income from the sale of a subsidiary (Rio das Contas) offset by realisation of loss on re-translation of currency differences and consolidated results from Manati field. The net loss for the current year is primarily due to operator costs on licenses under relinquishment and a write-down of unrecoverable advance taxes due to absence of income in the subsidiary.

The total net loss in the current period was USD 39.9 million, compared to a net loss of USD 8.9 million in the year 2014.

Other comprehensive income of negative USD 19 thousand was a result of translating Brazilian subsidiaries for reporting purposes. For 2014, the other comprehensive income was positive USD 38.6 million and included recycling of accumulated currency translation on sale of subsidiary.

7.1.3 Year ended 31 December 2014 vs 31 December 2013 (restated)

From a financial statements perspective, the closure of operations in Brazil is disclosed as "discontinued operations" and as such has been reported separately from the "continuing business activities". In order to present the discontinued operations separately, an allocation of income and costs arising from Brazilian operations has been made and all periods presented below have been reclassified to reflect these adjustments. On an overall basis, there is no restatement of results in the prior periods presented and only a split of continuing and discontinued operations has been made in the income statement.

The analysis of results as presented below is based on reclassified income statement balances after segregating discontinued operations. There was no reported revenue from continuing activities in the current year compared to USD 7.0 million of other income in 2013 on termination of OML 113 sale agreement with Lekoil.

Exploration related costs and operator G&A increased to USD 1.5 million, in comparison to USD 0.7 million in 2013. The increase is a direct correlation to the advancement of both Aje and Dussafu through their respective development phases.

Strategic review costs in 2014 amounted to USD 0.3 million, representing overheads incurred on the corporate sale process that has been terminated on 5 November 2014. These costs are of a one-off nature and are not expected to be incurred in the forthcoming year. In comparison, such costs in 2013 amounted to USD 1.9 million representing a sizeable decline in the current year.

Severance and restructuring costs represent USD 0.7 million and are primarily arising from closure of the Oslo and Brazil offices. The overall costs of severance in Brazil has been allocated between continuing and discontinued activities in order to align some of core head office functions which were historically undertaken from Brazil office.

G&A declined to USD 5.4 million in 2014 from USD 6.0 million in 2013. The reduction is due to efficiencies arising from cost reduction programme undertaken by management.

Continuing earnings before interest, taxes, depreciation and amortisation hence amounted to a negative USD 7.9 million in 2014, down from negative USD 1.5 million in 2013. The decline mainly reflects other income of USD 7 million termination fee recognised in 2013.
Depreciation decreased marginally to USD 76 thousand during the year from USD 92 thousand in 2013.

Loss on disposal of the Company's Mengo Kundji and Bindi permit in Republic of Congo was USD 1.7 million, which was recognised during 2013.

Share based payment charges were USD 34 thousand in the current year, compared to USD 0.2 million in 2013. The decline is mainly due to leavers and a declining balance of unvested options compared to prior year. As of year-end, all outstanding options are completely vested and exercisable.

Earnings before interest and taxes (EBIT) from continuing operations were hence a negative USD 8.0 million for the full year 2014, compared to a negative USD 3.5 million in the previous year. Increase in loss is due to absence of one-off termination income recognised in 2013.

Net financial items amounted to a negative USD 4.0 million in 2014, including net interest and redemption costs of USD 12.5 million, net other financial costs of USD 0.1 million offset by the reversal of the effects of re-measurement of bond liability USD 8.7 million and a net foreign exchange loss of USD 61 thousand. This compared to net financial items of a negative USD 21.4 million in the year ended 31 December 2013, including net interest costs of USD 15.2 million, the effects of re-measurement of bond liability USD 8.7 million and a net foreign exchange gain of USD 2.6 million.

The net loss before tax from continuing operations was hence USD 12.1 million in 2014, compared to a net loss before tax of USD 24.8 million in 2013. The change mainly reflects lower interest costs in 2014 due to early redemption of bond loans.

The Group reflected an income tax benefit of USD 25 thousand in 2014, compared to a tax loss of USD 0.2 million in 2013.

The reported net loss from continuing operations was thus USD 12.0 million in 2014, compared to a net loss of USD 25.0 million in 2013.

Discontinued operations for the year 2014 generated a positive USD 38.3 million of income offset by effects of recycling of accumulated currency translation of USD 35.2 million arising on sale of Rio das Contas that has been routed through statement of comprehensive income for disclosure purposes. This compares to a loss from discontinued operations of USD 29.7 million in 2013. The results for 2014 mainly represent gain on sale of shares in Rio das Contas compared to the operating income from operations in Brazil in the prior year.

Other comprehensive income of a positive USD 3.4 million reflects translation of Brazilian subsidiaries for reporting purposes. In addition, a positive USD 35.2 million movement of recycling of accumulated currency translation on sale of Rio das Contas is included as other comprehensive income. In comparison, translation differences were negative USD 19.1 million in the prior year.

Total comprehensive income was USD 29.7 million for 2014, compared to a total comprehensive loss of USD 73.9 million for 2013. All of the comprehensive income was attributable to shareholders of the parent company.

7.1.4 Year ended 31 December 2013 vs 31 December 2012

Comparative audited information for the years ended 31 December 2013 and 2012 audited by Ernst & Young AS have not been restated to reflect discontinued operations resulting from the sale of Brazilian operations completed on 1 April 2014. As a result, the 2013 numbers for the purpose of this analysis are not restated and in line with the 2013 published annual report, which has been incorporated by reference in Section Feil! Fant ikke referansekilden.**. The following section should therefore be read in conjunction with the 2013 annual report.**

Total revenues amounted to USD 54.1 million in 2013 compared to USD 46.8 million in 2013. This includes other income of USD 10.5 million in 2013 representing USD 7 million earned from termination of sale agreement with Lekoil and USD 3.5 million reversal of milestone liabilities against BS-3 licenses that are no longer payable with the imminent relinquishment of the licenses. In comparison other income in 2012 was USD 0.9 million.

The remaining amount of revenue is driven from oil and gas sales that amounted to USD 43.6 million in 2013, a decrease of 5% revenues from USD 45.9 million in 2012, with gas sales volumes declining 2.8% to 3,592 boe/day. The decrease relates to lower production at the Manati field, which was subdued in 2013 due to planned maintenance and repair work conducted in April 2013. The gas sale price is fixed in Brazilian Real ("**BRL**") and therefore subject to currency movements on translation to USD for reporting purposes. Measured in USD, the average gas price declined from USD 8.25/MMbtu in 2012 to USD 8.10/MMbtu in 2013.

Production cost for the full year was USD 10.9 million in 2013. This was an increase from USD 5.6 million in 2012 which was driven by scheduled maintenance in April 2013 and decommissioning costs incurred on BAS-128 well in the BCAM-40 license area.

Exploration related costs remained consistent at USD 0.9 million for both years.

G&A declined to USD 10.7 million in 2013 from USD 16.3 million in 2012. The cost reduction has been achieved through implementation of Group's aggressive plans of cost control.

Strategic review costs in 2013 amounted to USD 2.2 million, representing identifiable overheads incurred on the ongoing divestment program. Parts of these costs are incremental selling costs, which will be reclassified to the gain/loss on disposal upon completion of the Rio das Contas sale. These costs are of a one-off nature and will discontinue once these processes are concluded. There were no strategic review costs in 2012.

Earnings before interest, taxes, depreciation and amortisation hence amounted to USD 29.4 million in 2013, up from USD 24.1 million in 2012. The increase mainly reflects higher income from other sources including USD 7 million termination fee and USD 3.5 million reversal of liabilities no longer payable offset by a higher production cost in 2013.

Depreciation amounted to USD 2.5 million in 2013, down from USD 7.7 million in 2012. This reflects that the depreciation of production assets and equipment has been suspended after classification of Rio das Contas as a held for sale investment with effect from 1 April 2013.

Panoro Energy recognized impairment charges of USD 46.8 million related to the operations in Brazil in 2013. This mainly relates to write-down of BS-3 licenses (Cavalo Marinho and Estrela do Mar) and small expenditure on Round-9 blocks and Coral prior to relinquishment. In November 2013, consortium partners were advised by the Brazilian directorate Agência Nacional do Petróleo, Gás Natural e Biocombustíveis ("**ANP**") to meet the requirement of the Advanced Data Technology Recovery ("**ADR**") wells in the development plan or risk forced relinquishment. Since then, the JV partners have attempted a farm-out of the licenses which did not bring any success. As a result, it is imminent that the licenses will be surrendered due to the non-commercial restrictions of ADR wells imposed by ANP and henceforth Panoro's interest in the BS-3 area has been fully impaired and the carrying value of BS-3 licenses as of 31 December 2013 is nil.

Impairment charge of USD 47.2 million in 2012, represents write-down of BS-3 and Round-9 licenses respectively by USD 42 million and USD 5.2 million.

Loss on disposal of the Company's Mengo Kundij and Bindj ("**MKB**") permit in Republic of Congo was USD 1.7 million, which was recognised during 2013.

Share based payment charges were USD 0.2 million in the current year, compared to USD 1.2 million in 2012. The decline is mainly due to leavers and a declining balance of unvested options compared to prior year.

Earnings before interest and taxes (EBIT) were hence a negative USD 21.8 million for the full year 2013, compared to a negative USD 32 million in the previous year. The improvement is a result of lower G&A and depreciation and higher other income in 2013.

Net financial items amounted to a negative USD 22.2 million for the current year, including net interest costs of USD 13.0 million, net other financial costs of USD 1.2 million, a net foreign exchange gain of USD 0.7 million, and a USD 8.7 million charge to recognise reassessment of bond liability under IAS 39. The latter represents a discounted value of bond liability assuming a maximum of three month redemption assumption and is expected to coincide with the closing of the sale transaction of Rio das Contas to GeoPark. The outstanding bond liability was fully repaid subsequent to year end, after closing of Manati sale transaction to GeoPark.

This compared to net financial items of a negative USD 20.4 million in 2012, including net interest costs of USD 11.9 million, net other financial costs of USD 3.5 million, and a net foreign exchange loss of USD 4.9 million.

The net loss before tax was hence USD 43.9 million in 2013, compared to a net loss before tax of USD 52.4 million in 2012. The change mainly reflects reversal of deferred tax assets, which are less likely to be available for utilisation after completion of Rio das Contas sale.

The Group reflected an income tax charge of USD 10.8 million in 2013, compared to a tax benefit of USD 4.6 million in 2012. This mainly reflects recognition of deferred tax assets arising on tax losses in Brazil in 2012.

The reported net loss was thus USD 54.8 million in 2013, compared to a net loss of USD 47.8 million in 2012.

Other comprehensive loss was USD 19.1 million in 2013, reflecting a non-cash loss arising on the translation of Brazilian subsidiaries from BRL to USD for reporting purposes. BRL weakened 14.6% against the USD during the year. In 2012, other comprehensive loss was USD 18.4 million.

Total comprehensive loss was USD 73.9 million for 2013, compared to USD 66.2 million for 2012. All of the comprehensive loss was attributable to shareholders of the parent company.

7.2 MANAGEMENT'S DISCUSSIONS OF FINANCIAL POSITION

7.2.1 31 December 2015 vs 31 December 2014

Movements in the Group statement of financial position during the year ended 31 December 2015 were a combination of the following:

Non-current assets amounted to USD 102.5 million at 31 December 2015, a decrease of USD 4.3 million from 31 December 2014.

Licenses and exploration assets amounted to USD 31.0 million, a decrease of USD 30.4 million since December 2014. The decline is the effect of the Dussafu impairment charge during the period of USD 32.4 million has been marginally offset by capital additions on Dussafu permit progressing 2015 work programme with expenditure covering Front-End Engineering Design ("**FEED**"), Geological and Geophysical ("**G&G**") and Engineering Management and the annual Surface Rental for the The Ruche Area EEA. The development assets balance amounted to USD 70.2 million as of 31 December 2015 with investments of USD 25.0 million during the year ended 31 December 2015. The investment during the year also includes the initial recognition of USD 1.9 million of asset retirement obligation.

Property, furniture, fixtures and equipment was USD 266 thousand increasing from USD 94 thousand at 31 December 2014. The increase represents essential office premises and information technology upgrades in the UK.

Other non-current assets as of 31 December 2015 were USD 1.0 million (nil as of December, 2014) of which USD 0.8 million related to guarantee deposit in support of a guarantee to FPSO provider Rubicon which is providing the vessel for Aje Cenomanian oil development and USD 0.2 million in relation to tenancy deposit for office premises.

Current assets amounted to USD 12.6 million per 31 December 2015, compared to USD 47.2 million per 31 December 2014.

Trade and other receivables stood at USD 1.7 million, a decrease from USD 6.3 million at the end of 2014. The main decline in receivable is the utilisation of the balance of Aje cash calls prepaid during the period to progress development activities. Cash and bank balances stood at USD 10.9 million per 31 December 2015, a decrease from USD 40.9 million per 31 December 2014.

Equity amounted to USD 108.2 million per 31 December 2015, compared to USD 148.1 million at the end of December 2014. The change reflects the loss for the period including the effect of the Dussafu impairment charge.

Total non-current liabilities amounted to USD 6.2 million per 31 December 2015, increasing from USD 4.4 million at 31 December 2014. Of this USD 4.4 million represents a deferred tax liability arising on a business combination in 2010. The liability is expected to unwind proportionately after commencement of production from Aje field. The deferred tax liability remained unchanged from 2014. The non-current liabilities also include a provision of USD 1.9 million for asset retirement obligation that has been recognised for the first time in relation to decommissioning of Aje field.

Current liabilities amounted to USD 0.7 million at 31 December 2015, compared to USD 1.5 million at the end of December 2014.

Accounts payable, accruals and other liabilities amounted to USD 0.7 million, a decrease from USD 1.5 million at the end of December 2014. The decline is a result of lower JV related payables accrued as at December 31, 2015 and the effect of accrued severance payments and related taxes at the end of 2014.

7.2.2 31 December 2014 vs 31 December 2013 (restated)

The Group's total assets of USD 154.0 million at the end of 2014 correspond to a decline of USD 107.4 million from USD 261.4 million at the end of 2013. The decline was a result of repayment of bond loan after the sale of the Company's subsidiary Rio das Contas in Brazil thereby reducing the Brazilian assets on the balance sheet and leaving the Company debt free. The decline in total assets mainly reflects the negative effect of USD 96.9 million derecognition of held for sale assets in Brazil and USD 11.9 million decline in deferred tax assets.

Total non-current assets declined to USD 106.7 million (2013: USD 106.8 million) due to expensing of deferred tax asset balance of USD 11.9 million in 2014 to be offset by the capitalisation of investment in Aje and Dussafu with a corresponding amount. Total current assets stood at USD 47.2 million at the end of 2014 (2013: USD 57.7 million). The decline mainly reflects a reduction in cash and bank balances to USD 40.9 million (2013: USD 56.8 million). Trade and other receivables stood at USD 6.3 million at 31 December 2104 (2013: USD 1.0 million) with the increase representing unapplied cash held in Aje and Dussafu joint venture accounts with operators as of 31 December 2014.

During 2013, the Group entered into an agreement with GeoPark to sell the entire shareholding in its subsidiary Rio das Contas for a cash consideration of USD 140 million. The transaction is effective from 1 April 2013 and as such all balances related to Rio das Contas were classified as assets held for sale which stood at USD 96.9 million at the end of 2013. On 31 March 2014, the sale transaction completed and the assets held for sale were de-recognised from the statement of financial position.

Equity increased to USD 148.1 million (2013: USD 118.4 million), reflecting mainly the net income for the year resulting from disposal of Rio das Contas and recycling of accumulated foreign currency translation gains to the statement of comprehensive income. There were no changes in the share capital during the year.

Non-current liabilities were USD 4.4 million in both years and represented deferred tax liability arising on a business combination in 2010. Current liabilities amounted to USD 1.5 million (2013: USD 124.2 million), with the decrease mainly due to full repayment of bond liability in 2014.

Liabilities directly associated with assets classified as held for sale in 2013 amounted to USD 14.4 million and represented reclassifications of divested balances in relation to Rio das Contas (Manati) in accordance with the requirements of IFRS 5. These liabilities were de-recognised in 2014 on the completion of sale of Rio das Contas.

7.2.3 31 December 2013 vs 31 December 2012

The Group's total assets of USD 261.4 million at the end of 2013 correspond to a decline of USD 106.9 million from USD 368.3 million at the end of 2012. The Brazilian operations including held for sale items accounted for USD 116.4 million of total assets (2012: USD 179.0 million) and the West Africa operations for USD 94.5 million (2012: USD 135.9 million), with the remaining USD 50.5 million in corporate entities (2012: USD 53.4 million).

The decline in total assets partially reflects the negative effect of USD 46.8 million impairments of licenses and exploration assets in Brazil, USD 8.2 million decline in deferred tax assets, USD 19.1 million exchange loss arising on currency translations from BRL to USD and a reduction in cash balances due to repayment of bond loan and related interest. Total non-current assets declined to USD 106.8 million (2012: USD 275.8 million) due to write-down of BS-3 asset and divestment of MKB. Total current assets stood at USD 57.7 million at the end of 2013 (2012: USD 92.5 million).

The decline mainly reflects a reduction of the holding of cash and cash equivalents to USD 56.8 million including restricted cash (2012: USD 73.5 million). Trade and other receivables stood at USD 1.0 million at 31 December 2013 (2012: 19.0 million) with the decline representing reclassification of Rio das Contas related receivables as held for sale items.

During the year, the Group entered into an agreement with GeoPark to sell the entire shareholding in its subsidiary Rio das Contas for a cash consideration of USD 140 million. The transaction is effective from 1 April 2013 and as such all balances related to Rio das Contas have been classified as assets held for sale which stood at USD 96.9 million at the end of 2013. This classification is in accordance with IFRS 5.

Equity declined to USD 118.4 million (2012: USD 192.1 million), reflecting mainly the net loss for the year and a negative movement in currency translation reserve. There were no changes in the share capital during the year. The equity ratio declined to 45% (2012: 52%), reflecting both lower equity and a reduced total asset base.

Non-current liabilities were USD 4.4 million, a decline of USD 126.2 million from USD 130.6 million at the end of 2012. The decrease mainly reflects reclassification of interest-bearing debt to current liabilities and reclassification of Rio das Contas related liabilities as held for sale items. Current liabilities amounted to USD 124.2 million (2012: USD 45.6 million), with the increase mainly due to reclassification of bond liability as current partly offset by settlement of MKB related outstanding liabilities on disposal.

Total interest bearing debt (net of issue costs) totalled USD 118.9 million at the end of 2013 (2012: USD 126.3 million), which includes a USD 8.7 million of re-measurement effect incorporating a 6% early redemption premium. The decrease in liability can mainly be attributed to repayment of principal amount in November 2013, minor currency movements on the NOK tranche, and amortisation of debt issue costs offset by the re-measurement effects. The entire bond liability was repaid subsequent to year end on completion on Manati sale in April 2014.

Liabilities directly associated with assets classified as held for sale amounted to USD 14.4 million (2012: USD nil) and represents reclassifications of divested balances in relation to Rio das Contas (Manati) in accordance with the requirements of IFRS 5.

7.3 MANAGEMENT'S DISCUSSIONS AND ANALYSIS OF CASH FLOWS

The table below is derived from the combined unaudited consolidated historical information as presented in Section 6.3 above (USD 000).

7.3.1 Fourth quarter 2015 vs fourth quarter 2014

Operating cash outflow for the three months ended 31 December 2015 was USD 1.7 million compared to a cash inflow of USD 1.6 million for the Q4 2014. The movement is primarily explained by working capital movements in the comparative period.

Investing cash flows were USD 4.4 million outflow for the Q4 2015 compared to USD 12.7 million outflow for the same period in the previous year. The spending in both quarters primarily represents cash invested in Aje field development and a small investment in Dussafu.

The USD 16 thousand net interest paid in the three months ended 31 December 2015 compared net financial inflows of USD 24 thousand in Q4 2014. This relates to interest income received and is lower in 2015 due to lower return on cash balances and investments.

At the end of the year, the Company held cash and cash equivalents of USD 10.9 million, compared to USD 40.9 million at the end of Q4 2014.

The Group's available funds during the financial years 2015 and 2014 were cash and cash equivalents held by the Group.

7.3.2 31 December 2015 vs 31 December 2014

Operating cash outflow for the year ended 31 December 2015 was USD 6.5 million compared to an outflow of USD 9.2 million for the year 2014. This is driven primarily by decrease in general and administrative costs and reduced activity in discontinued operations.

Investing cash flows were USD 23.5 million outflow for the year ended 31 December 2015 compared to USD 119.2 million inflow for the year 2014. The cashflow for 2015 relates predominantly to investment in Aje field development and Dussafu licenses. Whereas in 2014, the USD 19.9 million investment was offset by USD 139.1 million of proceeds from sale of Company's Brazlian subsidiary Rio das Contas.

The USD 59 thousand net interest received in year ended 31 December 2015 compared net financial outflows of USD 123 million in 2014, primarily relates to mandatory redemption of senior secured callable bond after sale of Rio das Contas.

At the end of the year, the Company held cash and cash equivalents of USD 10.9 million, compared to USD 40.9 million at the end of the year 2014.

The Group's available funds during the financial years 2015 and 2014 were cash and cash equivalents held by the Group.

7.3.3 For the year ended 31 December 2014 vs 31 December 2013 (restated)

Net cash flow from operating activities amounted to negative USD 9.2 million in 2014, compared to inflows USD 18.3 million in 2013. The decline is primarily explained by lower income from Brazilian operations in 2014.

Net cash flow from investing activities was an inflow of USD 119.2 million in 2014, compared to an inflow of USD 3.0 million in 2013. The cash inflow in 2014 mainly relates to the collection of the sale proceeds on completion of the Rio das Contas sale of USD 139.1 million. Offset by investment in oil and gas assets of USD 19.9 million.

Net cash flow from financing activities represented a cash outflow of USD 123 million in 2014, mainly comprising bond redemption and interest of USD 123.4 million offset by USD 0.4 million of financial income. This compares to a cash outflow from financing activities of USD 29.0 million in 2013, including USD 15.1 million in net financial charges and USD 13.9 million of bond repayment.

Foreign exchange impact on cash balances was a negative USD 0.2 million in 2014 and a negative USD 8.7 million in 2013.

Cash and cash equivalents thus declined to USD 40.9 million (2013: USD 54.2 million not including restricted cash balances of USD 2.6 million).

7.3.4 For the year ended 31 December 2013 vs 31 December 2012

Comparative audited information for the years ended 31 December 2013 and 2012 audited by Ernst & Young AS have not been restated to reflect discontinued operations resulting from the sale of Brazilian operations completed 1 April 2014. As a result, the 2013 numbers for the purpose of this analysis are not restated and in line with the 2013 published annual report which has been incorporated by reference in Section 15.2. The following section should therefore be read in conjunction with the 2013 annual report.

Net cash flow from operating activities amounted to USD 18.3 million in 2013, compared to USD 19.8 million in 2012. The decline is primarily explained by higher production costs incurred in 2013.

Net cash flow from investing activities was an inflow of USD 3.0 million in 2013, compared to an outflow of USD 21.8 million in 2012. The cash inflow in 2013 mainly relate to part divestment of West African portfolio and termination fee received from Lekoil offset by expenditure on drilling activity in Dussafu in Gabon and reclassification of USD 17.0 million of cash equivalents as held for sale.

Net cash flow from financing activities represented a cash outflow of USD 29.0 million in 2013, mainly comprising paid net financial charges of USD 15.4 million and bond repayments of USD 13.9 million. This compares to a cash outflow from financing activities of USD 33.1 million in 2012, including USD 19.1 million in net financial charges and USD 14.1 million of bond repayment.

Foreign exchange impact on cash balances was a negative USD 8.7 million in 2013 and a negative USD 2.3 million in 2012.

Cash and cash equivalents thus declined to USD 54.2 million (2012: USD 70.6 million), not including restricted cash balances of USD 2.6 million (2012: USD 2.9 million).

7.4 INVESTMENTS

7.4.1 Historical investments

The table below summarizes the Company's investments in 2012 - 2015 (USD 000):

	2012	2013	2014	2015
Licenses, exploration assets and evaluation assets	30,531	21,026	13,417	2,827
(Of which expensed)	(903)	(780)	(1,523)	(829)
(Of which transferred to development assets)	-	-	(6,537)	-
Development assets	-	-	6,537	25,026
Discontinued operations / held for sale assets	3,657	2,636	-	-
Total principle investments	**33,285**	**22,882**	**11,894**	**27,024**

2015

Development assets costs related to spending on Aje license during the year on development activities was USD 25.0 million excluding USD 1.0 million that was expensed to the statement of comprehensive income and did not meet capitalisation criteria. Majority of the costs spent in 2015 on Aje project related to drilling and completion activities and payments for mobilisation of FPSO.

Exploration on the Dussafu license was USD 2.8 million (including USD 0.8 million that was expensed to the statement of comprehensive income as it did not meet capitalisation criteria), mostly related to technical studies on the existing discoveries and interpretation and processing of 3D seismic data.

2014

Spending on Aje license during the year was USD 7.1 million (including USD 0.5 million that was expensed to the statement of comprehensive income as it did not meet capitalisation criteria), related to acquisition of 3D seismic, preparation and progression of Field Development Plan and procurement and ordering of FPSO, umbilical flowlines, manifold and control systems. After taking Final Investment Decision on development of the phase 1 of the two well Cenomanian oil Aje field, USD 6.5 million transferred to development assets.

On the Dussafu license, the Company's spending was USD 6.3 million (including USD 1.0 million that was expensed to the statement of comprehensive income as it did not meet capitalisation criteria) mostly related to pre-FEED studies and progression towards securing Field Development Plan approval and Exclusive Exploitation Authorisation Area.

2013

Majority of investments in 2013 related to Company's assets in West Africa namely drilling on Dussafu license of USD 16.9 million, drilling and completion of pilot wells in MKB permit in Congo of USD 2.0 million and USD 2.1 million on Aje for geological and geophysical and pre-development studies.

Investments in discontinued operations primarily relate to limited activities on care and maintenance of Brazilian license and routine investment in the Manati field.

2012

In 2012, the Company's investments in the West African assets mostly relate to drilling exploration wells on Dussafu block for USD 14.2 million, pilot well testing on MKB for USD 16.0 million and development concept studies on Aje for USD 0.3 million.

Discontinued operations related to investment in Brazilian licenses.

7.4.2 Investments in progress and firm commitments

From the end of December 2015 and to the date of this Prospectus, the Company has capitalized the following significant costs in exploratory and development projects (unaudited):

- Aje field in Nigeria; USD 8.6 million
- Dussafu license in Gabon; USD 0.2 million

The OML 113 license, offshore Nigeria where Aje field is located, is under development with field production planned to commence by end of March 2016. In addition, the Group is liable for its share of operating costs from commencement of production. There are no work commitments on Aje field once production has commenced for the current phase of Aje. The Company is not committed to make any further investments to the potential next two phases of the project. The Company and its partners in the license will take a joint decision in 2016 on work streams to progress the additional phases of development. For the phase 2 development (two additional Cenomanian oil wells), the work stream is expected to involve an in-house re-interpretation of 3D seismic data in conjunction with the site selection for two additional wells in the foreseeable future and is expected involve minimum costs to the Company. Similarly, for Aje phase 3 (gas development), which is at a conceptualisation stage, is expected in the near term to comprise in-house gas monetisation studies at partnership level. Cost of such studies in the work programme, if initiated, is very low and will be taken as an operating cost. A higher, robust and stable oil price is one of the key metrics of the Company to support additional project sanctions.

The Company has fulfilled all commitments under the current exploration period for Dussafu which is due to expire in May 2016, unless extended. The Ruche area Exclusive Exploitation Authorization ("**The Ruche Area EEA**") under the Dussafu Marin Production Sharing Contract ("**PSC**") was granted on 14 July 2014 and is effective from that date until ten years from the date of commencement of production. If at the end of this ten-year term commercial exploitation is still possible from the Ruche area, the The Ruche Area EEA may be renewed at the contractor's request for a further period of five years. Subsequent to this the The Ruche Area EEA may be renewed a second time for a further period of five years. The company and its partner have not taken an investment decision for the development of Ruche Area EEA and as such the investment required in the foreseeable future is very limited and only necessary to maintain license terms and general overheads. In order for the partners to sanction further investment in Dussafu development of the Ruche Area EEA, several factors will need to be considered that includes an improvement in oil prices, a revision of development concept and engineering studies. A farm-out for a part of license interest is also being considered to bring in a third partner.

Funding for investments has been or will be from Company's available cash resources in the foreseeable future.

7.5 RECENT DEVELOPMENT AND TRENDS

In the period from 31 December 2014 to 25 February 2016 (publication date for the Company's results for the 3 months ended 31 December 2015), the oil price dropped from USD 57 to USD 34, corresponding to a 41% decline. The oil price has declined significantly since year end 2015 (an 8% decline to 25 February 2016) and compared to the level that has been experienced since 2011 (avg. 2012-2014: 107). The drop in the oil price and the uncertainty about the future price level has negatively impacted the economic viability of development of oil and gas reserves among the oil and gas companies, and has also reduced the value of oil and gas companies' oil and gas reserves and resources.

As the Aje field development has approached first oil, in the Company's view the default risk of the other partners has decreased significantly as only minor investments are required to reach first oil and the related cash flow associated with the project.

The Company has raised NOK 70 million in a Private Placement significantly strengthening its liquidity position. See section 5 "*The Private Placement and the Subsequent Offering*" for further information about the Private Placement

Except as set out above, the liquidity effects Private Placement and Subsequent Offering as described in section 8.2 "*Capitalisation and* indebtedness", there have been no significant changes in the financial or trading position of the Group since the date of its latest financial information included in this Prospectus.

7.6 EXTERNAL FACTORS AFFECTING THE BUSINESS

The Company faces several external factors that affect its business:

7.6.1 Demand

1. Cost of oil relative to the cost of other energy sources such as renewables, nuclear, etc.;

2. Commodity prices, included but not limited to oil prices, coal prices, and renewable energy prices.

3. The availability of alternative energy sources;

4. Customer's preferences to quality of the oil product;

5. Expectations regarding future energy prices;

6. Technological changes that could make other sources of energy more competitive than oil;

7.6.2 Regulatory, political, economic and environmental conditions

1. Changes in law and regulations affecting the oil exploration and production industry;

2. Political and military conflicts;

3. Negative global or regional economic or political conditions, as well as environmental concerns and regulations, particularly in oil consuming regions, which could reduce energy consumption or growth in energy consumption;

4. Changes in corporate tax regimes;

5. Import and export bans;

6. Strikes and wage fluctuations

7.6.3 Supply

1. The cost of oil extraction and the number of new wells to be drilled;

2. Environmental requirements;

3. The depletion rate of older producing oil fields;

4. The number of oil barrels on storage worldwide;

5. Weather conditions; and

6. Prevailing oil prices

7.6.4 Financial markets

1. Currency fluctuations;

2. Availability of credit and other forms of financial liquidity; and

3. Increases in the supply of oil

8. LIQUIDITY AND CAPITAL RESOURCES

Panoro Energy obtains its sources of funding from equity.

On 9 February 2016, Panoro Energy raised gross NOK 70 million (~USD 8 million) in new equity in a private placement, directed at Norwegian and international institutional investors. See section 5.2 "The Private Placement" for further information regarding the Company's Private Placement.

There are no limitations on transferring cash between the Group subsidiaries and the Company.

8.1 WORKING CAPITAL STATEMENT

The Company is of the opinion that the Group's working capital is sufficient for the Group's present requirements, for the period covering at least 12 months from the date of this Prospectus. For the purpose of this statement, "working capital" means the ability to access cash and other available liquid resources in order to meet liabilities as they fall due, and "present requirements" means 12 months from the date of this prospectus. From the Company's perspective, the difficulty and uncertainty with estimating cash flows beyond twelve months is caused by timing of investment decisions made by the licence partnerships and oil price fluctuations. However, with the Company's current forecasts, the working capital of the Group is forecasted to be sufficient through this period.

8.2 CAPITALISATION AND INDEBTEDNESS

The following table shows the actual capitalisation and indebtedness as per 31 December 2015 (USD 000) of Panoro Energy. The numbers for the Company as of 31 December 2015 are unaudited and have been derived from the unaudited consolidated financial statements. The compilation of the capitalization and indebtedness table as such is unaudited.

Amounts in USD 000	**Panoro Group 31.12.2015**	**Adjustments**		**Adjusted Panoro Group 31.12.2015**
Total capitalization				
A. Share capital	193	111	*(8.2.1)*	304
B. Legal reserve	410,912	-		410,912
C. Other reserves	(302,934)	8,599	*(8.2.1)*	(294,335)
D. Total equity (A+B+C)	108,171	8,710		116,881
E. Long-term debt guaranteed	-	-		-
F. Long-term debt secured	-	-		-
G. Long-term debt (unguaranteed/unsecured)	6,232[1]	-		6,232
H. Total long-term debt (E+F+G)	6,232	-		6,232
I. Current debt guaranteed	-	-		-
J. Current debt secured	-	-		-
K. Current debt (unguaranteed/unsecured)	693	-		693
L. Other current financial debt	-	-		-
M. Total current debt (I+J+K+L)	-	-		-
N.Total capitalization (D+H+M)	115,096	8,710		123,806
Net indebtedness				
A. Cash	10,948	8,710	*(8.2.1)*	19,658
B. Cash equivalent	-	-		-
C. Trading securities	-	-		-
D. Liquidity (A+ B+C)	10,948	8,710		19,658
E. Current financial receivable	1,693	-		1,693
F. Current bank debt	-	-		-
G. Current portion of non-current debt	-	-		-
H. Other current financial debt	693	-		693
I. Current financial debt (F+G+H)	693	-		693
J. Net current financial indebtedness(I-E-D)	(11,948)	(8,710)		(20,658)
K. Non-current bank loans	-	-		-
L. Bond issued	-	-		-
M. Other-non-current loans	1,856	-		1,856
N. Non-current financial indebtedness (K+L+M)	1,856	-		1,856
O. Net financial indebtedness (J+N)	(10,092)	(8,710)		(18,802)

[1] Included USD 4,376 thousands of deferred tax

8.2.1 Material changes in capitalization and indebtedness since 31 December 2015

Since 31 December 2015 and up to the date of this Prospectus, the following significant changes in capitalization and indebtedness have occurred which have been reflected adjustments in the above table. USD 1.9 million included in Long-term debt represents the provision for the Aje Field asset retirement obligation.

Successful completion of NOK 70 million equity issue

On 10 February 2016 the Company announced a successful private placement of 166,666,666 shares directed towards the 100 largest existing shareholders as registered in the VPS as of 8 February 2016, the Company's management and the members of the Board of Directors, and selected external investors who could lawfully participate in the Private Placement. The placement was done at a share price of NOK 0.42 per share, and the share capital increase represents approximately 71 per cent of existing outstanding shares. The gross proceeds from the private placement is NOK 70 million. The allocation and issue of the Placement Shares was subject to (i) all necessary corporate resolutions being made, including approval at the EGM (held on 2 March 2016), and (ii) payment being received for the New Shares.

The Company has also announced the Subsequent Offering of up to NOK 10 million.

Except for the significant developments described above, there has been no significant change in the financial or trading position of the Group since 31 December 2015.

The above capitalisation and indebtedness table includes the following adjustments:

Private Placement of NOK 70 million offset by issue costs of approximately NOK 4.4 million. It has been assumed that the Subsequent Offering of NOK 10 million has been fully subscribed and has there been included in the adjustments. This is offset by NOK 700,000 in fees. Exchange rate of NOK 8.60 to USD 1 has been applied to the adjustments. All figures are unaudited.

As of 31 December 2015, Panoro held approximately USD 11 million of cash and cash equivalents as available liquidity. As a consequence of the Private Placement and assuming a fully subscribed Subsequent Offering, the Company may have as of the date of this prospectus approximately USD 8 million of liquidity in the form of cash and cash equivalents after paying for all Aje development and operating expense cash calls to first oil, and general overhead costs in 2016 to date.

USD 1.9 million included in Long-term debt per the above table represents the provision for the Aje Field asset retirement obligation.

Contingent and indirect indebtedness

There are no indirect or contingent indebtedness as 31 December 2015 and to the date of this prospectus.

8.3 BORROWINGS

The Company has no borrowings as of the date of this Prospectus. Following first oil and lifting from the Aje field, the Company is of the opinion that debt financing may become available. Although there will be no immediate need for debt financing as the Company sees itself fully financed, Panoro may seek to pursue debt financing alternatives to support further growth of the Group.

8.4 TREASURY AND FUNDING POLICY

The Company's operating currency is USD. The Company does not enter into long-term hedging on either of interest rates or forward selling of oil or gas production. The Company's cash-reserves, of which most are in USD, majority of it will be kept at interest-bearing accounts at the Company's bank facility providers Pareto Bank.

8.5 PROPERTY, PLANT, AND EQUIPMENT

Property, plant and equipment held by the Group consist of fixture and fittings, office equipment and software.

All properties used by the Group are leased under operating leases.

The following table sets out the Group's future commitments of lease payments based on a standard rental period with minimum payments (i.e. fixed rental costs excluding additional lease payments calculated based on revenue) under (1) 1 year, (2) 1-5 years, (3) after 5 years, as of 31 December 2015. The lease rentals primarily relate to office premises in London which has ten year lease with a break clause in year five. At the end of the initial five year period the lease terms are subject to a mutual review and therefore only minimum payments up to such period are included in the table below.

USD thousands	As of 31 December 2015 (unaudited)
Minimum payment next year	215
Minimum payments 1-5 years	1,003
Minimum payments after 5 years	-

The office premises in London is sub-let from Elan Property B.V. and covers an area of approximately 2,196 square feet. The office space is purely used for office staff and related activities and contains normal office furniture, IT equipment and supplies.

The Group is also contracted through the OML 113 Joint Venture in a ten year bare-boat charter of the FPSO vessel Front Puffin. The Group's share of operating lease rentals in the initial three year contract period is USD 3.7 million in first year, and USD 4.1 million each in the second and third years. After the initial three years, the lease is cancellable without penalties and the minimum payment per year is expected to be USD 3.7 million per annum. The initial charter period is for an initial period of five years with annual subsequent renewals up to year 10. The rentals only start on commencement of production and FPSO passing the production test milestone. The estimated rentals are based on Group's net paying interest of 16.255% in Aje Cenomanian oil development.

8.6 FINANCING NEEDS

The Company has no further capital expenditure commitments related to its licenses. As such, there are no commitments creating financing needs for Panoro.

8.7 GUARANTEES AND PLEDGES

The Company has provided a performance guarantee to the ANP, in terms of which the Company is liable for the commitments of Coral, Estrela do Mar, Cavalo Marinho licenses in accordance with the given concessions of the licenses. The guarantee is unlimited. In January 2016, the Company's subsidiary Panoro Energy do Brasil Ltda alongside its partners in Estrela do Mar license, has entered into a termination agreement with ANP to conclude the relinquishment formalities on the license and as such the guarantee is no longer valid for such license.
Under section 479A of the UK Companies Act 2006; two of the Company's indirect subsidiaries Panoro Energy Limited (Registration number: 6386242) and African Energy Equity Resources Limited (Registration number: 5724928) have availed exemption for audit of their statutory financial statements pursuant to guarantees issued by the Company to indemnify the subsidiaries of any losses towards third parties that may arise in the financial year ended 31 December 2014 in such Companies. The Company can make an annual election to support such guarantee for each financial year.

The Company's fully owned subsidiary Pan-Petroleum Holding (Cyprus) Limited has a company guarantee to the State of Gabon to fulfil all obligations under the Dussafu Production Sharing Contract.

There is no potential claim against these performance guarantees and all license obligations are already accounted for in the balance sheet.

9. PRESENTATION OF THE COMPANY

9.1 INTRODUCTION

Panoro Energy ASA is an independent oil and gas exploration and production company based in London and listed on the Oslo Stock Exchange with ticker PEN. The Company through its fully owned subsidiary Pan-Petroleum Aje Limited, holds exploration and development assets in West Africa, namely OML 113 (Aje) offshore western Nigeria, and through its fully owned subsidiary Pan-Petroleum Gabon B.V., the Dussafu License offshore southern Gabon.

In Nigeria Panoro holds a non-operated 6.502% equity interest (16.255% paying interest and 12.1913% revenue interest) in OML 113. Other partners in the license are Yinka Folawiyo Petroleum Company Ltd. ("**YFP**") (Operator), NewAge Exploration Nigeria Limited (a subsidiary of New Age (African Global Energy) Limited (**"NewAge"**), EER (Colobus) Nigeria Limited (a subsidiary of Energy Equity Resources and PR Oil and Gas Nigeria Limited (a subsidiary of Jacka Resources).The Aje development initially consists of two wells in the Cenomanian oil reservoir producing into an FPSO. First oil is expected late March 2016. Two further wells to potentially follow in a Phase 2. In addition to the existing discovered hydrocarbon resources the asset also holds exploration potential in the Cretaceous transform margin and the syn-rift plays.

Panoro holds a 33.33% non-operated interest in the Dussafu Marin license offshore Gabon. The remaining 66.67% is owned by the operator Harvest Dussafu, B.V., a subsidiary of Harvest Natural Resources, Inc. The license contains gross 2C resources of around 33.4 MMbbls of oil distributed between the Ruche, Tortue, Moubenga and Walt Whitman fields. The four pre-salt discoveries are planned to be developed together producing through an FPSO, however at current oil prices the project is challenging, and timing is associated with uncertainty. In addition to the discovered resources the asset holds potential in the pre-salt play.

The Company may, subject to a range of factors, many of which are beyond the control of the Company, seek to acquire other licenses. In the view of the Company, this is part of future strategies of the Company which is not prudent to discuss in the prospectus.

9.2 INCORPORATION, REGISTERED OFFICE AND REGISTRATION NUMBER

Panoro's legal and commercial name is Panoro Energy ASA. The Company was incorporated on 28 April 2009 under the name Startup 387 09 AS and was later renamed to New Brazil Holding ASA. In connection with the Merger and the listing of the Company's Shares on Oslo Børs, the Company was renamed to Panoro Energy ASA on 1 June 2010. The Company is a Norwegian Public Limited Company organised under Norwegian law, including the Norwegian Public Companies' Act. Panoro's registered organization number is 994 051 067. The Company's share are tradable on the Oslo Stock Exchange under the ticker code "PEN".

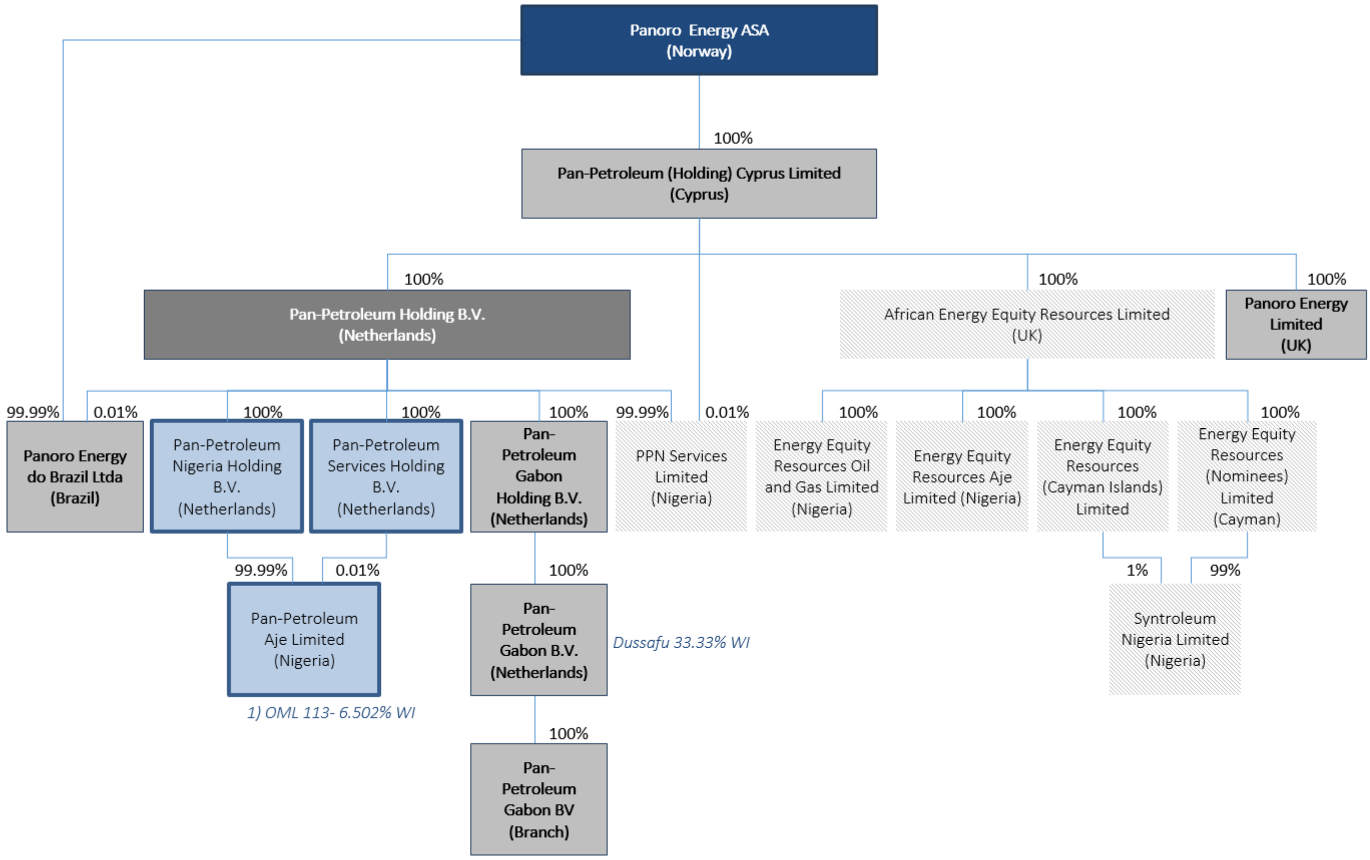
As of the date of this Prospectus, Panoro's registered share capital is NOK 2,006,062.26 divided into 401,212,452 Shares each with a nominal value of NOK 0.005. All the Shares are authorised and fully paid.

The Company has one class of shares, each Share carrying equal voting rights at general meetings. The Company's articles of association does not provide for limitations on the transferability or ownership of Shares.

Panoro's registered office is at c/o Michelet & Co Advokafirma AS, Grundingen 3, 0250 Oslo, Norway. The Company's telephone number is + 44 203 405 1060. The Company has a correspondence office in London with address 78 Brook Street, London, W1K 5EF, United Kingdom.

9.3 LEGAL STRUCTURE

The legal structure of Panoro Energy is set out below:



The issuer principally acts as a holding company with activities in place to manage the group and provide funding to the material subsidiaries. Besides providing funding to subsidiaries the main activities of the company include maintenance of corporate directorate, governance and shareholder interface, meeting listing requirements and compliance.

The Group consists of Panoro Energy ASA, which is the parent company and the following subsidiaries:

- Panoro Energy do Brasil Ltda
- Panoro Energy Limited
- African Energy Equity Resources Limited
- Pan-Petroleum (Holding) Cyprus Limited
- Pan-Petroleum Holding B.V.
- Pan-Petroleum Gabon Holding B.V.
- Pan-Petroleum Gabon B.V.
- Pan-Petroleum Nigeria Holding B.V.
- Pan-Petroleum Services Holding B.V.
- Pan-Petroleum Aje Limited ("**PPAL**")
- Energy Equity Resources Aje Limited
- Energy Equity Resources Oil and Gas Limited
- Syntroleum Nigeria Limited
- PPN Services Limited
- Energy Equity Resources (Cayman Islands) Limited
- Energy Equity Resources (Nominees) Limited

Material subsidiaries

Company	Country of incorporation	Field of activity	% holding
Pan-Petroleum (Holding) Cyprus Limited c/o Panoro Energy Limited	Cyprus	Holding company of the Group's West African operations.	100

9.4 BRIEF HISTORY AND DEVELOPMENT

The below table briefly outlines the most important events and developments throughout the history of Panoro Energy ASA:

Date	Important material events
January 2005	The two companies Northern Oil ASA and NaturGass (USA) AS merged and changed its name to Norse Energy Corp. ASA ("**Norse Energy**")
July 2005	Norse Energy was listed on the Oslo Stock Exchange under the ticker symbol "NEC"
April 2010	The Company and Pan-Petroleum Holding AS agreed a merger with the aim of creating a significant E&P company with assets and organisations complementary of each other
June 2010	Completion of de-merger from Norse Energy Corporation and Panoro Energy ASA inherits Brazilian business. The demerger and separation of the two business areas were assumed to optimise the capital structure and provide significant growth potential in the respective markets. Through the demerger, Panoro Energy acquired, among other things, 70% of the shares in Norse Energy do Brasil S.A ("**NEdB**")
June 2010	Panoro Energy ASA finalise merger with Pan-Petroleum Holding AS and through the acquisition seizes control of the remaining 30% of the shares in NedB
November 2010	Panoro completes successful USD 140 million bond issue
November 2010	Completes sale of Ajapa field in Nigeria for USD 30 million
January 2011	Farm-out of Brazilian Round-9 licenses completed with three exploration wells carried and USD 15 million past costs reimbursed to Panoro.
February 2011	Completes NOK 550 million private placement
April to August 2011	Oil bearing discoveries in Gabon on Dussafu block on Ruche well and side-track
May 2013	Announcement of divestment of Brazilian subsidiary for USD 140 million and contingent earn-out which included Panoro's 10% interest in Manati
July 2013	The Company completed the sale of its 20% interest in the MKB permit to Societe Nationale des Petroles du Congo ("**SNPC**") the operator of the MKB Permit in the Republic of Congo. The transaction was completed in July 2013
February 2014	Oil bearing discovery in Gabon on Dussafu block on Tortue well
March 2014	All the Joint Venture partners decided to relinquish the remaining BS-3 blocks, Estrela do Mar and Cavalo Marinho in Brazil. Divestment of Brazilian subsidiary completed following approval by the Brazilian regulatory authority ANP
March 2014	The government of Nigeria approved of a Field Development Plan ("FDP") for Aje
July 2014	Declaration of Commerciality and Award of Exclusive Exploitation Authorisation for Dussafu Block offshore Gabon
October 2014	Panoro and Joint Venture Partners make Final Investment Decision on OML 113 license (Aje field) in Nigeria
October 2014	Approval of development and production plan of Ruche discoveries, offshore Gabon
September 2015 – November 2015	Completion of production well operations on Aje field in Nigeria
February 2016	Completion of NOK 70 million Private Placement

At present, the Company is developing its interest in Aje field in Nigeria and progressing exploration and evaluation activities in Dussafu license in Gabon.

9.5 BUSINESS OVERVIEW

The Company has a balanced portfolio of quality assets in the West Africa which provides a strong platform for further growth.

9.5.1 Reserves and resources

Panoro's classification of reserves and resources complies with the guidelines established by the Oslo Stock Exchange and are based on the definitions set by the Petroleum Resources Management System (PRMS-2007), sponsored by the Society of Petroleum Engineers/World Petroleum Council/ American Association of Petroleum Geologists/ Society of Petroleum Evaluation Engineers (SPE/WPC/ AAPG/SPEE) as issued in March 2007. The system is a recognized resource classification system in accordance to Oslo Børs' Circular 9/2009 "Listing and disclosure requirements for oil and natural gas companies". The maturity within each class is also described to help guide classification of a given asset. Further details of the SPE-PRMS can be found at: http://www.spe.org/industry/reserves/prms.php.

The Company's reserves have, on request by the Company, been verified by its certification agents; Gaffney, Cline & Associates and AGR TRACS International Ltd. See section **Feil! Fant ikke referansekilden.** "Statement regarding expert opinions" for more information about the Company's certification agents. The annual statement of reserves for the financial year ended 31 December 2014 can be found at http://mb.cision.com/Public/399/9766203/bd93fd5c096eb8f5.pdf. The yearly updates of the annual statement of reserves can be found through http://www.panoroenergy.com/?page_id=61.

Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.

1P reserves are proven reserves that will be recovered with 90% probability. Proved reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods and government regulations.

2P reserves are proved (1P as above) plus probable reserves, which will be recovered with 50% probability. Probable reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proven Reserves (1P).

3P reserves are proven, probable, and possible volumes that will be recovered with 10% probability.

Contingent resources are the volumes of hydrocarbons expected to be produced from known accumulations: in the planning phase, where development is likely, where development is unlikely with present basis assumptions, and under evaluation. Contingent resources are reported as 1C, 2C, and 3C, reflecting similar probabilities as reserves

Reserves portfolio

As per 31 December 2014, Panoro has reserves from its interest in OML 113 Aje located offshore Nigeria. More information on the field is also available in section 9.5.2.2 "*OML 113 exploration and development*". The Panoro net total 1P reserves as of 31 December 2014 were 1.8 mmboe (million barrels of oil equivalents). The 2P reserve estimate net to Panoro at the end of 2014 was 3.2 mmboe.

	1P / P90 reserves					2P / P50 reserves				
	Liquids (gross)	Gas (gross)	Total (gross)	Interest	Net to Panoro	Liquids (gross)	Gas (gross)	Total (gross)	Interest	Net to Panoro
	MMbbl	*Bcf*	*MMBOE*	*%*	*MMBOE*	*MMbbl*	*Bcf*	*MMBOE*	*%*	*MMBOE*
Aje Field (OML 113)	11.7	-	11.7	12.1913 %	1.8	23.4	-	23.4	12.1913 %	3.2
Total	**11.7**	**-**	**11.7**		**1.8**	**23.4**	**-**	**23.4**		**3.2**

Contingent resources

Panoro's net contingent resources are from two assets as set out in the table below:

Asset	2C MMBOE as of 31 December 2014
Aje Field (OML 113)	28.7[1]
Dussafu	6.8
Total	**35.5**

A more detailed description on the Company's key discoveries is provided in section 9.5.2.2 "OML 113 exploration and development" and 9.5.3.2 "Dussafu exploration and development – Gabon".

9.5.2 Nigeria - *OML 113 Aje (12.1913% Revenue Interest)*

9.5.2.1 Overview of Benin Embayment in Nigeria

OML 113 lies within the Benin Embayment at the eastern end of the West African Transform Margin. The Benin Embayment is a passive continental margin basin extending from Ghana to the coastal regions of western Nigeria. The basin is one of the Cretaceous and younger basins lining the coast of Africa that owe their inception to the Upper Mesozoic break-up of the Gondwanaland continent and formation of the present-day Atlantic Ocean. Regional structure is dominated by southwest-northeast fracture trends and stratigraphy is largely comprised of rift, transitional and drift sequences.

The Benin Embayment has been explored since the 1960's and the most important plays are the Turonian-Cenomanian (Abeokuta) and Albian sandstones. The Early Cretaceous rifting gave rise to the formation of both simple structural plays, as well as traps that have been modified by (often) subtle mechanisms, such as erosion or sedimentary pinch-outs. The oil found in Albian and Turonian-Cenomanian reservoirs indicate the presence of working petroleum systems throughout the Cretaceous within the Benin Embayment. The Upper Cretaceous Araromi Shale is the best potential source rock but contribution from the Ise, Abeokuta or Imo formations is likely.

One of the most significant discoveries to date in the basin is the large gas, condensate and oil Aje field, discovered in 1996 and appraised in the 2000's, in which the Company has interests. In 2013 the potential of the Benin Embayment was further confirmed with the discovery of the large Ogo field a few kilometres to the east of Aje.

9.5.2.2 OML 113 exploration and development

Overview and background

The Company's wholly owned subsidiary PPAL holds 6.502% equity, 12.1913% revenue and 16.255% paying interests in the Aje field in OML 113 license. PPAL holds 6.502% equity, 6.502% revenue and 8.6693% paying interests in the deep water part of the OML 113 license outside of the Aje field area.

Covering and area of 840 km^2 OML 113 is operated by YFP and is located in the western part of offshore Nigeria adjacent to the Benin border. The license contains the Aje field as well as a number of exploration prospects. The Aje Field was discovered in 1996 in water depths ranging from 100-1,000m. Unlike the majority of Nigerian Fields which are productive from Tertiary age sandstones, Aje has multiple oil, gas and gas condensate reservoirs in the Turonian, Cenomanian and Albian age sandstones. Five wells have been drilled to date on the Aje Field. Aje-1 and Aje-2 tested oil and gas condensate at high rates from the Turonian and Cenomanian reservoirs and Aje-4 confirmed the productivity of these reservoirs and discovered an additional deeper Albian age reservoir. Aje-5 was drilled in 2015 as a development well to produce from the Cenomanian oil reservoir. The OML 113 license has full 3D seismic coverage from surveys acquired in 1997 and 2014.

In March 2014 the government of Nigeria approved of the Aje Field Development Plan and in October 2014 the Final Investment Decision ("**FID**") for the project was made. The Aje FDP describes a development of the Aje Cenomanian oil reservoir via two subsea wells, the new Aje-5 well and a re-completed Aje-4 well, and a leased FPSO. In phase 1, the initial 2 wells will produce an estimated mid case of 28.5MMbbls 41° API oil with production starting by the end of March 2016 at a rate of circa 1,100 bbls/day (net to Panoro). In phase 2, two further wells, Aje-6 and Aje-7, are expected to bring total Cenomanian oil production up to over 50 MMbbls. A third Turonian gas condensate development phase is being conceptualised and will likely involve three or four wells producing over 500 bcf of gas, 22 MMbbls of condensate and 40 MMbbls of LPG.
The expected Aje field life as certified by TRACS is 12 years for phase 1 (2P), 13 years for phases 1 and 2 (2P + 2C) and 27 years for phases 1, 2 and 3 (2P + 2C). In their review TRACS estimated that phase 2 would be implemented by 2017 and phase 3 by 2020.

[1] The TRACS report included higher than entitled volumes attributed to Panoro for Turonian Phase 3 which has been amended to the correct volume attributable to Panoro

The exploration prospects in OML 113 are not reflected in the resource estimates and are yet to be fully evaluated. In the case that one or more of these prospects, after full evaluation, become potential targets for exploration drilling then a detailed exploration drilling plan may be proposed for approval and implementation by the OML 113 Joint Venture.

The development project activity is progressing with works on the FPSO and subsea equipment completed and installation underway. Development drilling concluded in Q4 2015 and once installation is finalised production start-up will follow. First oil is expected by end of March 2016.

Other partners in the license are YFP (Operator), NewAge, EER and PR oil and gas (a subsidiary of Jacka Resources).

Geological description

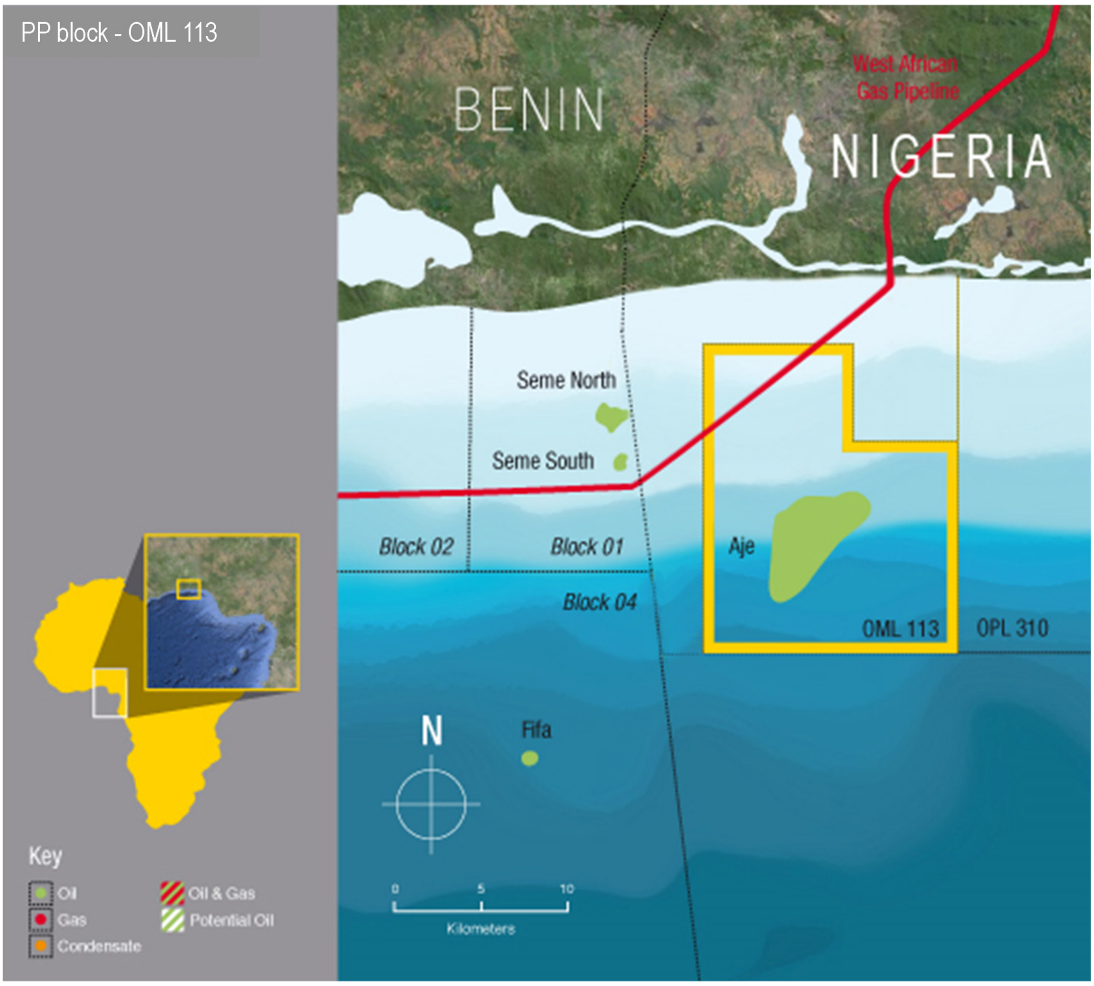


Figure 1: OML 113 Location Map

Stratigraphically, the Aje field's primary hydrocarbon-bearing zones of interest are of Turonian, Cenomanian and Albian age. The reservoir sands within these three zones are medium-to-fine-grained sandstones interbedded with silty and shaly layers. The reservoir sandstones were deposited in a narrow marine setting as part of a wave and tide dominated margin. With these conditions during sea level high stand, the sediments on the shelf were reworked, maturing the sands and breaking down the feldspars. The interval containing these three zones is circa 1,500 metres thick with the main sediment provenance being the crystalline basement to the north.

Hydrocarbon source is most likely from marine shales that correspond to the maximum flooding events of the Maastrichtian to Cenomanian times. These shales were deposited during the global anoxias of the Middle Cretaceous when widespread oxygen depletion in the water column led to extensive organic matter preservation. They are likely to be widespread in this margin and have been identified as the source of oil in western Nigeria and the nearby Seme field.

The Aje field structure is a broad four-way dip closed anticline formed by drape of Cretaceous age sediments over basement highs. The structures are controlled by basement-cored horst blocks related to rift fracture zones. Seals are provided by intra-formational shales.

The first well on Aje was the Aje-1 exploration well drilled in 1996 with a jack-up rig in shallow water. The well discovered a 69 metre gas condensate column with a 10 metre oil rim within the Turonian sandstones. Three successful drill stem tests ("**DSTs**") were conducted at different levels within the Turonian which led to substantial oil and gas flow rates of 23.1 MMcfpd gas, 887 bcpd and 2,389 barrels of oil equivalent ("**boepd**").

The following year, in 1997, the Aje-2 appraisal well was drilled approximately 400 metres east of Aje-1. The well encountered an equivalent gas column and oil rim to Aje-1 in the Turonian as well as a 14 metre oil column in the Upper Cenomanian and a 10 metre oil column in the Lower Cenomanian. Three DSTs were also carried out in Aje-2 over different levels, all resulting in highly productive flow rates of 9.8 MMcfpd gas, 450 bcpd and 3,866 boepd in the Turonian and 3,743 boepd in the Upper Cenomanian.

In 2005 Aje-3 was drilled 5 km southwest of Aje-1 in approximately 1,000 metres of water from a semi-submersible rig. The well encountered thin hydrocarbon bearing zones in low permeability Turonian and Cenomanian sands. The well was subsequently interpreted to have been drilled into a localised shale-filled channel facies which resulted in poor reservoir development at the well location.

In 2008 the Aje-4 well was drilled two kilometres to the east of Aje-2 and successfully proved the significant reserves north and east of Aje-1 and Aje-2. Gas condensate and oil columns were encountered in the Turonian whilst further oil columns were encountered in both the Upper and Lower Cenomanian. One key objective of Aje-4 was to evaluate deeper exploration targets, and the well achieved this objective successfully confirming two zones within the deeper Albian that were hydrocarbon-bearing. Within the Upper Albian massive gas condensate-bearing sands were encountered and confirmed with MDT pressure gradient measurements. Within the Lower Albian, thin-bedded sands were also logged as hydrocarbon bearing.

3D seismic data were acquired over the OML 113 license in 1997 and 2004. The seismic data have been processed using the latest 3D Pre-stack depth migration techniques. The latest seismic is of very good quality and enables robust interpretation and mapping of the Aje field and neighbouring exploration prospects.

Development and Resources

The Aje development is divided into three phases. The Phase 1 development scheme is a two well development targeting the Cenomanian, with subsea wells tied back to a FPSO and evacuation by shuttle barge or tanker, as detailed in the approved 2014 Aje FDP. Oil is extracted to the FPSO where production is stored for about three months until it is sold. Potential buyers of the oil will then retrieve physically receive the oil from the FPSO (e.g. to an oil tanker). All of Company's production from Aje Phase 1 will be produced and sold in this manner and is fully dependant on the FPSO. The Aje FDP estimated the Phase 1 project to be able to commercially produce over 28 million barrels of oil from the Cenomanian reservoirs through the Aje-4 and Aje-5 wells. An AGR TRACS International ("**TRACS**") Competent Persons' Report of July 2014 certified 2P reserves of 23.4 million barrels of oil for the same development.

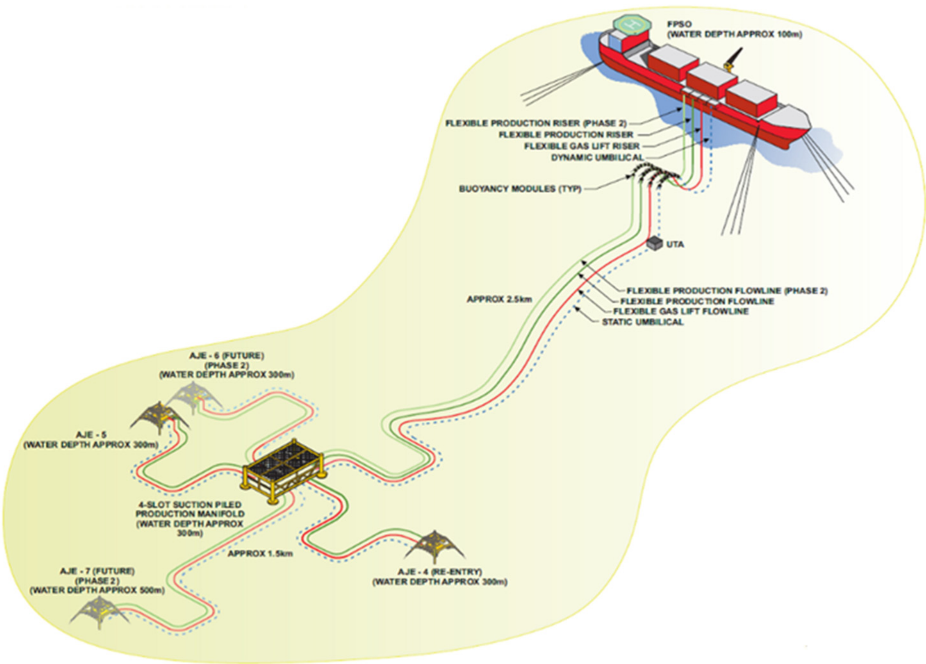


Figure 2: Aje Cenomanian oil development layout

Phase 2 of the Aje development will consist of two further wells in the Cenomanian, Aje-6 and Aje-7, to bring the production up to over 50 million barrels of oil in total in the Aje FDP. TRACS CPR has certified a 2C resource of 39.1 million barrels of oil for phase 1 and 2 combined.

The third phase of the Aje development will be commercialisation of the large Turonian gas condensate and oil reservoir. This development is being conceptualised, with evacuation from a dedicated offshore or onshore facility with extraction of condensate and LPGs and with sales gas sold into the West Africa Gas Pipeline ("**WAGP**") or Nigerian domestic market.

TRACS estimated the Turonain to contain a recoverable volume of 163.2 MMboe, consisting of 4 MMbbls of oil, over 500 bcf of gas, 22 MMbbls of condensate and 40 MMbbls of LPG. Gas export for phase 3 may be achieved through the existing West Africa Gas pipeline which exports gas to Ghana and neighbouring countries and lies 15 km from the Aje field. Additional subsea and platform or floating production facilities would need to be purchased or constructed for phase 3 of the project.

The gross and net reserves are resources for the whole Aje field for phases 1, 2 and 3 certified by TRACS are summarised in Figure 3. The TRACS report included higher than entitled volumes attributed to Panoro for Turonian Phase 3 which has been amended to the correct volume attributable to Panoro

The Company estimates the point forward field operational costs to USD 20/bbl (i.e. which does not include recovery of past investments), and over the field life the operational costs are expected to amount to USD 29/bbl.

Under the economic assumptions as of the year end 2014 used for the Annual Statement of Reserves, the economic lives of the different phases are as follows:

	Remaining economic life as per 31 December 2014
Phase 1 (2P)	12 years
Phases 1 and 2 (2P+2C)	13 years
Phases 1, 2 and 3 (2P+2C)	27 years

Oil & Liquids: MMbbls Gas: Bscf	**Gross**		**Net Attributable to Panoro**	
	1P Proved	**2P Proved & Probable**	**1P Proved**	**2P Proved & Probable**
OML 113 Aje OIL - Cenomanian Phase 1..	11.73	23.40	1.75	3.18
TOTAL, MMbbls	**11.73**	**23.40**	**1.75**	**3.18**

Oil & Liquids: MMbbls Gas: Bscf	**Gross**		**Net Attributable to Panoro**	
	1C Low Estimate	**2C Best Estimate**	**1C Low Estimate**	**2C Best Estimate**
OML 113 Aje OIL - Cenomanian Phase 2	7.83	15.73	1.19	2.04
OML 113 Aje OIL – Turonian Phase 3	4.00	4.00	0.73	0.73
OML 113 Aje CONDENSATE – Turonian Phase 3	15.11	22.03	2.46	3.58
OML 113 Aje LPG – Turonian Phase 3	27.02	40.04	4.39	6.51
Totals for Oil and Liquids #, MMbbls	**53.96**	**81.80**	**8.77**	**12.86**
OML 113 Aje GAS – Turonian Phase 3	393.37	582.96	63.94	94.76
Totals for Gas, Bscf	**393.37**	**582.96**	**63.94**	**94.76**
Totals for Oil, Liquids and Gas #, MMboe	**119.52**	**178.96**	**19.42**	**28.65**

Figure 3: AGR TRACS International certified Aje field reserves and resources

Estimated gross expenditure on phase 2 Cenomanian oil development per the preliminary internal estimates of the Company, is expected to be in the region of USD 110 million, whereas the development expenditure on phase 3 is estimated to be in the region of USD 400 million, subject to optimum concept selection.

There are no outstanding authorisations associated with phase 2 and phase 3. All investment decisions are to be agreed upon by the JV partners.

The license, Oil Prospecting Lease ("**OPL**") 309, was originally awarded to YFP in July 1991 in the indigenous bid round by the Ministry of Petroleum Resources. Following the discovery of the Aje field the license was converted into OML 113 in June 1998 with a 20 years lease term.

OML 113 is tax/royalty concession. There is an approximate 10% royalty on all production and the Nigerian deep water tax regime has 50% Petroleum Profit Tax ("**PPT**")) and 30% corporate Income tax for gas. See section 9.8 "Fiscal terms" for more information about the tax regime under which the Company operates.

9.5.3 Gabon - *Dussafu Marin Permit (33.33% Interest)*

9.5.3.1 Overview of Southern Gabon Sub-Basin in Gabon

The Gabon Coastal basin lies predominantly within Gabon except for the small northern part that lies in onshore Equatorial Guinea. The basin is up to 300 km wide, its eastern limit being marked by outcropping Precambrian basement and metasediments, while the first occurrence of oceanic crust defines the western limit of the basin. The basin is divided into the northern sub-basin and southern sub-basin by thick sediments of the Ogooue Delta deposited through central Gabon. The onset of rifting began during the Late Jurassic times in response to the rotation of the South American plate away from the African plate. Subsequently during Early Cretaceous times a series of rift grabens was formed which became depocentres for lacustrine, fluvial and continental sediments. The Dussafu block reservoirs were deposited at this time. The rift deposition culminated with an early Aptian unconformity and a widespread deposition of a series of evaporates consisting largely of Aptian aged salts. During the drift phase marine conditions prevailed with deposition of transgressive marine platform carbonates on the shelf. The minor westward basin tilting, combined with preliminary Albian sediment loading, initiated salt movement.

The main petroleum system in the southern Gabon sub-basin consists of hydrocarbons generated from Lower Cretaceous middle rift phase Melania formation Lacustrine shales that have migrated into pre-salt non-marine clastic reservoirs, such as the Gamba and Dentale. The southern sub-basin has been explored since the 1950's but only recently has seismic technology progressed to allow improved understanding of the pre-salt geology and structuration. Panoro and our partner Harvest have been at the forefront of exploration success in this basin with discovery of two oil fields in Dussafu in the last four years.

9.5.3.2 Dussafu exploration and development – Gabon

Overview and background

The Dussafu block lies at the southern end of the South Gabon sub-basin in water depths ranging from 100 – 500 metres. The Dussafu Block is a large Exploration and Development block with multiple discoveries and prospects lying within a proven oil and gas play fairway within the Southern Gabon Basin. Dussafu is operated by Harvest Natural Resources and Panoro's current interest in the license is 33.33%. Covering an area of 2,775 sq km, most of the block lies in less than 200 m of water and has been explored since the 1970s. To the north west of the block is the Etame-Ebouri Trend, a collection of fields producing from the pre-salt Gamba and Dentale sandstones, and to the north are the Lucina and M'Bya fields which produce from the syn-rift Lucina sandstones beneath the Gamba.

A total of 20 wells have been drilled on the Dussafu Block to date, of which five have been pre-salt discoveries (four oil and one gas) and oil shows are present in most other wells. Panoro has participated in the last two wells of which both encountered hydrocarbons; Ruche (2011) and Tortue (2013). The economic gross 2C resources in Dussafu to date are around 33.4 MMbbls of oil distributed between the Ruche, Tortue, Moubenga and Walt Whitman fields. In addition to this unrisked gross prospective resources of over 1 billion barrels have been identified on the license.

A detailed plan for development of the four fields as a cluster has been approved by the Gabonese government and an Exclusive Exploitation Authorisation was awarded in July 2014. The area awarded under the Ruche Area EEA covers 850.5 km^2 and includes all four fields and numerous undrilled structures that could be economically and expeditiously developed through the Ruche area development infrastructure. The Ruche Area EEA allows the Dussafu joint venture partners to exploit hydrocarbon resources in the area of The Ruche Area EEA for up to 20 years from first production.

The GCA report review of the development plan estimated a field life of 11 years for the most likely case cluster development. However the decline in oil prices over the last year has since affected the likelihood of progressing the development project as originally envisaged. The development project likely requires an improvement in oil price or the addition of further resources by exploration drilling to move forward.

Interpretation of recent 3D seismic data has confirmed several large Dentale prospects and numerous Gamba prospects. The operator's estimate for P50 unrisked prospective resources currently stands at over 1 billion barrels.

The majority of these resources are located within the Ruche Area EEA. These prospects are being analysed for suitability for possible future exploration drilling.

Partner in the license is Harvest Dussafu, B.V., a fully owned subsidiary of Harvest Natural Resources, Inc. with 66.67% interest (operator).

Geological description

The primary hydrocarbon-bearing zones of interest in Dussafu are the early Cretaceous Gamba and Dentale sandstones. Gamba is a fining upward clastic sequence deposited as a widespread blanket post a significant period of uplift and source region rejuvenation known as the Aptian peneplanation. Gamba sands were deposited in a fluvial-distributary system flowing basinward from fan delta systems, which were re-established along border faults. These sandstones have excellent reservoir properties with porosities usually in the mid to high 20% and permeability upwards of 1 Darcy. Immediately below the Gamba and Aptian unconformity lies the Barremian to Early Aptian Dentale formation. Dentale was deposited in a fluvial-lacustrine setting characterised by stacked belts of meandering to anastomosing fluvial and distributary channels with thick intervals of associated crevasse splay, mouthbar, lake shoreline and offshore lake facies.

The Barremian age Melania shales are the organic-rich source rock and were deposited in a low-energy lacustrine environment. The source rock consists of varved, pyritic shale and has an average TOC content of over 6 weight percent.

The fields discovered to date in Dussafu are broad anticlines with hydrocarbons trapped by the overlying Vembo shale and Ezanga salt at Gamba, and rift structures with multiple stacked Dentale sandstone reservoirs. In the Dentale section the seal is provided by intraformational shales.

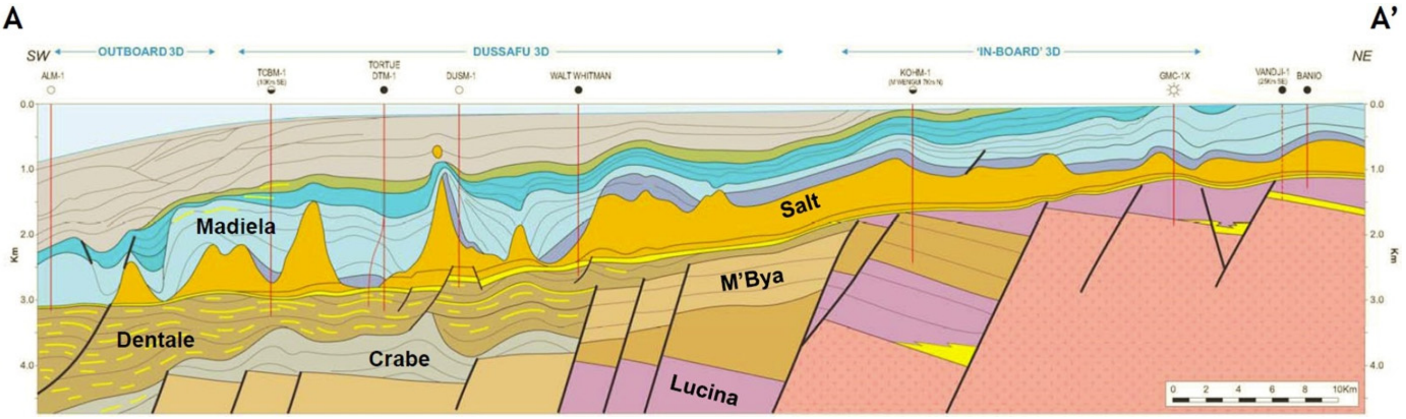


Figure 4: Geo-seismic cross section through the Dussafu block

GMC-1X was drilled in the shallow part of Dussafu in 1975 by Gulf and found a 25 metre gas column in Gamba. Resources for this small gas field are estimated at around 150 bcf.

The Moubenga field in the western side of Dussafu was discovered by Elf in 1981. The discovery well encountered 12 metres of net pay in multiple stacked Dentale sandstones with porosities of 20%. A DST was conducted in the main pay sand and flowed at a rate of 2,730 boepd.

Walt Whitman was discovered in 1996 by Amoco and the well encountered a 17 metre oil column in Gamba which was not tested.

Ruche was drilled by the current JV partners in 2011 and appraised by two sidetracks. The well found 17 metres of pay in a 29 metre oil column in Gamba confirmed by the two sidetracks. Porosities were logged at just over 19% and although a test was not made oil samples were recovered. The discovery well was deepened to the middle Dentale and found a 50 metre oil column with three separate hydrocarbon bearing sands. Reservoir properties in Dentale sands are around 18% porosity and 40mD permeability.

Tortue was discovered in 2013 and appraised with one sidetrack. DTM-1 found a 22 metre oil column in Gamba with 16 metres of net pay and 5 stacked hydrocarbon bearing sands in the Dentale. The most significant Dentale level is Dentale sand 6 which contained 20 metre net oil pay. The sidetrack confirmed the Dentale discovery. Reservoir properties were around 18% porosity in Gamba and 21% porosity in Dentale. Oil samples were recovered from both the Gamba and Dentale.

The economic gross 2C resources in Dussafu to date were certified by Gaffney Cline Associates in 2014 as around 33.4 MMbbls of oil distributed between the Ruche, Tortue, Moubenga and Walt Whitman fields.

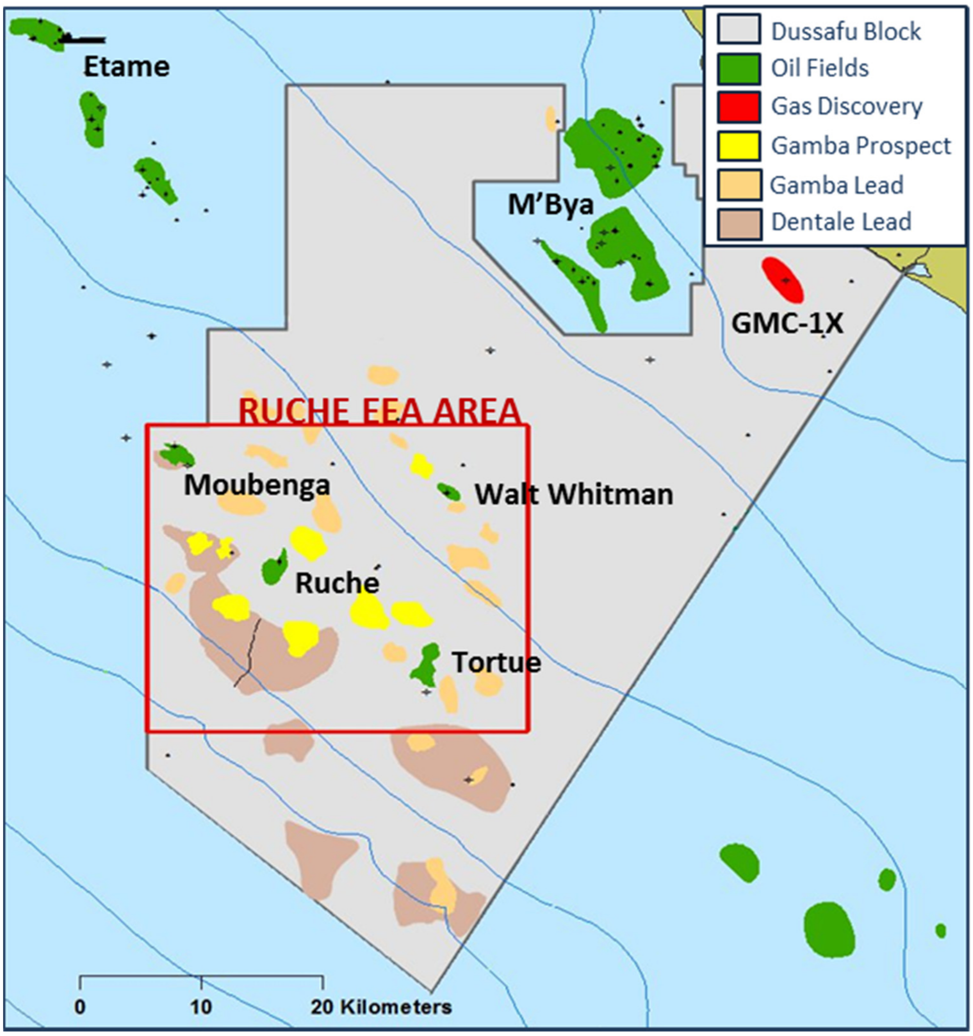


Figure 5: Dussafu Block with location of Ruche Area EEA and discovered oil and gas fields

In 2014 new 3D seismic data was acquired in the outboard portion of the Dussfau license overlapping existing seismic data and covering the Moubenga, Ruche and Tortue fields.

Exploration activities continue in the Dussafu Joint Venture with interpretation of the newly processed 3D seismic data well underway. Thus far the Company have identified several robust prospects in both the Gamba and Dentale, and unrisked Pmean prospective resources now stand at around 1 billion barrels of oil. Generally there are small low risk Gamba prospects in the vicinity of the existing fields which are well defined hanging wall anticlines with robust four-way closures and good salt coverage. Prospect 6 and 7, for instance, are only a few km away from Ruche and could easily be tied-back to the development as satellites. Further outboard there are much larger, higher risk opportunities such as prospects A and B. These are robust four-way closures at the Dentale level with the possibility of multiple stacked reservoir sands, but also with overlying Gamba potential.

In August of 2015 the Dussafu JV acquired geophysical site survey data at the prospective exploration well locations in preparation for possible exploration drilling in 2016. Examples of the prospects are shown in the figures below.

Development and resources

The Ruche Area FDP describes the development of the four main fields in Dussafu all of which are located in water depths ranging from 93 to 116 metres. A 'cluster' development of the contingent oil resource is proposed as each oilfield is not big enough in size in order to be developed as an autonomous or single oilfield. The development would be focused on the reservoirs Ruche Gamba, Ruche Dentale, Tortue Gamba and Tortue Dentale Sand 6, Moubenga Dentale and Walt Whitman Gamba. The reservoirs generally have a low gas/oil ratio ("**GOR**") and a strong aquifer support, like the neighbouring fields of the Etame License. The Ruche Area FDP describes the use of horizontal wells with gas lift to produce higher volumes of oil and reduce costs. The planning allows the production to commence within 21 months of Final Investment Decision by using the sub-sea technology proven in shallow sea water with a direct sub-sea connection of wells to a FPSO unit. Ruche has been chosen as the host installation facility because of its central location which will allow development of four oil field discoveries. There is no suitable nearby infrastructure in the vicinity of the Ruche area EEA and consequently the project would be a stand-alone development, with produced oil transported directly from the FPSO unit.

Whilst costs for services and equipment continue to fall in response to the lower oil price environment, at current oil prices, the Ruche development project is currently challenging, and timing is associated with uncertainty. Various options are being considered including alternative development concepts and adding further resources to the existing discoveries which would further improve the economics of the project. For instance a geophysical site survey was recently acquired over certain potential well locations in the license to allow the partners to respond should the macro environment improve.

9.5.4 Research and development, patents and licenses

In order to operate in West Africa, the Company is dependent on certain exploration and production licenses. The Company currently holds interests in the following licenses:

License	Country	Interest
Dussafu Marin (Gabon)	Gabon	33.33%
OML 113 Aje Field (Nigeria)	Nigeria	12.1913% revenue interest 6.502% participating interest

The Company has not incurred material expenses on research and development. The overview of investments for exploration and field development is covered in section 7.4.1 and 7.4.2.

9.6 ENVIRONMENTAL ISSUES THAT MAY AFFECT THE COMPANY'S UTILIZATION OF THE TANGIBLE FIXED ASSETS

The Company is not obliged to carry out environmental protection measures that would be significant to the business or financial situation. However, all phases of the oil business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities.

Elements of the Group's activities, products or services that can interact with the environment are produced formation water including chemicals, emission of greenhouse gases and the risk of acute oil discharges including loss of well control. The Group's license portfolio includes in one production license and one exploration license, the activities within which may be classified as exploration, discovery or production. Panoro defines its status in each of these license blocks as partner. To the extent Panoro can control and influence the environmental aspects in each production license area is dependent on its status as operator or partner and is fundamental to the practical application of the Panoro Group's environmental management system.

Where Panoro is a partner in a license, the primary responsibility for the environmental management of the activities within the license area rests with the designated operator. However, as Panoro holds joint and shared liability in connection with any environmental damage from activities undertaken in the license block, it is in the Company's best interest from a risk management perspective to ensure that the operator has environmental management provisions that are consistent with its environmental standards. As such, in partner licenses, Panoro assesses and aligns its environmental management provisions with those of the operator.

Panoro is committed to identify all its aspects and impacts, shall assess their significance, and ensure that appropriate operational controls are in place for those considered to be significant.

Panoro applies a broad definition of 'environmental aspects' and considers that, in addition to the physical activities that could lead to an environmental impact, the selection of other operators with whom Panoro chooses to invest (as a partner) in a license group is also an aspect which can influence the occurrence and/or extent of potential environmental impacts. Similarly Panoro's selection of contractors to undertake activities on its behalf where it is the operator is also an aspect that can influence the extent of potential environmental impacts.

There are no material differences between the legal frameworks applicable to the Nigerian or Gabon offshore licenses in this respect.

9.7 LEGAL FRAMEWORK FOR PETROLEUM BUSINESS

9.7.1 The regulatory framework for Nigeria

By the provisions of the Nigerian constitution and the Nigerian Petroleum Act, ownership of petroleum is vested in the Nigerian government on behalf of the people of Nigeria. The Nigerian Petroleum Act is the primary legislation governing the development of petroleum in Nigeria. The Ministry of Petroleum Resources, which is headed by a Minister who acts for and on behalf of the Nigerian government, has broad powers including the powers to grant

OPLs, which give the holder an exclusive right to explore and prospect for petroleum in respect of an area, and grant OMLs, for the development and disposal of crude oil. The Minister's consent is required for assignments of interests in OPLs and OMLs, and the Minister has the authority to issue regulations further to the Nigerian Petroleum Act. The Minister typically oversees the Nigerian industry through the Department of Petroleum Resources ("**DPR**"), which forms part of the Ministry of Petroleum Resources.

The Local Content Act was enacted in April 2010 and provides a framework for increasing Nigerian participation in all sectors of the Nigerian oil and gas industry, including the core upstream and support services of the Nigerian energy industry. The Local Content Act prescribes minimum thresholds for Nigerian participation in activities, generally provides for preferential treatment of Nigerian companies (i.e., companies with a minimum of 51 per cent. Nigerian equity holdings) in the award of oil blocks and licences and provides for exclusivity to Nigerian indigenous service companies that demonstrate their capacity to operate in land and swamp terrain. The Local Content Act further provides that any project or contract with a budget of over USD 100 million must contain a specific labour clause requiring a minimum percentage of Nigerian employees in specific cadres as may be stipulated by the Nigerian Content and Development Monitoring Board. Furthermore, the operator or developer of the project must limit the number of expatriates in management positions (the current limit is a maximum of 5%). The Local Content Act also requires that operators retain a minimum ten per cent. of their total revenue from operations in Nigeria. Non-compliance with the provisions of the Local Content Act in the award or execution of a project or contract can result in the cancellation of the project or a fine of up to five per cent. of the project sum. The risks for the Group associated with the Local Content Act and other locals laws and regulations are further described in Section 2.2 – "*Risks relating to the jurisdictions in which the group operates*".

The passage into law of the Nigerian Petroleum Industry Bill ("PIB") could create local ownership control requirements and additional fiscal and regulatory burdens on the parties to the Aje field. The PIB seeks to introduce significant changes to legislation governing the oil and gas sector in Nigeria, including new fiscal regulatory and tax obligations and expanded fiscal and regulatory oversight that may impose additional operational and regulatory burdens on the operations under the Aje field and impact the economic benefits anticipated by the parties to the Aje field. Any such fiscal and regulatory changes could have a negative impact on the profits allocable to the Aje field and its owners. The current status of the PIB is uncertain and it is uncertain if, and if so; when and with which content, the PIB will enter into force as law in Nigeria. A more detailed description of the PIB and the further possible risks for the Group associated with the PIB is set out in Section 2.2 – "Risks relating to the jurisdictions in which the Group operates".

Further, the Petroleum (Drilling & Production) Regulations ("PDPR"), issued pursuant to the Nigerian Petroleum Act, regulates operational aspects of the drilling and production of crude oil. The PDPR set out fees, rents and rates of royalties payable (depending on the location of the concession, royalty rates range from nil in deep offshore areas to 20 per cent. onshore) by a licensee or lessee under the Nigerian Petroleum Act. In addition, licensees and lessees are obligated to obtain permits and licences before engaging in most activities in furtherance of petroleum operations under the relevant OPL or OML and also have reporting obligations. The compliance of PDPR is primarily undertaken through the Operator on the license.

There are also the Crude Oil (Transportation and Shipment) Regulations which regulate the transportation and shipment of crude oil after production. Adherence of these rules is more so the responsibility of the Operator and offtaker.

In addition to federal legislation, each Nigerian state in which oil and gas business is undertaken enacts laws setting environmental standards and regulating land ownership and use, some of which restrict transportation and storage of oil and natural gas in certain areas and storage of oil and natural gas in certain areas.

The Company's subsidiary Pan-Petroleum Aje Limited, either directly or through its partnership in the OML 113 license, ensures that the operator adheres to all the requirements mentioned in this section, where applicable.

9.7.2 The environmental framework for Nigeria

A number of national and international regulations guide oil and gas exploration and production activities in Nigeria. The first major national environmental guidelines for oil and gas exploration and production activities came into effect in 1981 when DPR issued interim guidelines and standard on monitoring, treatments and disposal of effluents from the petroleum industry. Regulations existing before this time were not specific environmental acts or laws; they were limited to statutory provisions that requested voluntary environmental protection efforts from the operators. In 1991, the sustainable Environmental Guidelines and Standards for the Petroleum Industry in Nigeria (EGASPIN) replaced the 1981 interim guidelines. In 2002, a revised EGASPIN was published, replacing an unpublished 1999 version. Oil companies are working in compliance with the 2002 requirements.

Regulations relating specifically to the EIA of the proposed Aje FDP are as follows;

- Environmental Guidelines and Standards for the Petroleum Industry in Nigeria(EGASPIN) by DPR (2002).
- Federal Ministry of Environment, (FMEnv), formally Federal Environmental Protection Agency (FEPA), environmental guidelines and standards, including Environmental Impact Assessment Act No. 86 of 1992.

The Aje field EIA was prepared pursuant to EIA procedural requirements of the DPR and FMEnv guidelines. There are, however other regulatory requirements that also apply to the project.

9.7.3 The regulatory framework for Offshore Gabon

The Ministère des Mines, de l'Énergie et du Pétrole regulates the upstream oil and gas industry in Gabon. Day-to-day responsibility for the upstream sector is run through the Direction Générale des Hydrocarbures ("**DGH**").

There are two separate types of contract in Gabon. Older fields operate under the terms of a concession agreement whereby only royalty and corporation tax is paid. The second type of contract is a production sharing agreement, introduced for the first time in 1977.

Up until 2014 the fiscal and regulatory framework of Gabon featured few hard and fast rules. Successive model contracts issued by the government only acted as guidelines and all fiscal aspects of each contract were negotiable. The terms of each PSC tended to be two periods of five years each, or five years, plus three years, plus two years. Work commitments and exploration costs on each PSC were completely negotiable.

In September 2014 a new hydrocarbons law came into force in Gabon. The New Law largely codifies the most recent contractual practice. New provisions applicable to the downstream sector have also been introduced but they mainly set general principles. Certain matters remain subject to further clarification as the New Law is in some instances unclear and leaves a number of matters to implementing regulations. The New Law also provides for certain transitory provisions.

In terms of application of the New Law to existing PSCs such as Dussafu, the principle is that all hydrocarbons agreements entered into prior to the publication of the New Law will remain in full force and effect with terms which may validly depart from those of the New Law, except for the obligations specified to be of immediate application. However, these arrangements cannot be renewed or extended without conforming to the terms of the New Law. New discoveries within the perimeter of an existing arrangement will be fully governed by the provisions of the New Law. Implementation of the following within the deadlines prescribed by the New Law is required even for existing investments: (i) decommissioning funds, (ii) limitations on gas flaring, (iii) constitution of PID and PIH provisions and (iv) compliance with the licensing requirements for midstream and downstream activities.

9.7.4 The environmental framework for Gabon

Oil and gas exploration and production activities are regulated by Law N°14/82 of 24th January 1983. The main environmental legislation in Gabon is Law No 16/93 relating to the Protection and Improvement of the Environment, also known as "Code de l'Environnement". The Law aims to foster a sustainable use of resources and development, limit pollution and nuisances, and improve the environment. The implementation of these principles under the law is the responsibility of the Minister of Environment.

Decree No 539 applies the principles of article 67 of Law 16/93 and abrogates Decree No 405. The Decree requires oil and gas operators to submit to the Environmental Administration a project notice, in order to elaborate directives specific to the project. In order to elaborate these directives, the operator might have to organise a site visit. In addition, operators are requested to undertake a consultation process, including presenting the project to the local populations. Minutes of the meetings must be signed by the authorities that attended.

The decree also specifies the requirement for an Environmental Impact Assessment, with 15 copies of the final document (in French) having to be submitted to the Environment Ministry. Under the regulations the Ministry has 30 days to review the document and give his recommendation.

In case of approval, the Ministry delivers an authorisation. If the recommendation is unfavourable, the Ministry has to provide his motives.

If no response has been made by the Ministry within a month of reception of the document, the applicant can assume consent has been given and may proceed with the proposed operations.

A period of public consultation must also be carried out. This involves a publication of an article in the Newspaper "Union" notifying that the EIA is available for comments during ten days. The Ministry can only approve the EIA once the consultation period is over.

Decree No 541 regulates the elimination of wastes and requires from all waste producers and owners to dispose of these wastes if they are potentially harmful to the environment. Decree No 542 regulates the dumping of some products in superficial, underground and marine waters. Decree No 543 determines classified installations subject to either a declaration or an authorisation. Oil and gas extractive installations, in particular, are subject to an authorisation. Decree No 545 regulates the recovery of used oil, its collection and recycling. Oil spill risks and relative emergency response arrangements are governed by Law n°21/04 of 2nd February 2004 and Decree No 653. Decree No 653 relative to the preparation and response to pollution by hydrocarbons provides the framework of the Gabonese Response in case of an oil spill, which would consist in deploying the National Emergency Plan (Plan d'Urgence National - PUN). Offshore response measures are the responsibility of the "Marine Nationale", whereas onshore response measures are to be coordinated by the "Ministère de l'Intérieur" via the "Direction de la Protection Civile".

Law 003/2007 on National Parks prohibits activities likely to negatively impact National Parks environment within their boundaries and a buffer zone of five kilometres around. Only human activities not impacting the environment can be authorized. This authorization must be provided by the relevant minister after consultation with the organism in charge of the National Park. The beneficiary of the authorization must pay a fee according to applicable modalities and rates. Under civil law, he's responsible of any damage caused by to the National Park because of its activity.

9.8 FISCAL TERMS

9.8.1 Fiscal Regulations Nigeria

Petroleum Profits Act 2004 ("PPTA")

The PPTA governs the taxation of upstream operations with the baseline applicable tax for crude oil operations set at 85 per cent. of chargeable profits with royalties ranging between nil and 20 per cent. depending on water depth. A lower tax rate of 65.75 per cent. is payable by companies that have not yet amortised all pre-production capital expenditure for the first five years. In practice, however, the Nigerian government has not applied this statutorily prescribed rate to marginal field operations, but instead has applied concessionary rates of 50-55 per cent. of chargeable profits.

The Deep Offshore & Inland Basin Production Sharing Contract Act ("DIBPSA")

The DIBPSA was enacted further to the PPTA and applies to production sharing contracts for concession areas situated deep offshore and in Nigeria's inland basin. The law was enacted to provide fiscal incentives to encourage exploration in areas that were at the time under-utilised. The main incentive is a lower tax rate of 50 per cent. (as opposed to the 85 per cent. set by the PPTA), lower royalty rates (as low as zero per cent. for deep offshore areas) and the introduction of an Investment Tax Credit of 50 per cent for production sharing contracts executed before 1 July 1998 or an Investment Tax Allowance of 50 per cent for production sharing contracts executed after 1 July 1998. The DIBPSA is administered by the Federal Inland Revenue Service.

In addition to taxation of petroleum profits, pursuant to the PPTA or DIBPSA, there is also a levy of three per cent. imposed by the Niger Delta Development Commission Act 2000 chargeable on the total annual budget of any oil producing or gas processing company operating onshore and offshore of the Niger Delta area. Interests in assets located offshore in the Niger Delta will be subject to these provisions.

The Local Content Act requires that one per cent. of every contract awarded to any operator, contractor, subcontractor, alliance partner or any other entity involved in any project, operation, activity or transaction in the upstream sector of the Nigerian oil and gas industry shall be deducted at source and paid into the Nigerian Content Development Fund.

The Local Content Act also requires all operators, contractors and sub-contractors in the oil and gas industry to retain at least ten per cent of their total revenue from Nigerian operations in Nigerian banks.

There is also a two per cent. Education Tax imposed on the assessable profits of every company registered in Nigeria and five per cent. VAT charged on all supply of goods and services except goods and services expressly exempted by the Local Content Act.

Tax Incentives

The PPTA also provides for a number of incentives to encourage utilisation of natural gas, usually although not exclusively found when exploring for crude oil. These incentives apply exclusively to crude oil producers engaged in the utilisation of both associated and non-associated gas.

In order to encourage gas utilisation, the Nigerian government introduced incentives under the PPTA that would allow companies involved in the utilisation of gas to be taxed at the corporation tax rate of 30 per cent under the Companies Income Tax Act ("**CITA**"), in relation to the income from the gas utilisation project (as opposed to the 85 per cent and 50 per cent rates under the PPTA and DIBPSA, respectively). No definition is provided for utilisation of gas in the PPTA; however, the PPTA specifically provides that the incentives shall be available to companies that invest in natural gas liquids extraction facilities to supply gas in usable forms to downstream projects (such as aluminium smelting and methanol production) and other gas utilisation projects.

Companies that invest in the utilisation of associated gas are allowed to treat investments required to separate crude oil and gas from the reservoir into usable products as part of oilfield development. In addition to this, capital investment on facilities equipment to deliver associated gas in usable form can be treated as part of capital investment for oil development for tax purposes.

Under CITA, other incentives are available to gas utilisation companies, including a tax free period of up to five years for gas utilisation projects and attractive loan and capital allowance provisions amongst others.

9.8.2 Fiscal Regulations Gabon

Production Sharing Contracts – pre-2014

State Participation

The state has an option to participate in commercial discoveries. State participation became common after the second licensing round in 1986. The state equity interest increased with each successive licensing round to a maximum of 25% in the fourth round and sixth licensing rounds. In the seventh round the government indicated that state participation was now negotiable, which marked an important change in approach and the average is now 10%. In the Dussafu licence, this option is 10% and has been sold to the Tulip Consortium which is 50% owned by Tullow Oil Plc.

Carry & Reimbursement

The state does not reimburse its share of past exploration costs. It does however pay for its share of any exploration wells drilled within the production permit after start-up. The state's share of development costs are usually carried although the government has an option to pay for some or all of its share of costs as they are incurred.

Costs are reimbursed out of 70% of the state net profit interest. (Early PSCs stipulated that the state reimbursed its share of costs using 100% of its net profit interest, but nowadays payback is slower). The state pays interest on carried costs at the Banque des Etats de l'Afrique Centrale (BEAC) rate.

Production Bonuses

Production bonuses are payable. A production bonus is payable when the field commences production (usually US$1-3 million) and also when specified production rates are reached. Typical bonus payments are US$2-3 million when production reaches 10,000 b/d and US$2-6 million when 20,000 b/d is achieved. In line with the other recent fiscal incentives new contracts have included smaller bonus payments. Production bonuses are not cost recoverable.

Area Rentals

An annual surface royalty based on total surface area is due yearly in advance. The gross annual surface rent is approximately USD 700,000, one third of which is Panoro's share.

Training Fees

The operator has the obligation to contribute to the training of Gabonese nationals. Contribution amounts are negotiable and are cost recoverable.

Other Bonuses and Fees

Bonuses are also payable when contracts are renewed for a second or subsequent period. These bonuses are not cost recoverable.

Indirect Taxes

VAT / Sales Taxes

VAT is levied at 18% on both imported and domestic goods. During exploration no VAT is imposed.

Royalty and Other Production Taxes

Royalty

A royalty is payable on total allowable production ("**TAP**"). TAP is defined as gross production less volume for in-field use less the volume used for reservoir management. Royalty rates can either be fixed (typically 10%) or on a sliding scale based on production rates (5% at start-up, grading to 20% at peak). Terms for ultra-deepwater PSCs contain a minimum royalty payment of 5%. A royalty holiday period of three or five years also applies to recent contracts. Payment can either be in cash or kind.

Other Production Taxes

Production Levy

There is a US$0.05 per barrel levy on gross production paid into the National Hydrocarbon Fund. This levy has been non-negotiable in previous licensing rounds but in the seventh round it has become open for negotiation.

Domestic Market Obligation ("DMO")

All fields are required to supply a quantity of crude oil to the SOGARA refinery at Port Gentil. The quantity is in proportion to the contractors entitlement compared to the total production of Gabon. The crude is sold to the refinery at a 25% discount. This discount is cost recoverable. In practice only Mandji crude is used as a feedstock at the refinery. The other crudes (Oguendjo, Gamba, Lucina and Rabi) are bartered.

Contractor Revenue Entitlement

The contractor is entitled to revenue from sales of cost recovery production and its share of profit oil/gas and pays royalty and taxes on its net income.

Liquids Pricing

DMO oil is supplied at a 25% discount to the prevailing market price.

PSC Cost Recovery

Cost Recovery Ceiling

In each year of production a percentage of net production after royalty is available to offset costs. The cost recovery ceiling is typically 65% but varies by licensing round, generally increasing over time. Cost recovery ceilings can be increased for marginal field developments or incremental developments on existing fields by negotiation with the government on a case-by-case basis.

Recoverable Costs

All costs are expensed and recoverable in the year in which they are incurred or the year in which commercial production commences, whichever is later. Interest on loans made from third party sources to fund development is also allowable for cost recovery.

Cost Carry Forward

Any unrecovered costs can be carried forward (without interest) for relief in subsequent years without limit.

PSC Profit Sharing

Production remaining after royalty and cost recovery is termed profit share and is divided between the contractor and the government. The basis on which this division is made is negotiable, based on tiered daily production rates with a different percentage profit share applicable to each tier. During the application process bidders must specify the various production rate tiers and the profit oil splits applicable to each tier.

Typical production based profit splits are given in the table below:

Profit Oil Splits (Onshore and Shallow Water Contracts)

Production ('000 b/d)	Government Share (%)	Contractor Share (%)
< 10	50	50
< 20	52.50	47.50
< 40	55	45
< 80	65	35

Corporate (or Petroleum) Income Tax

Taxable Income

The state pays tax on behalf of the contractor.

Other Taxes

Capital Gains tax is payable on the sale of assets to non-affiliates.

9.8.3 Specific Terms and Conditions of the Licenses

9.8.3.1 Production Sharing Contract Dussafu Marin Permit

All work programme obligations under the PSC have been fulfilled. The Company's fully owned subsidiary Pan-Petroleum Cyprus Holdings Limited ("**PPHCL**") has a company guarantee to the State of Gabon to fulfil all obligations under the PSC. The third period of the Exploration Authorisation expires on 27 May 2016. The Exploration Authorisation periods within the PSC may be extended by mutual agreement between the contractor and the State of Gabon, usually with payment of a gross bonus of around USD 1.2 million per year. Alternatively, additional exploration periods may be added to the PSC, with a signature bonus and work commitment to be negotiated, but the terms of the PSC may be subject to revision in this case.

The Ruche Area Exclusive Exploitation Authorisation was entered into on 17 July 2014 and covers 850.5 km^2 four discovered fields and numerous undrilled structures that could be economically and expeditiously developed through the Ruche area development infrastructure. The Ruche Area Exclusive Exploitation Authorisation allows the Dussafu joint venture partners to exploit hydrocarbon resources in the area of The Ruche Area EEA for up to 20 years from first production. It is a requirement under such authorisation to develop and produce hydrocarbons within four years of grant i.e. by 16 July 2018. At present the Company, through its joint venture partnership, is in constructive dialogue with the state of Gabon given the drop in oil prices. The timeframe for negotiation and possible approval of any amendment to the EEA is likely to be during 2017 or 2018.

The main specific terms relating to the Dussafu Exploration and Production Sharing Contract are set out in the table below.

Item	**Description**
Recovery of petroleum costs	Contractor is entitled to recover petroleum costs capped at 65% of net production per year. This cost recovery can raise to 75% of net production if three years after production commencement contractor has not recovered its share of petroleum costs
Carry forward of petroleum costs	If in a year the net production does not permit the contractor to recover petroleum costs, the petroleum costs not recovered are carried forward to succeeding years until full recovery of the petroleum costs.
Production Sharing of petroleum after petroleum costs recovery	<10,000 bbls/d State 50%, Contractor 50% 10,000-20,000 bbls/d State 52.5%, Contractor 47.5% 20,000-40,000 bbls/d State 55%, Contractor 45% 40,000-80,000 bbls/d State 60%, Contractor 40% 80,000-100,000 bbls/d State 65%, Contractor 35% >100,000 bblss/d State 70%, Contractor 30%
Mining royalty (not considered petroleum costs)	<10,000 bbls/d 4% of total available production 10,000-20,000 bbls/d 6% of total available production 20,000-40,000 bbls/d 8% of total available production 40,000-80,000 bbls/d 10% of total available production >80,000 bbls/d 12% of total available production
Bonuses payable by Contractor to State (not considered petroleum costs)	USD 1 million from commencement of hydrocarbon production USD 2 million once average daily production reaches for the first time 20,000 bbls/d USD 3 million once average daily production reaches for the first time 40,000 bbls/d USD 3.5 million once average daily production reaches for the first time 80,000 bbls/d USD 4 million once average daily production reaches for the first time 100,000 bbls/d

9.8.3.2 OML 113 Joint Operating Agreement

OML 113 is not governed by a PSC since it is a tax and royalty based lease. PPHCL has a performance guarantee to the other parties to the JOA. The OML 113 lease expires on 11th June 2018. The OML lease may be renewed by the lease holders by application not less than 12 months before the date of expiration and the renewal shall be granted if the lessee has paid all rents and royalties due and has otherwise performed all his obligations under the lease. Other obligations are those that any OML lease holder has under the relevant Nigerian law such as the Petroleum Act, and includes a conduct of operations continuously and in a vigorous and business-like manner in accordance with good oil field practice. A negotiable renewal fee is payable. The costs are not expected to be significant and can only be determined with reasonable accuracy on engagement with the authorities closer to time

The main specific terms relating to the OML 113 lease and the JOA as interpreted by Panoro are set out in the table below.

Item	Description
Royalty (Oil)	10% of total production times selling price used for the purpose of royalty calculations
Royalty (Gas)	5% of total production times selling price used for the purpose of royalty calculations
Oil tax rate	50% of taxable petroleum profits as defined under PPTA
Gas tax rate	30% of taxable profits derived from producing gas
Investment Tax Allowance / Petroleum Investment Allowance	50% of qualifying historical investments made to explore and develop the field
Education Tax	2% on assessable profits as defined for the purpose of determining education tax
VAT	5% on value of goods supplied
Custom Duty	Variable – on values determined for the purpose of customs duty

9.9 COMPETITIVE POSITION

Panoro operates in a highly competitive environment, where all competitors offer the same product, crude oil. There is little differentiation with regards to the product throughout the industry, although the product may be offered with different quality (and with correspondingly different price). The market for oil producer is dominated by a few producers with a substantial share of total production and a very long tail of smaller producers. Of a total production of liquids in excess of 92 million barrels per day, the top ten largest producers have a market share of approximately 61 per cent.

Company	**Estimated Production**[1]	**Share of production**	**Sources (publically available information):**
Saudi Aramco	12.5	14 %	Forbes Magazine
Gazprom	9.7	11 %	Forbes Magazine
National Iranian Oil Co	6.4	7 %	Forbes Magazine
ExxonMobil	5.3	6 %	Forbes Magazine
PetroChina	4.4	5 %	Forbes Magazine
BP	4.1	4 %	Forbes Magazine
Royal Dutch Shell	3.9	4 %	Forbes Magazine
Pemex	3.6	4 %	Forbes Magazine
Chevron	3.5	4 %	Forbes Magazine
Kuwait Petroleum Corp	3.2	3 %	Forbes Magazine
Top 10	**56.6**	**61 %**	**Forbes Magazine**
Remaining producers	35.5	39 %	Forbes Magazine
Total production	**92.1**	**100 %**	**International Energy Agency**

[1] Million barrels of oil equivalents produced per day

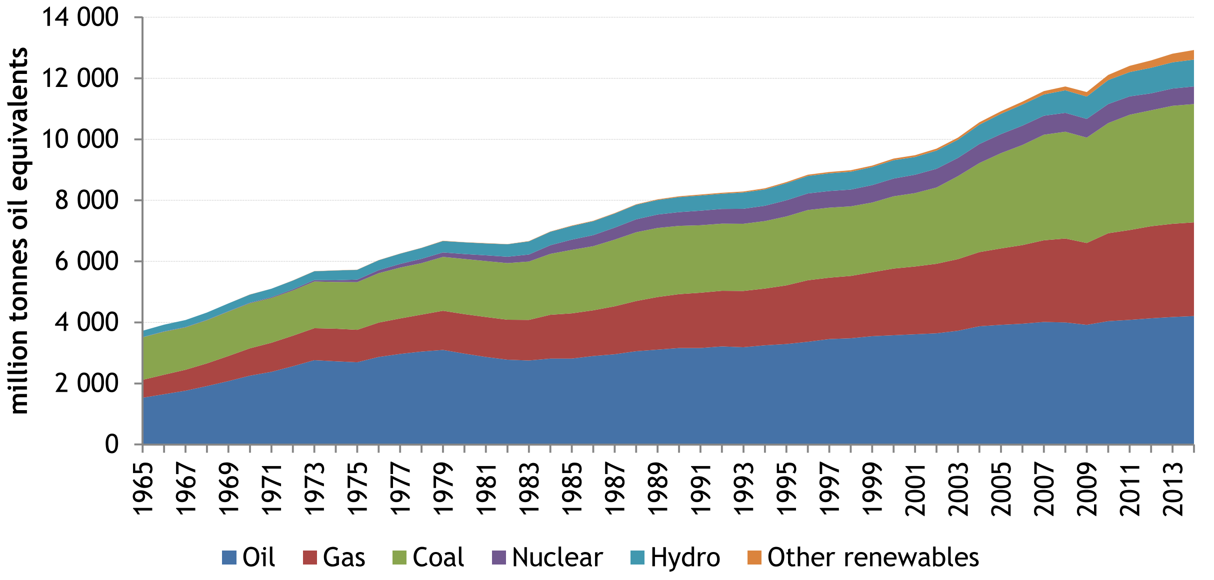
10. MARKET OVERVIEW

10.1 THE GLOBAL ENERGY MARKET

The world energy consumption has seen a steady increase since the industrial revolution, and is expected to continue to do so in the years to come. Fossil fuels continue to supply more than 86% of the world's energy of which 33% is oil, according to BP Statistical Review of World Energy June 2015.

The world consumption of primary energy – including oil, natural gas, coal, nuclear, hydro power and other renewable energy – increased by 1.8% in 2013 and 0.9% in 2014, according to BP Statistical Review of World Energy June 2015. Global liquids consumption (oil, NGLs and biofuels) increased by 1.6 million barrels per day or 1.7% in 2015 according to the International Energy Agency (as of February 2016), up from 0.9 million barrels per day (1.0%) in 2014. In the World Energy Outlook 2015 (released November 2015) by the International Energy Agency ("**IEA**") liquids consumption is expected to grow from 92.1 million barrels per day in 2014 to 107.7 million barrels per day in 2040, representing a compounded annual growth rate of 0.6% (1.0% CAGR from 2014-2020) in its New Policies Scenario, which takes into account energy-related components of climate pledges made by countries as of mid-2015.

Figure: World Energy Consumption



Source: BP Statistical Review of World Energy June 2015, publically available information

10.2 THE OIL MARKET

Oil is a common description for hydrocarbons in liquid form. Crude oil produced from different oil fields varies greatly in composition, and the composition and distribution of hydrocarbon components determines the weight of the oil, with light crude oil having a higher percentage of light hydrocarbons than heavier oil. Light oil requires less refinement to be usable, and is therefore more valuable than the heavy oil.

Oil is well suited for storage and transportation, and is transported over long distances in large crude oil tankers or pipelines. Because of this, oil is a commodity with a well-developed world market. The prices are determined on the world's leading commodities exchanges, with NYMEX in New York and the ICE in London as the most important markets for the determination of world oil prices. Relative oil price differentials are primarily determined by the weight of the oil and its sulphur content, with WTI, the main benchmark for NYMEX, as the lightest and sweetest (less sulphur) of the main benchmarks in oil pricing. Brent crude, the main benchmark for ICE is slightly heavier.

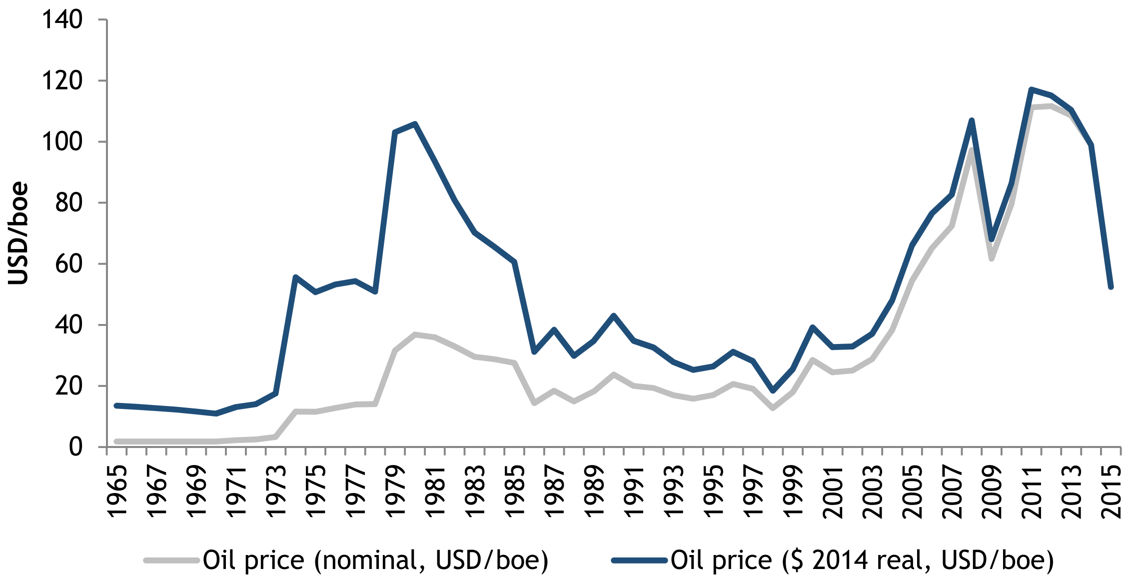
Crude oil is refined into usable products for consumption, the most important being gasoline, diesel, jet fuel and other fuel oils. The remaining hydrocarbons are used as raw material for many chemical products, including pharmaceuticals, solvents, fertilisers, pesticides, and plastics. On a sector basis oil represents 93% of all transportation demand globally, while 56% of all oil produced ends up consumed within the transportation sector, according to the IEA in its 2015 World Energy Outlook.

10.3 THE OIL PRICE

Oil prices traded at all-time high levels (in terms of annual average) for the most of 2011, 2012, 2013 and the first half of 2014, and the Brent oil price was largely in a USD 100-125/bbl range. However, since the summer 2014, oil prices have declined steeply and Brent reached USD 28/bbl in mid January 2016. The price decline was the result of high oil prices for an extended period of time which helped unlock technological breakthroughs in US onshore production, combined with relatively weak global oil demand growth during H2 14 and the return of Libyan production. The market was still oversupplied by an estimated 2.2 mb/d in Q4 15 according to IEA's February oil market update, though production from the US has started to decline, albeit slower than many expected. The drop in prices has set in motion a massive contraction in E&P spending, with 2015 spending down 24% y/y while 2016 spending is expected to contract a further 19% y/y according to Rystad Energy per February 2016. This would mark the first period of two consecutive years of declining investments since the 1980s. Against this backdrop very few new projects are likely to be sanctioned. In fact, Rystad Energy estimated that only 7.5 billion barrels of oil equivalents was sanctioned in 2015, well below total production of around 35 billion barrels of oil equivalents. Rystad estimates point to roughly 9.2 billion boe of potential resources that could reach Final Investment Decision in 2016 at a breakeven price below USD 60/boe. Most market observers, including **IEA**, Energy Information Agency ("**EIA**") and Rystad Energy, expect that supply will decline year-over-year in 2016, led by declines in US production, while demand is expected to grow by 1.2 million barrels per day (according to IEA in February 2016).

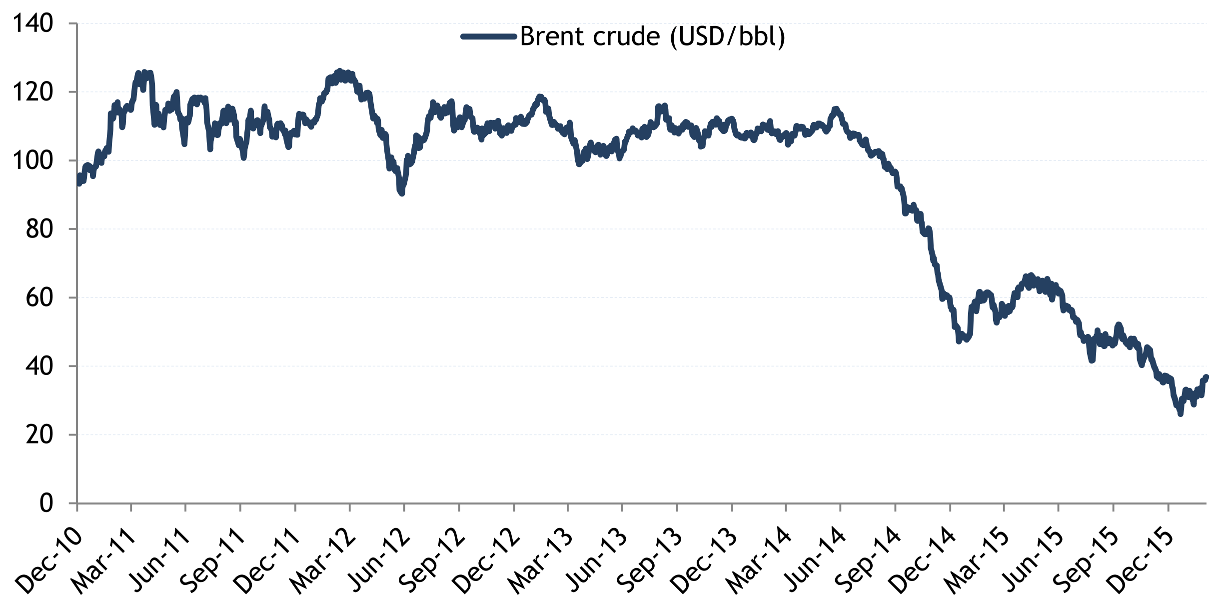
As evidenced by the recent decline, the oil price is highly dependent on the current and expected future supply and demand of oil, and is as such influenced by global macroeconomic conditions and may experience material fluctuations on the basis of economic indicators, material economic events and geopolitical events. Historically, oil prices have also been heavily influenced by organizational and national policies, most significantly the implementation of Organization of Petroleum Exporting Countries ("**OPEC**") and subsequent production policies announced by the organization. The figures below show the historical oil price development from 1950 to 2015, as well as the development in Brent prices from 2011 until today.

Figure: Historical oil price, annual average



Source: BP Statistical Review of World Energy June 2014; Bloomberg, publically available information

Figure: Brent oil price, daily from 1 Jan 2011 to 6 Mar 2015



Source: Bloomberg, publically available information

11. BOARD OF DIRECTORS, MANAGEMENT AND EMPLOYEES

11.1 BOARD OF DIRECTORS

11.1.1 Overview

In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of its business, ensuring proper organisation of its business, preparing plans and budgets for its activities, ensuring that its activities, accounts and asset management are subject to adequate controls, and undertaking investigations necessary to perform its duties.

The following table sets forth, as the date of this Prospectus, the number of options and shares beneficially owned by each of the Company's directors as of the date of this Prospectus. Additionally, Hilde Ådland was elected as a new board member in the Extraordinary General Meeting held 2 March 2016 (with a term commencing 1 April 2016) and has been included in the below table:

Name	Position	Has served since	Term expires	Options held	Shares held
Julien Balkany[1]	Chairman	October 2014	AGM 2016	None	11,001,051
Alexandra Herger	Board member	October 2014	AGM 2016	None	59,500
Garrett Soden	Board member	May 2015	AGM 2016	None	67,000
Torstein Sanness	Board member	May 2015	AGM 2016	None	300,000
Hilde Ådland	Board member	April 2016	AGM 2017	None	None

11.1.2 Description of the board members

The Company's Board of Directors consists of the following members:

Julien Balkany – Chairman of the Board
Mr. Julien Balkany, Chairman of the Board, is a French citizen resident in London, who has been serving as a managing partner of Nanes Balkany Partners, a group of investment funds which primarily pursues active value investments in publicly traded oil and companies gas companies since 2008. Mr. Balkany has been since March 2015 a non-executive Director of Norwegian Energy Company ASA (Noreco), a Norwegian exploration and production company listed on the Oslo Stock Exchange and focused on the North Sea. Mr. Balkany has been from May 2014 to July 2015 a non-executive Director of Gasfrac Energy Services Inc., a Canadian oil and gas fracking services company. From January 2009 to March 2011, Mr. Balkany served as Vice-Chairman and non-executive Director of Toreador Resources Corp., an oil and gas exploration and production company with operations in Continental Europe (France, Turkey, Hungary and Romania) that was dual-listed on the US NASDAQ and Euronext Paris. Mr. Balkany has been a Managing Director at Nanes Delorme Capital Management LLC, a New York based financial advisory and broker-dealer firm, where he executed several hundred million dollars' worth of oil & gas M&A transactions. Before joining Nanes Delorme, Mr. Balkany worked at Pierson Capital and gained significant experience at Bear Stearns. Mr. Balkany studied at the Institute of Political Studies (Strasbourg) and at UC Berkeley. Mr. Balkany is fluent in French, English and Spanish. *Business address: 78 Brook Street, London W1K 5EF, United Kingdom.*

Alexandra Herger, Non-Executive Director
Ms. Alexandra Herger is a US citizen based in Maine, who has extensive leadership experience in worldwide exploration for oil and gas companies. Ms. Herger has 35 years of global experience in the upstream oil and gas industry. She most recently served as interim Vice President of Global Exploration for Marathon Oil Corporation from April 2014 until her retirement during the summer of 2014. Prior to this position, Ms. Herger was appointed Director of International Exploration and New Ventures for Marathon Oil Company from November 2008 to April 2014. She led five new country entries and was responsible for adding net discovered resources of over 500 million boe to Marathon's portfolio. Before joining Marathon, she was at Shell E&P Company from 2002-2006. Prior to the merger with Shell, Ms. Herger was Vice President of the Gulf of Mexico for Enterprise Oil from 1998-2002. Earlier, Ms. Herger held positions of increasing responsibility in oil and gas exploration and production, operations, and planning with Hess Corporation and ExxonMobil Corporation. Ms. Herger holds a Bachelor's degree in geology from Ohio Wesleyan University and post-graduate studies in geology from The University of Houston. Ms. Herger is a member of Leadership Texas, the Foundation for Women's Resources, and was on the advisory board of the Women's Global Leadership Conference in Houston, Texas from 2010 to 2013. *Business address: 78 Brook Street, London W1K 5EF, United Kingdom.*

[1] Held through investment funds Nanes Balkany Partners I LP and Balkany Investments LLC.

Garrett Soden, Non-Executive Director
Mr. Garrett Soden has experience across the natural resources sector in government, investment banking and public company management. He has worked with the Lundin Group of Companies since 2007 as a senior executive and board member. He is a director of Etrion Corporation, a Canadian solar power producer with assets in Italy, Chile and Japan. Mr. Soden is the former Chairman and Chief Executive Officer of RusForest AB, a Swedish forestry company focused on Russia. He is also the former Chief Financial Officer of both Etrion and PetroFalcon Corporation, a Canadian oil and gas company focused on Venezuela. Mr. Soden previously worked at Lehman Brothers in equity research and at Salomon Brothers in mergers and acquisitions. He also previously served as Senior Policy Advisor to the U.S. Secretary of Energy. Mr. Soden holds a BSc honors degree from the London School of Economics and an MBA from Columbia Business School. *Business address: 78 Brook Street, London W1K 5EF, United Kingdom.*

Torstein Sanness, Non-Executive Director
Mr. Torstein Sanness is a Norwegian Citizen residing in Norway who has extensive experience and technical expertise in the oil and gas industry. Mr. Sanness became the Chairman of Lundin Petroleum Norway in April 2015. Prior to this position Mr. Sanness was Managing Director of Lundin Petroleum Norway from 2004 to April 2015. Under his leadership Lundin Norway has turned into one of the most successful players on the NCS and added net discovered resources of close to a billion boe to its portfolio through the discoveries of among others E. Grieg and Johan Sverdrup. Before joining Lundin Norway Mr. Sanness was Managing Director of Det Norske Oljeselskap AS (wholly owned by DNO at the time) and was instrumental in the discoveries of Alvheim, Volund and others. From 1975 to 2000, Mr. Sanness was at Saga Petroleum until its sale to Norsk Hydro and Statoil, where he held several executive positions in Norway as well as in the US, including being responsible for Saga's international operations and entry into Libya, Angola, Namibia, and Indonesia. Mr. Sanness is a graduate of the Norwegian Institute of Technology in Trondheim where he obtained a Master of Engineering (geology, geophysics and mining engineering). *Business address: 78 Brook Street, London W1K 5EF, United Kingdom.*

Hilde Ådland, Non-Executive Director, effective from 1 April 2016
In the Extraordinary General Meeting of 2 March 2016, Hilde Ådland was appointed as a Director, effective from 1 April 2016.

Mrs. Hilde Ådland, a Norwegian citizen, has extensive technical experience in the oil and gas industry. She has leadership experience in field development, engineering, commissioning, and field operations. Mrs. Ådland is currently Head of Operations for Engie E&P Norge AS (previously GDF SUEZ E&P Norge as). She held several senior positions with Engie in Norway including production and development manager and senior facility engineer. Prior to joining GDF in 2008, she spent 12 years with Statoil in a number of senior engineering and operational roles, including Offshore Installation Manager, and 5 years with Kvaerner. She has a Bachelor's degree in chemical engineering and a Master's degree in process engineering. Business address: Vestre Svanholmen 6, Sandnes, P.O. Box 242, 4066 Stavanger, Norway

Following commencement of Hilde Ådland's term on 1 April 2016, the composition of the Board of Directors is in accordance with the recommendation of the Norwegian Code of Practice for Corporate Governance dated 30 October 2014 (the "Corporate Governance Code").

11.2 MANAGEMENT

11.2.1 Overview

The management is responsible for day-to-day management of the Company's operations in accordance with the instructions set out by the Board of Directors. Among other things, the CEO of a Norwegian public company is obligated to ensure that the company's accounts are kept in accordance with existing Norwegian legislation and regulations, and that the assets of the company are managed responsibly. In addition, at least once a month the CEO of a Norwegian public company must brief the board of directors about the company's activities, position and operating results.

The following table sets forth, as the date of this Prospectus, the number of options and shares beneficially owned by each of the Company's management as of the date of this Prospectus:

Name	Position	Options held	Shares held
John Hamilton	CEO	-	488,000
Qazi Qadeer	CFO	33,334	203,500
Richard Morton	Technical Director	58,334	154,132

The outstanding share options were issued under the employee share options plan in the year 2011 and the number of options and/or the strike price of NOK 7.56 may be subject to adjustments under the plan rules.

11.2.2 Description of the management team

John Hamilton, Chief Executive Officer
John Hamilton, Chief Executive Officer, has considerable experience from various positions in the international oil and gas industry. Most recently, John was Chief Executive Officer of UK AIM listed President Energy PLC, a Latin American focused exploration company, which opened up a new onshore basin in Paraguay. Before joining President, John was Managing Director of Levine Capital Management, and oil and gas investment fund. He was also Chief Financial Officer of UK FTSE 250 listed Imperial Energy PLC, until its sale for over US$ 2 billion in 2008. John also spent 15 years with ABN AMRO Bank in Europe, Africa, and the Middle East. The majority of his time with ABN AMRO was spent in the energy group, with a principal focus on financing upstream oil and gas. John has a BA from Hamilton College in New York, and an MBA from the Rotterdam School of Management and New York University. Mr. Hamilton is a British and US citizen residing in London, United Kingdom. *Business address: 78 Brook Street, London W1K 5EF, United Kingdom.*

Qazi Qadeer, Chief Financial Officer
Qazi Qadeer, Chief Financial Officer is a Chartered Accountant with a Fellow membership of Institute of Chartered Accountants of Pakistan. Qazi joined Panoro at its inception in 2010 as Group Finance Controller. Previously he has worked for PriceWaterhouseCoopers in Karachi, Pakistan and briefly served as Internal audit manager in Pak-Arab Refinery before relocating to London, where he has spent more than five years with Ernst & Young's energy and extractive industry assurance practice; working on various projects for large and small oil & gas and mining companies. He has worked on several high profile projects including the divestment of BP plc's chemicals business in 2005 and IPO of Gem Diamonds Limited in 2006. He is a British citizen and resides in London, UK. *Business address: 78 Brook Street, London W1K 5EF, United Kingdom.*

Richard Morton, Technical director
Richard Morton, Technical Director has 25 years of experience in exploration, production, development and management in the oil and gas industry. Originally a highly qualified geophysicist, he has expanded his portfolio of skills progressively into operational and asset management. He has worked in a number of challenging contracting and operating environments, including as Centrica Energy's Exploration Manager for Nigeria. He has been with Panoro Energy since 2008 with responsibilities for project and technical management of Panoro's African exploration and development assets. Richard obtained a B.Sc. in Physics from Essex University in 1989 and went on to complete a M.Sc. in Applied Geophysics from the University of Birmingham the following year. He is a British citizen and resides in London, UK. *Business address: 78 Brook Street, London W1K 5EF, United Kingdom.*

11.3 OTHER DIRECTORSHIPS AND MANAGEMENT POSITIONS

Over the five years preceding the date of this document, the member of the Board and the senior management hold or have held the following directorships (apart from their directorships of the Company and its subsidiaries) and/or partnerships:

Board of Directors:	Current directorships and senior management positions	Previous directorships and senior management positions last five years
Julien Balkany	Norwegian Energy Company ASA (Board member)	Gasfrac Energy Services Inc. (Board member and Vice Charman)
	Nanes Balkany Partners I LP (Managing Partner)	Toreador Resources Corp. (Board member)
	Skyn Iceland LLC (Director)	
Alexandra Herger	Tortoise Capital Advisors – Closed End Funds (Board member)	-
Garrett Soden	Etrion Corporation (Board member)	RusForest AB (Chairman)
		PA Resources (Board member)
Torstein Sanness	Lundin Norway (Chairman)	-
	Ocean Industry Forum (Board member)	

No board member has private interests of relevance and there are no other understandings or agreements with major shareholders in respect of selection of board members.

Management:	Current directorships/partnerships	Previous directorships/partnerships
John Hamilton	None	IGAS PLC (Director)
		President Energy PLC (CEO)
		President Energy (UK) Limited (Director)
		President Energy Paraguay Limited (Director)
		President Energy Pirity Limited (Director)
		President Energy Holding UK Limited (Director)
		Levine Capital Management Limited (Managing Director)
Qazi Qadeer	None	None
Richard Morton	Zebra Energy Limited (Director)	None

11.4 THE NOMINATION COMMITTEE

The Company has a nomination committee consisting of 3 members elected by the annual general meeting ("**AGM**") for a two-year period. The Nomination Committee currently consists of Petter Mannsverk Andresen (chairperson), Stig R. Myrseth and Odd Rune Heggheim. The majority of the nomination committee is independent of the Board of Directors and the day-to-day management. The nomination committee's duties are to propose to the general meeting shareholder elected candidates for election to the board of directors, and to propose remuneration to the board. The annual general meeting may adopt procedures for the nomination committee.

11.5 AUDIT COMMITTEE AND COMPENSATION COMMITTEE

The Board has an Audit Committee, consisting of 4 members. The members are independent of the executive management. The purpose of the committee is to assist the Board of Directors to serve as an independent, objective check and balance in the Company's financial reporting and internal control. The Audit Committee currently consists of Garrett Soden (chair), Torstein Sanness, Alexandra Herger and Julien Balkany.

Its responsibilities include:

- The integrity of the financial statements of the Company, including the audited annual and the unaudited quarterly financial statements.
- The independence, qualifications, performance and compensation of the Company's independent auditors.
- The performance of the Company's internal audit function.
- The Company's compliance with legal and regulatory policies.

The Board further appoints a Compensation Committee, currently consisting of 4 members. The members are to be independent of the executive management. The Compensation committee currently consists of Torstein Sanness (chair), Garrett Soden, Alexandra Herger and Julien Balkany.

The Compensation Committee meets regularly, and the objective of the committee is to determine the remuneration strategy for the Company and to consider the compensation for the Company's CEO. The Compensation Committee presents its recommendations to the Board, whereby the Board of Directors decide upon the remuneration of the CEO. Remuneration to the CEO shall be at market terms and decided by the Board and made official at the AGM every year. The Board presents their declaration on determination of salaries and other remuneration to the executive management for approval by the Annual General Meeting.

11.6 CONFLICT OF INTERESTS

The are no conflict of interest or potential conflict of interest between any duties to the Company, of the members of the Board of Directors or the senior management, and their private interests or other duties. There are no family relations between any of the members of the Board of Directors or members of senior management.

11.7 CONVICTIONS FOR FRAUDULENT OFFENCES, BANKRUPTCY, ETC.

None of the members of the Board of Directors or the Management have during the last five years preceding the date of this Prospectus:

- Any convictions in relation to indictable offences or convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his capacity as a founder, director or senior manager of a company.

11.8 REMUNERATION AND BENEFITS

11.8.1 Remuneration of the Board and Management

The remuneration of the members of the Board is determined on a yearly basis by the Company at its annual general meeting. The directors may also be reimbursed for, inter alia, travelling, hotel and other expenses incurred by them in attending meetings of the directors or in connection with the business of Panoro Energy. A director who has been given a special assignment, besides his normal duties as a director of the Board, in relation to the business of Panoro Energy may be paid such extra remuneration as the directors may determine.

Board compensation for 2014 and 2013 was as follows:

USD 000	**2014**	**2013**
Julien Balkany	14	-
Lars Brandeggen	9	-
Alexandra Herger	9	-
Silje Christine Augustson	47	49
Dr. George Edward Watkins	2	56
Tone Kristin Omsted	38	17
Bjørn Kristian Stadheim	35	11
Endre Ording Sund	65	70
Dr. Philip A. Vingoe	-	50
Isabel da Silva Ramos	-	33
Total	**219**	**286**

No loans have been given to, or guarantees given on the behalf of, any members of the Management Group, the Board or other elected corporate bodies.

Dr. Philip A. Vingoe and Ms. Isabel da Silva Ramos resigned from the Board in June 2013, whereas Dr. George Edward Watkins resigned from the board in January 2014.

Mr. Endre Ording Sund, Ms. Tone Kristin Omsted and Mr. Bjørn Kristian Stadheim resigned from the Board in October 2014.

After Mr. Sund's resignation as Director and Chairman, Mr. Julien Balkany was elected as the Chairman of the Board of Directors in the Company's EGM in October 2014.

Ms. Alexandra Herger and Mr. Lars Brandeggen were elected Directors in the Company's EGM in October 2014.

The annual general meeting held 27 May 2015 approved remuneration for the Board for the period up to the annual general meeting in 2016 of NOK 450,000 to the chairperson and NOK 200,000 for each other Board member.

For the newly appointed board member Hilde Ådland, compensation will be NOK 200,000 per annum in board fees payable on a quarterly basis. She may also be entitled to an additional NOK 50,000 per year respectively if she is invited to join the audit and compensation committees.

Management compensation for the financial year ended 31 December 2014 was as follows:

USD 000	Salary	Bonus	Benefits	Pension costs	Severance Pay	Total	Number of options awarded in 2014	Fair value of options expensed / (credited)
Nishant Dighe, CEO / COO	375	41	15	48	-	479	-	25
Qazi Qadeer, CFO (August – December 2014)	108	54	3	11	-	176	-	2
Jan Kielland, former CEO	434	47	4	28	218	731	-	(7)
Anders Kapstad, former CFO (January to July 2014)	177	38	12	8	365	600	-	(52)
Total	**1,094**	**180**	**34**	**95**	**583**	**1,986**	**-**	**(32)**

Mr. Kapstad's two year contract with the Brazilian subsidiary, Panoro Energy do Brasil Ltda. expired on 31 July 2014 and at this point he was entitled to a 12 months base salary of approx. USD 365 thousand; in addition to his contractual salary, Mr. Kapstad was entitled to be reimbursed for overseas housing expenses and school fees, which totalled USD 95 thousand to the point of his contract expiry in July 2014.

Mr. Qazi Qadeer assumed the role of CFO with effect from August 1, 2014 and his remuneration tabled above is also reflective of this.

Following the decision to relocate Panoro's head office to London in December 2014, Mr. Jan Kielland stepped down from the role of CEO and was replaced by the former COO, Mr Nishant Dighe. Mr. Kielland was entitled to a lump sum of six month's base salary as severance of approx. USD 218 thousand as well as his monthly base salary until June 2015 as per the terms of his termination agreement. Mr. Kielland's severance was paid in January 2015.

All salaries, bonuses, benefits and severance payments have been expensed as incurred. All bonuses that were incurred and paid in 2014 were after completion of milestones that the previous Board of Directors approved in 2013. The previous Board of Directors consisted of Mr. Endre Ording Sund (Chairman), Ms. Silje Christine Augustson, Mr. Bjørn Kristian Stadheim and Ms. Tone Kristin Omsted.

11.8.2 Benefits upon termination of employment

Under the terms of employment, the CEO and CFO in general are required to give at least six and three month's written notice respectively prior to leaving Panoro.

Per the respective terms of employment, the CEO is entitled to 12 months of base salary in the event of a change of control; whereby a tender offer is made or consummated for the ownership of more than 50% or more of the outstanding voting securities of the Company; or the Company is merged or consolidated with another corporation and as a result of such merger or consolidation less than 50.1% of the outstanding voting securities of the surviving entity or resulting corporation are owned in the aggregate by the persons by the entities or persons who were shareholders of the Company immediately prior to such merger or consolidation; or the Company sells substantially all of its assets to another corporation that is not a wholly owned subsidiary. The CFO is not entitled to such remuneration at change of control.

Under the share options plan should such an event occur, all outstanding share options will also vest immediately and the Company may have the right to terminate the options by:

- Compensating the difference between the fair market value of the options and the exercise value; or
- Replacing the options with new options in the acquiring company; or
- Compensating the holder of the options with an amount of cash equivalent to the fair market value of the options, using the full contractual life of the option when calculating the fair market value.

11.8.3 Pension obligations and option schemes

11.8.3.1 Pension schemes

The Company is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("Lov om obligatorisk tjenestepensjon"). The Company contributes to an external defined contribution scheme and therefore no pension liability is recognized in the statement of financial position.

In the UK, the Company's subsidiary that employs the staff, contributes a fixed amount per Company policy in an external defined contribution scheme. As such, no pension liability is recognised in the statement of financial position in relation to Company's subsidiaries either.

Pension contributions are made on a monthly basis and as of the date of this Prospectus, there is no liability of the Company or its subsidiaries towards staff pensions.

11.8.3.2 Previous option scheme

Following a merger in June 2010, the Company established an option plan (the "**Panoro Option Plan**") whereby options were granted to the key management and employees on various dates.

The Panoro Option Plan governs all future grants of options by the Company to Directors, officers, key employees and certain consultants of the Group. Options are granted under the Panoro Options Plan at the discretion of the Board of Directors. No changes were made to the options plan during the current and previous financial year.

No options were allocated to employees during the current and prior year. Vesting of options under this plan is over a three year period, with 1/3 of the options exercisable each year. The exercise price of the options set at the time of issue is to be increased by 8 percent after year two and additional 8 percent annually thereafter. The exercise price for the options is as follows:

2010 awards

2,333,333 options had a vesting period until 17 August 2011 and could be exercised until 17 August 2012 at NOK 6.00 or until 17 August 2013 at NOK 6.48; 2,333,333 options had a vesting period until 17 August 2012 and could be exercised until 17 August 2013 at NOK 6.48 or until 17 2014 at NOK 7.00 and 2,333,334 options had a vesting period until 17 August 2013 and could be exercised until 17 August 2014 at NOK 7.00 or until 17 August 2015 at NOK 7.56.

2011 awards

1,640,000 options had a vesting period until 21 December 2012 and could be exercised until 21 December 2013 at NOK 6.00 or until 21 December 2014 at NOK 6.48; 1,640,000 options havd a vesting period until 21 December 2013 and could be exercised until 21 December 2014 at NOK 6.48 or until 21 December 2015 at NOK 7.00; and 1,640,000 options had a vesting period until 21 December 2014 and could be exercised until 21 December 2015 at NOK 7.00 or can be exercised until 21 December 2016 at NOK 7.56.

2012 awards

641,666 options had a vesting period until 8 November 2013 and could be exercised until 8 November 2014 at NOK 6.00 or until 8 November 2015 at NOK 6.48; 641,666 options have a vesting period until November 8, 2014 and could be exercised until 8 November 2015 at NOK 6.48 or can be exercised until November 8, 2016 at NOK 7.00 and 641,668 options have a vesting period until 8 November 2015 and can be exercised until 8 November 2016 at NOK 7.00 or until 8 November 2017 at NOK 7.56.

Options will be considered as vested if an employee stays in employment of the Company or its subsidiaries over the full length of the individual vesting period of each tranche granted. Should any of the Group companies or an employee decide to terminate their employment prior to the start of exercise period, the options shall expire without any further compensation. All options under the plan will be settled in shares.

The Company calculates the value of share-based compensation using a Black-Scholes option pricing model to estimate the fair value of share options at the date of grant. The estimated fair value of options is amortised to expense over the options' vesting period. In the 2014 annual report, USD 108,000 (2013: USD 235,000 - charged) has been released to the statement of comprehensive income (including continuing activities of USD 34,000 charge and discontinued activities of USD 142,000 credit) since grant dates during 2014 and the same amount credited to additional paid-in capital.

As of 31 December 2014, 2,161,673 options (2013: 5,816,673 options) were outstanding for 9 employees (2013: 22 employees) including contract employees and key management personnel. Of these employees, 3 employees had left the employment as of 2014 year-end but under Company's policy their options were exercisable up to three months from the leaving date. Of the total outstanding options 2,161,673 options were vested and exercisable at an average of NOK 6.88 per share. A summary of outstanding and vested options as of year-end 2014 is illustrated in the table below:

Exercise price in NOK	Outstanding Options			Vested options	
	Outstanding options 2014	Weighted average remaining contractual life	Weighted average exercise price - NOK	Vested options 2014	Weighted average exercise price - NOK
6.00	-	-	-	-	-
6.00 or 6.48	1,000,000	0.19 years	6.48	1,000,000	6.48
6.48 or 7.00	685,002	1.36 years	7.00	685,002	7.00
7.00 or 7.56	476,671	0.57 years	7.56	476,671	7.56
Total...............................	**2,161,673**	**0.65 years**	**6.88**	**2,161,673**	**6.88**

The distribution of outstanding options amongst the employees is as follows:

	Number of options	Options vested	Exercise price in NOK	Exercise period	Fair value expensed/(credited) – USD 000
Nishant Dighe	500,001	500,001	7.00-7.56	17 August 2015 – 21 December 2016	25
Qazi Qadeer (i)	125,001	125,001	7.00-7.56	17 August 2015 – 21 December 2016	2
Jan Kielland – former CEO	1,000,000	1,000,000	6.48	upto 31 March 2015	(7)
Other employees (including discontinued operations)	536,671	536,671	7.00-7.56	17 August 2015 – 21 December 2016	(128)
Total.......................	**2,161,673**	**2,161,673**			**(108)**

(i) Mr. Qadeer was formally designated as the interim Chief Financial Officer in August 2014, his disclosable share based payment charge has been apportioned over a five month period only.

No vested options were exercised by key management or other employees in the current financial year.

Under the Panoro Option Plan in an event where there is a change of control, all outstanding share options will vest immediately and the Company may have the right to terminate the options by:

- Compensating the difference between the fair market value of the options and the exercise value; or
- Replacing the options with new options in the acquiring company; or
- Compensating the holder of the options with an amount of cash equivalent to the fair market value of the options, using the full contractual life of the option when calculating the fair market value.

A change of control is defined under the options plan as an event; whereby a tender offer is made and consummated for the ownership of more than 50% or more of the outstanding voting securities of the Company; or the Company is merged or consolidated with another corporation and as a result of such merger or consolidation less than 50.1% of the outstanding voting securities of the surviving entity or resulting corporation are owned in the aggregate by the persons by the entities or persons who were shareholders of the Company immediately prior to such merger or consolidation; or the Company sells substantially all of its assets to another corporation that is not a wholly owned subsidiary.

11.8.3.3 New restricted stock unit scheme

At the annual general meeting held 27 May 2015, a new employee incentive scheme was approved whereunder the Company may issue restricted stock units ("**RSUs**") to executive employees. Awards under the new scheme will normally be considered one time per year and grant of share based incentives will in value (calculated at the time of grant) be capped to 100% of the annual base salary for the CEO and 50% of the annual base salary for other members of the executive management.

One RSU will entitle the holder to receive one share of capital stock of the Company against payment in cash of the par value for the share. The total number of RSUs available for grant under the RSU program during the period from the 2015 annual general meeting and up to the annual general meeting in 2018 shall not exceed 5% of the number of shares outstanding as per the date of the 2015 annual general meeting (at which point in time the total number of shares was 234,545,786).

Grant of RSUs will be subject to a set of performance metrics with threshold and factors reviewed annually by the Board of Directors. Such metrics will be set as objectives based on sustained performance results including mostly share price increases and achievement of specific financial performance measures related to a group of oil and gas exploration and production peers that has been defined and adopted by a committee established by the Board. The annual criteria applied for grants of RSUs to members of the executive team during the previous financial year will, unless they contain confidential and company sensitive targets, be disclosed in the Company's annual remuneration statement pursuant to section 6-16a of the Public Limited Companies Act.

Vesting of the RSUs is time based. The standard vesting period is threeyears, where 1/3 of the RSUs vest after one year, 1/3 vest after two years, and the final 1/3 vest after three years after grant, unless the Board decides otherwise for specific grants. RSUs vest automatically at the respective vesting dates and the holder will be issued the applicable number of shares as soon as possible thereafter.

As per the date of this Prospectus no RSUs had been granted.

11.8.4 Loans and Guarantees

No loans have been given to, or guarantees given on the behalf of, any members of the Management Group, the Board or other elected corporate bodies.

11.9 EMPLOYEES

As of the date of this Prospectus, the Company has five employees, all based in London, United Kingdom. Details on the key management personnel are covered in section 11.2.2 whereas the remaining employees perform support services of accounting and office administration tasks to the Company. The table below illustrates the development in number of employees over the last years for the Company, as per the end of each calendar year 2012, 2013, 2014 and 2015.

Year	As of date	Total
2015	31 December	5
2014	31 December	7
2013	31 December	17
2012	31 December	30

Since 2012, the Company has reduced its footprint in various jurisdictions through divestment of assets and reduction of corporate overheads. The resultant decline in employees is mainly due to sale of Congolese asset MKB in 2012 and divestment of Brazilian assets and closure of Oslo office in 2014.

12. SHARE CAPITAL AND SHAREHOLDER MATTERS

The following description includes certain information concerning the Company's share capital, a brief description of certain provisions contained in the Company's Articles of Association and Norwegian law in effect as of the date of this Prospectus. Any change in the Articles of Association is subject to approval by a general meeting of shareholders. This summary does not intend to be complete and is qualified in its entirety by the Company's Articles of Association and Norwegian law.

12.1 SHARE CAPITAL AND SHARES

12.1.1 General

Panoro is a public limited liability company organized under the laws of Norway and subject to the Norwegian Public Limited Liability Companies Act, with its registered office at c/o Michelet & Co Advokatfirma AS, Grundingen 3, 0250 Oslo, Norway. The legal and commercial name of the Company is Panoro Energy ASA. The Company was incorporated on 28 April 2009, and registered with the Norwegian Register of Business Enterprises on 6 May 2009 with organizational number 994 051 067.

Panoro's independent auditor is Ernst & Young, and their business address is Dronning Eufemias gate 6, 0191 Oslo, Norway. Ernst & Young is a member of Den Norske Revisorforening (the Norwegian Institute of Public Accountants).

12.1.2 Share capital

As of the date of this Prospectus, Panoro Energy's registered share capital is NOK 2,006,062.26 divided into 401,212,452 Shares each with a nominal value of NOK 0.005. All the Shares are authorised and fully paid.

The Company has one class of shares, each Share carrying equal shareholder rights, including voting rights at general meetings. The Company's articles of association does not provide for limitations on the transferability or ownership of Shares.

The Shares have been created under the Norwegian Public Limited Liability Companies Act and registered in book-entry form with the VPS under the International Securities Identification Number (ISIN) NO 001 0564701. The registrar for the Shares is Nordea Bank Norge ASA, Registrars department, Essendrops gate 7, 0368 Oslo, Norway.

12.1.3 Treasury Shares

As of the date of this Prospectus, Panoro Energy does not own any treasury shares.

12.1.4 Warrants, convertible loans and authorisations to issue new Shares

Neither the Company nor any of its subsidiaries has issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company or its subsidiaries. Further, neither the Company nor any of its subsidiaries has issued subordinated debt or transferable securities other than the Shares and the shares in its subsidiaries which will be held, directly or indirectly, by the Company. Outstanding authorisations

In the annual general meeting held 27 May 2015 the Board of Directors was granted the following two authorisations to increase Panoro Energy's share capital through issuance of new shares:

Authorization to the Board to conduct capital increases by way of share issue under the Company's incentive program

"The Company's Board is authorized to increase the share capital, on the following conditions:

1. The share capital may, in one or more rounds, be increased by a total of up to NOK 62,500 by the issuance of up to 12,500,000 new shares in the Company.

2. The authorization may be used to issue shares to the Company's employees under the Company's incentive program.

3. The authorization shall be valid until the ordinary general meeting in 2016, but no later than until 30 June 2016.

4. The shareholders' pre-emption for subscription of shares may be set aside.

5. The authorization includes the increase of the share capital in return for contributions in kind or the right to incur on the assumptions of special obligations of the Company.

6. The Board is authorized to alter the Articles of Association implied by the share capital increase(s).

7. The authorization does not include decision on merger."

Authorization to the Board to conduct capital increases by way of share issues for mergers and acquisitions

“The Company’s Board is authorized to increase the share capital, on the following conditions:

1. The share capital may, in one or more rounds, be increased by a total of up to NOK 117,272 by the issuance of up to 23,454,000 new shares in the Company.

2. The authorization may be used to issue shares as consideration for acquisitions within the Company’s ordinary business sectors or in connection with equity increases.

3. The authorization shall be valid until the ordinary general meeting in 2016, but no later than until 30 June 2016.

4. The shareholders’ pre-emption for subscription of shares may be set aside.

5. The authorization includes the increase of the share capital in return for contributions in kind or the right to incur on the assumptions of special obligations of the Company.

6. The Board is authorized to alter the Articles of Association implied by the share capital increase(s).

7. The authorization does include decision on merger.”

As of the date of this Prospectus, the Board of Directors has not used any of the above authorizations.

Authorization to acquire treasury shares

At the annual general meeting held 27 May 2015, the Board was given the following authorization to acquire treasury shares:

“The Board is given the following authorization to acquire own shares:

1. "The Board is hereby authorized to acquire the Company's own shares up to an aggregate nominal value of NOK 117,272. The Company may not purchase shares in the Company if the aggregate nominal value of the shares owned by the Company after the purchase exceeds 10 % of the Company’s share capital at the time of the purchase, nor if the aggregate purchase price for the shares exceeds the free equity in the Company according to the most recently approved balance sheet.

2. The lowest price to be paid per share shall be NOK 0.01 and the highest price to be paid per share shall be the price as quoted on the stock exchange at the time of the acquisition plus 5%.

3. With due consideration of the principle of equality in the Securities and Company legislation, cf. the Public Companies Act Section 6-28 first paragraph and the Securities Trading Act Section 5-14, the Board determines how the shares in the Company may be purchased or sold.

4. The authorization shall be valid until the ordinary general meeting in 2016, but no later than until 30 June 2016."

As of the date of this Prospectus, the Board of Directors does not have any authorisations to issue independent subscription rights or convertible loans. The shares issued pursuant to the Private Placement and the Subsequent Offering are and will be issued in accordance with a resolution by the EGM held 2 March 2016.

12.1.5 Transferability and foreign ownership

There are no restrictions on trading in the Company’s Shares and no restrictions on foreign ownership of the Company’s Shares.

12.1.6 Legislation and rights attached to the Shares

Reference is made to the review of legislation and rights attached to the Company’s Shares in Section 13.4 “The Articles of Association and general shareholder matters‟.

12.1.7 Mandatory offers

Section 12.5.7 “Mandatory offer requirement” which outlines the legislation on mandatory offers applicable to Norwegian companies listed on Oslo Børs. The Company has not been subject to any public take-over bids the last 12 months.

12.2 HISTORICAL DEVELOPMENT IN SHARE CAPITAL AND NUMBER OF SHARES

Below is a table showing the development in the number of Shares and the share capital of Panoro Energy since incorporation on 6 May 2009 until the date of the Prospectus (all figures in NOK).

Year	Type of change	Change in share capital	Subscription price	Total issued share capital	No of shares
6 May 2009	Incorporation	100,000	1,000	100,000	100
7 January 2010	Capital increase	900,000	1,000	1,000,000	1000
7 June 2010	Capital reduction pre Demerger	1,000,000		0	0
7 June 2010	Capital Increase upon completion of Demerger	68,372,651.79	12.5958	68,372,651.79	46,815,456
7 June 2010	Capital Increase	22,320,203.09	12.5958	90,692,854.88	62,098,328
29 June 2010	Capital Increase	21,769,444.62	12.5958	112,426,299.50	76,979,440
29 June 2010	Capital increase (completion of Merger)	126,977,783.78	12.5958	239,440,083.25	163,947,081
15 February 2011	Capital increase (Private Placement)	23,944,008.18	7.80	263,384,091.43	180,341,789
1 March 2011	Capital Increase (Private Placement)	79,019,251.47	7.80	342,403,342.90	234,447,081
1 March 2011	Capital Increase (Repair Issue)	144,155.87	7.80	342,547,498.77	234,545,786
27 May 2015	Capital reduction (by reduction of par value)	341,374,769.84	n/a	1,172,728.93	234,545,786
8 March 2016	Capital increase (Private Placement)	833,333.33	0.42	2,006,062.26	401,212,452

Apart from the table above, and the planned Subsequent Offering, there have not been any changes in the Company's share capital since the Company's incorporation. Accordingly, as of 1 January 2012, 1 January 2013, 1 January 2014 and 1 January 2015, the Company had a total of number of shares of 234,545,786 each with a nominal value of NOK 1.460471768.

12.3 MAJOR SHAREHOLDERS

The 20 largest shareholders in Panoro Energy ASA per 10 March 2016 are shown in the table below:

#	Shareholder	Shareholding	Share
1	KLP	39,317,825	9.8 %
2	Nordea	38,150,000	9.5 %
3	Storebrand	36,913,630	9.2 %
4	Danske Kapital	16,666,600	4.2 %
5	Midelfart Invest AS	11,904,700	3.0 %
6	Swedbank	11,714,200	2.9 %
7	Nanes Balkany Partners LLC / Balkany Investments LLC	11,001,051	2.7 %
8	CVI Investments	8,333,300	2.1 %
9	Arctic Securities	8,312,666	2.1 %
10	EUROCLEAR BANK S.A./N.V. ('BA')	6,548,434	1.6 %
11	NORDNET BANK AB	5,439,796	1.4 %
12	KAMPEN INVEST AS	5,259,500	1.3 %
13	Tigerstaden AS	5,000,000	1.2 %
14	MP Pensjon PK	4,930,948	1.2 %
15	Shaps Capital AB	4,000,000	1.0 %
16	Nordnet Livsforskring AS	3,837,599	1.0 %
17	RAVI INVESTERING AS	3,690,400	0.9 %
18	GOLDMAN SACHS INTERNATIONAL EQUITY	2,948,948	0.7 %
19	OLAV OLSEN HOLDING AS	2,500,000	0.6 %
20	BKS Capital AS	2,380,900	0.6 %
	Total	**228,850,497**	**57.0 %**

In accordance with the disclosure obligations under the Norwegian Securities Trading Act, shareholders acquiring ownership to or control over 5% or more of the share capital of a company listed on Oslo Børs must notify the stock exchange immediately. The table above shows the percentage held by such notifiable shareholders.

All Shares carry equal voting rights and the major shareholders in Panoro Energy do not have different voting rights. Each Share of Panoro Energy entitles one vote.

The Company is not aware of any arrangements that may result in, prevent or restrict a change of control of the Company.

12.4 THE ARTICLES OF ASSOCIATION AND GENERAL SHAREHOLDER MATTERS

12.4.1 The Company's objects and purpose

The Articles of Association of the Company are included as Appendix 1 to this Prospectus. According to Section 2 of the Articles of Association, the Company's business shall consist of exploration, production, transportation and marketing of oil and natural gas and exploration and/or development of other energy forms, sale of energy as well as other related activities. The business might also involve participation in other similar activities through contribution of equity, loans and/or guarantees.

12.4.2 The General Meeting of shareholders

The following matters will be considered and decided by the annual general meeting:

1. Approval of the profit and loss statement and balance sheet, including application of the profit for the year or coverage of the loss for the year.

2. Election of board of directors and auditor, and determination of their remuneration.

3. Other issues which pursuant to law or the articles of association are to be decided by the annual general meeting.

If documents that shall be considered at the general meeting are made available to the shareholders on the Company's website, the Companies Act request to send these documents to shareholders does not apply. This shall also apply for documents that, pursuant to law or regulations, shall be included in or attached to the notice of the general meeting. A shareholder may nevertheless upon request to the Company have the documents that shall be considered at the general meeting sent free of charge by mail.

The annual general meeting and the extraordinary general meeting is called with a three week notice period. Registrations for the Company's general meetings must be received at least five calendar days before the meeting is held.

12.4.3 The Board of Directors

Pursuant to the Section 5 of the Articles of Association, the board of directors shall consist of 3 to 8 members.

12.4.4 The Company's signature

Pursuant to the Section 6 of the Articles of Association, the power to sign for the company is exercised by the chairman of the board alone or by two board members jointly.

12.4.5 The Nomination Committee

Pursuant to the Section 8 of the Articles of Association, the Company shall have a nomination committee consisting of two or three members to be elected by the annual general meeting for a term of two years. The majority of the nomination committee shall be independent of the board of directors and the day to day management. The nomination committee's duties are to propose to the general meeting shareholder elected candidates for election to the board of directors, and to propose remuneration to the board. The annual general meeting may adopt procedures for the nomination committee.

12.4.6 Voting rights and other shareholder rights

Panoro Energy has one class of shares, and each Share carry equal voting rights at the general meeting. The Articles of Association do not contain stricter restrictions for changing of the rights of the holders of the Shares than those which follow from the Public Limited Liability Companies Act.

As a general rule, resolutions that shareholders are entitled to make pursuant to Norwegian law or the Company's Articles of Association, requires approval by a simple majority of the votes cast. In the case of election of directors to the Board, the person who obtains the most votes is elected to fill the vacant position. However, as required under Norwegian law, certain decisions, including resolutions to waive pre-emptive rights in connection with any issue of shares, convertible bonds, warrants etc., to approve a merger or demerger, to amend the Company's Articles of Association, to authorise an increase or reduction in the share capital, to authorise an issuance of convertible loans or warrants or to authorise the Board to purchase the Company's own Shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a shareholders' meeting. Further, Norwegian law requires that certain decisions, which have the effect of substantially altering the rights and preferences of any shares or class of shares, receive the approval of all the holders of such shares or class of shares as well as the majority required for amendments of the Company's Articles of Association. Decisions that (i) would reduce any existing shareholder's right in respect of dividend payments or other rights to the assets of the Company or (ii) restrict the transferability of the shares require a majority vote of at least 90% of the share capital represented at the general meeting in question as well as the majority required for amendments to the Company's Articles of Association. Certain types of changes in the rights of shareholders require the consent of all shareholders affected thereby as well as the majority required for amendments to the Company's Articles of Association. The Articles of Association of the Company do not contain conditions that are more significant than required by the Norwegian Public Limited Liability Companies Act, including with regard to (i) what action is necessary to change the rights of holders of the Shares, and (ii) changes in capital.

In general, in order to be entitled to vote, a shareholder must be registered as the beneficial owner of Shares in the share register kept by the VPS or provide proof of its beneficial ownership. Beneficial owners of Shares that are registered in the name of a nominee may not be entitled to vote under Norwegian law unless such Shares are re-registered in the name of the beneficial owner, nor are any persons who are designated in the register as holding such Shares as nominees entitled to vote such Shares.

Readers should note that there are varying opinions as to the interpretation of Norwegian law in respect of the right to vote nominee-registered shares. For example, Oslo Børs has in a statement on 21 November 2003 held that in its opinion "nominee-shareholders" may vote in general meetings if they prove their actual shareholding prior to the general meeting.

Under the Public Limited Companies Act shareholders will have preferential rights to subscribe for new securities issued by the Company, unless such rights are waived with 2/3 majority.

A shareholder will have right to a share in the profits of the Company that are distributed as dividend, as well as any surplus following liquidation of the Company. There is no time limit after which entitlement to dividends lapses under the Norwegian Public Limited Companies Act or the Company's articles of association. Furthermore, there are no dividend restrictions for non-resident shareholders. See section 0 "

Norwegian taxation" for a description of the Norwegian tax rules that apply to dividend paid to Norwegian and foreign shareholders.

The shares are not subject to redemption rights with the exemption provided for below under 12.5.8 "Compulsory Acquisition". There are no conversion provisions applicable to the Shares.

12.4.7 Additional Issuances and Preferential Rights

If Panoro issues any new shares, including bonus share issues, its Articles of Association must be amended, which requires the same vote as other amendments to its Articles of Association. In addition, under Norwegian law, Panoro's shareholders have a preferential right to subscribe to issues of new shares. The preferential rights to subscribe to an issue may be waived by a resolution in a general meeting passed by the same vote required to approve amendments to the Articles of Association. A waiver of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding shares, irrespective of class.

The general meeting may, with a vote as required for amendments to the Articles of Association, authorize the Board of Directors to issue new shares, and to waive the preferential rights of shareholders in connection with such issuances. Such authorization may be effective for a maximum of two years, and the par value of the shares to be issued may not exceed 50% of the registered nominal share capital when the authorization is registered.

Under Norwegian law, bonus shares may be issued, subject to shareholder approval, by transfer from Panoro's distributable equity or from its share premium reserve. Any bonus issues may be effectuated either by issuing shares or by increasing the par value of the shares outstanding.

To issue shares to holders who are citizens or residents of the United States upon the exercise of preferential rights, Panoro may be required to file a registration statement in the United States under United States securities laws. If Panoro decides not to file a registration statement, such holders may not be able to exercise their preferential rights and in such event would be required to sell such rights to eligible Norwegian persons or other eligible non-U.S. holders to realize the value of such rights.

12.4.8 Shareholder Vote on Certain Reorganizations

A decision to merge with another company or to demerge requires a resolution of the shareholders passed by two-thirds of the aggregate votes cast at a general meeting. A merger plan or demerger plan signed by the board of directors along with certain other required documentation, would have to be sent to all shareholders at least one month prior to the shareholders' meeting.

12.4.9 Legal constraints on the distribution of dividends

Under Norwegian law, no interim dividends may be paid in respect of a financial period as to which audited financial statements have not been approved by the Annual General Meeting of shareholders. Any proposal to pay a dividend must be recommended or accepted by the Board of Directors and approved by the shareholders at a General Meeting. The shareholders may vote to reduce (but not to increase) the dividends proposed by the board of directors.

Dividends in cash or in kind are payable only out of (i) the annual profit according to the adopted income statement for the last financial year, (ii) retained profit from previous years, and (iii) distributable reserves, after deduction of (a) any uncovered losses, (b) the book value of research and development, (c) goodwill, (d) net deferred tax assets recorded in the balance sheet for the last financial year, the aggregate value of any treasury shares that the company has purchased or been granted security over during the preceding financial years, (f) any credit or security given pursuant to sections 8-7 to 8-9 of the Norwegian Public Limited Companies Act and provided always that such distribution is compatible with good and prudent business practice with due regard to any losses which may have occurred after the last balance sheet date or which may be expected to occur. The company cannot distribute any dividends if the equity, according to the balance sheet, amounts to less than 10% of the total balance sheet without following the procedure for capital decrease with two months' creditor notice period.

The Board of Directors will consider the amount of dividend (if any) to recommend for approval by the Company's shareholders, on an annual basis, based upon the earnings of the company for the years just ended and the financial situation of the company at the relevant point in time. Hence, the shareholders do not have an absolute entitlement to share in the Company's profits.

Under Norwegian foreign exchange controls currently in effect, transfers of capital to and from Norway are not subject to prior governmental approval. However, all payments to and from Norway shall be registered with the Norwegian Currency Registry. Such registration is made by the entity performing the transaction. Further, each physical transfer of payments in currency shall be notified to the Norwegian customs. Consequently, a non-Norwegian resident may receive dividend payments without Norwegian exchange control consent if such payment is made through a licensed bank.

The Norwegian Public Limited Liability Companies Act does not provide for any time limit after which entitlement to dividends lapses.

All shareholders that are shareholders at the time the General Meeting makes its resolution are entitled to dividend.

12.4.10 Procedure for dividend payments

Any potential future payments of dividends on the Shares will be denominated in NOK, and will be paid to the shareholders through the VPS. Payment to investors registered in the VPS whose address is outside Norway will be conducted by the Company's registrar (DNB) based on information received from the VPS. Investors with an address outside Norway who have registered a valid bank account with the VPS will receive the dividend payment to the registered bank account while investors who have not registered a bank account with the VPS will receive the dividend payment as a check mailed to the address that the investor has registered in the VPS.

12.4.11 Related Party Transactions

Under Norwegian law, an agreement between Panoro and a shareholder, the shareholder's parent, a director of Panoro or the CEO of Panoro, or any connected person to the shareholder or the shareholder's parent, which involves consideration from the company in excess of 1/20th of the Company's share capital at the time of such agreement is not binding on the Company unless the agreement has been approved by a General Meeting. Certain exemptions may apply, e.g. business agreements in the normal course of the Company's business containing pricing and other terms and conditions which are normal for such agreements, as well as the purchase of securities at a price which is in accordance with the official quotation. Any performance of an agreement which is not binding on the Company must be reversed.

12.4.12 Minority Rights

Norwegian law contains a number of protections for minority shareholders against oppression by the majority, including but not limited to those described in this and preceding paragraphs. Any shareholder may petition the courts to have a decision of its general meeting declared invalid inter alia on the grounds that it unreasonably favours certain shareholders or third parties to the detriment of other shareholders or the company itself. In certain circumstances shareholders may require the courts to dissolve the company as a result of such decisions. Minority shareholders holding 5% or more of Panoro's share capital have a right to demand in writing that it hold an extraordinary general meeting to discuss or resolve specific matters. In addition, any shareholder may in writing demand that Panoro place an item on the agenda for any shareholders' meeting if it is notified to the Board of Directors at least 7 days before the deadline to call for the shareholders' meeting together with a proposal for resolution or an explanation as to why the item is to be placed on the agenda. If the notice has been issued when such a written demand is presented, a renewed notice must be issued if at least 21 days remain before the shareholders' meeting is to be held.

12.4.13 Liability of Directors

Members of the Board of Directors owe a fiduciary duty to the company and its shareholders. Such fiduciary duty requires that the board members act in the best interests of Panoro when exercising their functions and exercise a general duty of loyalty and care towards Panoro. Their principal task is to safeguard the interests of the Company.

Members of the Board of Directors may each be held liable for any damage they negligently or wilfully cause Panoro. Norwegian law permits the general meeting to exempt any such person from liability, but the exemption is not binding if substantially correct and complete information was not provided at the general meeting when the decision was taken. If a resolution to grant such exemption from liability or not to pursue claims against such a person has been passed by a general meeting with a smaller majority than that required to amend Panoro's Articles of Association, shareholders representing more than 10% of the share capital or, if there are more than 100 shareholders, more than 10% of the shareholders may pursue the claim on Panoro's behalf and in its name. The cost of any such action is not Panoro's responsibility, but can be recovered from any proceeds it receives as a result of the action. If the decision to grant an exemption from liability or not to pursue claims is made by such a majority as is necessary to amend the Articles of Association, the minority shareholders cannot pursue the claim in Panoro's name.

12.4.14 Indemnification of Directors and Officers

Neither Norwegian law nor the Articles of Association contain any provision concerning indemnification by Panoro of the Board of Directors. However, as of the date of this Prospectus, Panoro has a Directors and Officers liability insurance program for its Board of Directors.

12.4.15 Insolvency/Liquidation

According to the Norwegian Public Limited Liability Companies Act, the Company may be liquidated by a resolution in a general meeting of the Company passed by a two-thirds majority of the aggregate votes cast as well as two thirds of the aggregate share capital represented at such meeting. The Shares rank pari passu in the event of a return on capital by the Company upon a liquidation or otherwise.

In the event a resolution to liquidate the Company has been made, the Company's assets shall be transformed to cash in order to cover the Company's contractual obligations and for distribution to the shareholders as long as the shareholders have not accepted to receive the dividends in kind.

12.5 SECURITIES TRADING IN NORWAY

As a company listed on Oslo Børs, Panoro is subject to certain duties to inform the market under the Stock Exchange Regulations, and the insider trading regulation of Chapter 3 of the Securities Trading Act. Furthermore, the Company is subject to Norwegian securities regulations and supervision by the relevant Norwegian authorities.

12.5.1 Trading and settlement

Trading of equities on Oslo Børs/Oslo Axess is carried out in the electronic trading system Millennium Exchange. This trading system is in use by all markets operated by the London Stock Exchange as well as by the Borsa Italiana and the Johannesburg Stock Exchange. Official trading on Oslo Børs/Oslo Axess takes place between 09:00 CET and 16:20 CET each trading day, with a pre-trade period between 08:15 CET and 09:00 CET, a closing auction between 16:20 CET and 16:25 CET and a post-trade period from 16:25 CET to 16:30 CET. The settlement period for trading on Oslo Børs/Oslo Axess is two trading days (T+2).

Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Trading Act, branches of investment firms from a member state of the European Economic Area (the "**EEA**"), or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in an EEA member state may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a license to this under the Norwegian Securities Trading Act, or, in the case of investment firms in an EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. Such market-making activities do not as such require notification to the Norwegian Financial Supervisory Authority or Oslo Børs, except for the general obligation of investment firms that are members of Oslo Børs to report all trades in stock exchange listed securities

12.5.2 Information, control and surveillance

Under Norwegian law, Oslo Børs is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of Oslo Børs monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

Under Norwegian law, implementing the EU Market Abuse Directive, a company that is listed on a Norwegian regulated market, or that is subject to the application for listing on such market, must promptly release any inside information (i.e., precise information about financial instruments, the issuer thereof, or other matters that are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and that are not publicly available or commonly known in the market). A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. Oslo Børs may levy fines on companies violating these requirements.

12.5.3 The VPS and transfer of shares

The Company's Shareholder register is operated through the VPS. The VPS is the Norwegian paperless centralized securities register. It is a computerized bookkeeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. The VPS and Oslo Børs are both wholly owned by Oslo Børs VPS Holding ASA.

All transactions relating to securities registered with the VPS are made through computerized book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (that is, Norway's central bank), authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

The entry of a transaction in the VPS is prima facie evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, by the relevant company's general meeting, or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS's control, of which the VPS could not reasonably be expected to avoid or overcome the consequences. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the Norwegian FSA on an on-going basis, as well as any information that the Norwegian Financial Supervisory Authority requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

12.5.4 Share register

Under Norwegian law shares are registered in the name of the owner of the shares. As a general rule, there are no arrangements for nominee registration. However, shares may be registered with VPS in the name of a depositary (bank or other nominee) approved by the Norwegian Financial Supervisory Authority, to act as nominee for Non-Norwegian shareholders. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In the case of registration by nominees, registration with VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions but cannot vote at general meetings on behalf of the beneficial owners. Beneficial owners must register with VPS or provide other sufficient proof of their ownership to the shares in order to vote at general meetings.

12.5.5 Foreign investment in Norwegian shares

Non-Norwegian investors may trade shares listed on Oslo Børs through any broker that is a member of Oslo Børs, whether Norwegian or Non-Norwegian.

12.5.6 Insider trading

According to Norwegian law subscription for, purchase, sale or exchange of shares which are listed or in respect of which a listing application has been submitted or incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in section 3-2 of the Norwegian Securities Trading Act.

The same applies to entry into, purchase, sale or exchange of option or futures/forward contracts or equivalent rights connected with such shares or incitement to such disposition.

12.5.7 Mandatory offer requirement

Pursuant to the Securities Trading Act, any person, entity, or group acting in concert that acquires shares representing more than 1/3 (with a repeated obligation at 40% and at 50%) of the voting rights of a Norwegian company whose shares are listed on Oslo Børs or Oslo Axess is obliged to make an unconditional general offer for the purchase of the remaining shares in the company within four weeks or, within the same period, dispose of a number of voting shares which brings the percentage of voting rights down to or below 1/3.

The shareholder must, immediately upon reaching any of the said thresholds, notify the Company and Oslo Børs accordingly and of whether it will make a mandatory offer or perform a sell-down. A notice informing about a disposal can be altered to a notice of making an offer within the four week period, while a notice stating that the shareholder will make an offer cannot be amended and is thus binding. The mandatory offer obligation ceases to apply if the person, entity, or consolidated group notifies the Company and Oslo Børs of its decision to sell down and then sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

An offer is subject to approval by Oslo Børs before submission of the offer to the shareholders or made public. The offer price per share must be at least as high as the highest price paid or agreed to be paid by the offeror in the six-month period prior to the date the 1/3 threshold was exceeded, but at least equal to the market price, if it is clear that the market price was higher when the mandatory offer obligation was triggered. Note, however, that the EFTA court in a statement dated 10 December 2010 has concluded that the "market price" alternative is not in compliance with EU regulations. Consequently, there is currently doubt as to the legal validity of this alternative. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be unconditional and in cash (NOK), but it may contain a consideration alternative at least equivalent to the cash consideration offered. Until an offer has been made or a disposal completed, the shareholder will have no voting rights or other rights relating to the shares exceeding the offer threshold, apart from the right to receive dividends and pre-emption rights in the event of a share capital increase. In case of the failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant threshold within four weeks, the Oslo Børs may force the acquirer to sell the shares exceeding the threshold by public auction.

Any person, entity, or consolidated group that has passed any of the above mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and that has therefore not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company.

The Company has not received any takeover bids or bids to acquire controlling interest during the last 12 months.

12.5.8 Compulsory Acquisition

Pursuant to the Norwegian Public Limited Liability Companies Act and the Securities Trading Act, a shareholder who, directly or through subsidiaries, acquires shares representing 90% or more of the total number of issued shares in a

Norwegian public limited liability company, as well as 90% or more of the total voting rights, has a right, and each remaining minority shareholder of the company has a right to require such majority shareholder, to effect a compulsory acquisition for cash of the shares not already owned by such majority shareholder. Through such compulsory acquisition, the majority shareholder becomes the owner of the remaining shares with immediate effect.

A majority shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share, the determination of which is at the discretion of the majority shareholder. Should any minority shareholder not accept the offered price, such a minority shareholder may, within a specified deadline not to be of less than two months' duration, request that the price be set by the Norwegian courts. Absent such request or other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the two-month deadline.

In event a shareholder, directly or through subsidiaries, exceeds the 90% threshold by way of a mandatory offer in accordance with the Securities Trading Act, and a compulsory acquisition is resolved within three months, then the share price in the compulsory acquisition shall be equal to the price in the mandatory offer if no special circumstances call for a different price. Further, if the 90% threshold is exceeded by way of a voluntary offer, the compulsory acquisition may, subject to the following conditions, be carried out without such shareholder being obliged to make a mandatory offer: (i) the compulsory acquisition is commenced no later than four weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than what the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution according to the rules for mandatory offers.

12.5.9 Disclosure Obligations

A person, entity or group acting in concert that acquires shares, options for shares or other rights to shares (i.a. convertible loans or subscription rights) resulting in its beneficial ownership, directly or indirectly, in the aggregate meeting or exceeding the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights in the Company has an obligation under Norwegian law to notify Oslo Børs immediately. The same applies to disposal of shares, option for shares etc., resulting in a beneficial ownership, directly or indirectly, in the aggregate meeting or falling below said thresholds.

The reporting obligations will also apply if the thresholds are reached or passed as a result of events changing the relative ownership or voting stake by "passive" means e.g. if a company is increasing its share capital and thereby causes an existing shareholder not participating in the capital increase to be diluted.

12.6 SHAREHOLDER AND DIVIDEND POLICY

12.6.1 Shareholder policy

Any acquisition of own shares will be at market price, and the Company will not deviate from the principle of unreasonable unequal treatment of all shareholders.

12.6.2 Dividend policy

The Company's objectives are to create lasting values and provide competitive returns to its shareholders through profitability and growth.

Long-term returns to shareholders should reflect the value created in the Company in the form of increased share price as well as dividends.

Dividends should arise in line with the growth in the Company's results while at the same time recognizing the need for financial preparedness for cyclical market movements, as well as opportunities for adding value through new profitable investments.

Over time, value added will be reflected to a greater extent by an increased share price, rather than through dividend distributions.

The Company has not paid any dividend since its incorporation in 2009.

12.7 SHAREHOLDER AGREEMENTS

The Company is not aware of any shareholder agreements among its investors.

12.8 CORPORATE GOVERNANCE

The principle behind good corporate governance is to establish and maintain a strong, sustainable and competitive company in the best interest of the shareholders, employees, business associates, third parties and society at large.

The Board acknowledges the Norwegian recommendation of the Corporate Governance Code, and the principle of comply or explain. The Board has implemented the Code and will use its guidelines as the basis for the Board's governance duties. As of the date of this Prospectus, the Company is in compliance with the Code with the following qualifications:

- Currently, the Audit Committee consists of the complete Board. The reason for this is the rather low number of directors in the Company, which has led the Board to conclude that it is currently more efficient for the Board work that all directors also are members of the Audit Committee. This practice will be further assessed in the future.

- Due to resignation of an elected board member ms. Silje Augustson in july 2015, the company's board composition is not in compliance with the gender equality requirement of section 6-11a of the norwegian public limited liability companies act, whereby at least 40% of the board members in the company should be either male or female. The company elected Hilde Ådland in the extraordinary general meeting held 2 March 2016, accordingly the company is expected compliant with the gender equality requirement by 1 april 2016 when Hilde Ådland effectively becomes a director of Panoro.

13. NORWEGIAN TAXATION

13.1 INTRODUCTION

Set out below is a summary of certain Norwegian tax matters related to an investment in the Company. The summary regarding Norwegian taxation is based on Norwegian laws, rules, and regulations in force in Norway as at the date of this Prospectus, which may be subject to any changes in law occurring after such date. Such changes could possibly be made on a retrospective basis. The summary does not address foreign tax laws. Please note that the Norwegian Ministry of Finance has recently proposed certain amendments to Norwegian tax legislation. The proposed amendments which may be relevant to a decision to invest in the Company include inter alia (i) a reduction of the tax rate on ordinary income from 27% to 25% and (ii) an increase in the effective tax rate on dividends received and capital gains realized by individuals resident in Norway for tax purposes from 27% to 28.75%. In addition, the Norwegian Ministry of Finance has proposed to reduce the net wealth tax rate from 0.85% to 0.80%. If the proposals are adopted by the Norwegian Parliament, the amendments will be effective as of 1 January 2016.

The following summary is of a general nature and does not purport to be a comprehensive description of all the Norwegian tax considerations that may be relevant for a decision to acquire, own or dispose of Shares. Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisers. Shareholders resident in jurisdictions other than Norway and shareholders who cease to be resident in Norway for tax purposes (due to domestic tax law or tax treaty) should specifically consult with and rely upon their own tax advisers with respect to the tax position in their country of residence and the tax consequences related to ceasing to be resident in Norway for tax purposes.

Please note that for the purpose of the summary below, a reference to a Norwegian or Non-Norwegian shareholder refers to the tax residency rather than the nationality of the shareholder.

13.2 NORWEGIAN SHAREHOLDERS

13.2.1 Taxation of dividends

13.2.1.1 Norwegian Individual Shareholders

Dividends received by shareholders who are individuals resident in Norway for tax purposes ("**Norwegian Individual Shareholders**") are taxable as ordinary income for such shareholders at a flat rate of currently 27% to the extent the dividend exceeds a tax-free allowance.

The allowance is calculated on a share-by-share basis. The allowance for each share is equal to the cost price of the share multiplied by a determined risk-free interest rate based on the effective rate after tax of interest on treasury bills (Norwegian: "statskasseveksler") with three months' maturity. The allowance is calculated for each calendar year, and it is allocated solely to Norwegian Individual Shareholders holding shares at the expiration of the relevant income year.

Norwegian Individual Shareholders who transfer shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated allowance one year exceeding the dividend distributed on the share ("excess allowance") may be carried forward and set off against future dividends received on, or gains upon realization of, the same share. Any excess allowance will also be included in the basis for calculating the allowance on the same share in the following years.

13.2.1.2 Norwegian Corporate Shareholders

Dividends received by shareholders that are limited liability companies (and certain similar entities) resident in Norway for tax purposes ("**Norwegian Corporate Shareholders**") are effectively taxed at a rate of 0.81% (3% of dividend income from such shares is included in the calculation of ordinary income for Norwegian Corporate Shareholders and ordinary income is subject to tax at a flat rate of currently 27%).

13.2.2 Taxation of capital gains on realization of shares

13.2.2.1 Norwegian Individual Shareholders

Sale, non-proportionate redemption, or other disposals of shares is considered as realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Individual Shareholder through realization of shares is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the shareholder's ordinary income in the year of disposal. Ordinary income is taxable at a rate of currently 27%.

The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of.

The taxable gain/deductible loss is calculated per share, as the difference between the consideration for the share and the Norwegian Individual Shareholder's cost price of the share, including any costs incurred in relation to the acquisition or realization of the share. From this capital gain, Norwegian Individual Shareholders are entitled to deduct a calculated allowance, provided that such allowance has not already been used to reduce taxable dividend income. Please refer to Section "Norwegian Individual Shareholders" under Section 15.1.1 "Taxation of dividends" of this Prospectus above for a description of the calculation of the allowance. The allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss, i.e., any unused allowance exceeding the capital gain upon the realization of a share will be annulled.

If the Norwegian Individual Shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

13.2.2.2 Norwegian Corporate Shareholders

Norwegian Corporate Shareholders are exempt from tax on capital gains derived from the realization of shares qualifying for participation exemption, including shares in the Company. Losses upon the realization and costs incurred in connection with the purchase and realization of such shares are not deductible for tax purpose.

13.2.3 Taxation of Subscription Rights

13.2.3.1 Norwegian Individual Shareholders

A Norwegian Individual Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway. Costs related to the subscription for the shares will be added to the cost price of the shares.

Sale and other transfer of subscription rights are considered a realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Individual Shareholders through a realization of subscription rights is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the basis for the computation of ordinary income in the year of disposal. The ordinary income is taxable at a flat rate currently of 27%.

13.2.3.2 Norwegian Corporate Shareholders

A Norwegian Corporate Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway. Costs related to the subscription for the shares will be added to the cost price of the shares.

Sale and other transfer of subscription rights are considered a realization for Norwegian tax purposes. Norwegian Corporate Shareholders are exempt from tax on capital gains derived from the realization of subscription rights qualifying for the Norwegian participation exemption. Losses upon the realization and costs incurred in connection with the purchase and realization of such subscription rights are not deductible for tax purposes

13.2.4 Net wealth tax

The value of shares and subscription rights is included in the basis for the computation of net wealth tax imposed on Norwegian Individual Shareholders. Currently, the marginal wealth tax rate is 0.85% of the value assessed. The value for assessment purposes for listed shares and subscription rights is equal to the listed value as of 1 January in the year of assessment (i.e. the year following the relevant fiscal year).

Norwegian Corporate Shareholders are not subject to net wealth tax.

13.3 FOREIGN SHAREHOLDERS – NORWEGIAN TAXATION

13.3.1 Taxation of dividends

13.3.1.1 Non-Norwegian Individual Shareholders

Dividends distributed to shareholders who are individuals not resident in Norway for tax purposes ("**Non-Norwegian Individual Shareholders**") are, as a general rule, subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident. The withholding obligation lies with the company distributing the dividends and the Company assumes this obligation.

Non-Norwegian Individual Shareholders resident within the EEA for tax purposes may apply individually to Norwegian tax authorities for a refund of an amount corresponding to the calculated tax-free allowance in respect of each individual share (please see "Taxation of dividends – Norwegian Individual Shareholders" above). However, the deduction for the tax-free allowance does not apply in the event that the withholding tax rate, pursuant to an applicable tax treaty, leads to a lower taxation on the dividends than the withholding tax rate of 25% less the tax-free allowance.

If a Non-Norwegian Individual Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Individual Shareholder, as described above.

Non-Norwegian Individual Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply individually to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

13.3.1.2 Non-Norwegian Corporate Shareholders

Dividends distributed to shareholders that are limited liability companies not resident in Norway for tax purposes ("**Non-Norwegian Corporate Shareholders**") are, as a general rule, subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident.

Dividends distributed to Non-Norwegian Corporate Shareholders resident within the EEA for tax purposes are exempt from Norwegian tax provided that the shareholder is the beneficial owner of the shares and that the shareholder is genuinely established and performs genuine economic business activities within the relevant EEA jurisdiction.

If the Non-Norwegian Corporate Shareholder holds the shares in connection with business activities in Norway, the shareholder will be subject to the same taxation as a Norwegian Corporate Shareholders, as described above.

Non-Norwegian Corporate Shareholders who have suffered to a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax withheld. The same applies to Non-Norwegian Corporate Shareholders within the EEA that are exempt from Norwegian tax on dividends, pursuant to participation exemption.

Nominee registered shares will be subject to withholding tax at a rate of 25% unless the nominee has obtained approval from the Norwegian Directorate of Taxes for the dividend to be subject to a lower withholding tax rate. To obtain such approval the nominee is required to file a summary to the tax authorities including all beneficial owners that are subject to withholding tax at a reduced rate.

The withholding obligation in respect of dividends distributed to Non-Norwegian Corporate Shareholders and on nominee registered shares lies with the company distributing the dividends and the Company assumes this obligation.

13.3.1.3 Non-Norwegian Shareholders tax-resident within the EEA

Foreign Shareholders who are individuals tax-resident within the EEA ("**Foreign EEA Personal Shareholders**") are upon request entitled to a deductible allowance. The shareholder shall pay the lesser amount of (i) withholding tax according to the rate in an applicable tax treaty or (ii) withholding tax at 25% of taxable dividends after allowance. Foreign EEA Personal Shareholders may carry forward any unused allowance, if the allowance exceeds the dividends.

Foreign Shareholders that are corporations tax-resident within the EEA for tax purposes ("**Foreign EEA Corporate Shareholders**") are exempt from Norwegian tax on dividends distributed from Norwegian limited liability companies, provided that the Foreign EEA Corporate Shareholder in fact is the beneficial owner of the shares and genuinely established within the EEA and performs genuine economic business activities within the EEA

13.3.2 Taxation of capital gains on realization of shares

13.3.2.1 Non-Norwegian Individual Shareholders

Gains from the sale or other disposals of shares in the Company by a Non-Norwegian Individual Shareholder will not be subject to taxation in Norway unless the Non-Norwegian Individual Shareholder holds the shares in connection with business activities carried out in or managed from Norway.

13.3.2.2 Non-Norwegian Corporate Shareholders

Capital gains derived from the sale or other type of realization of shares in the Company by Non-Norwegian Corporate Shareholders are not subject to taxation in Norway

13.3.3 Taxation of Subscription Rights

A Non-Norwegian Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway.

Capital gains derived by the sale or other transfer of subscription rights by Non-Norwegian Shareholders are not subject to taxation in Norway unless the Non-Norwegian Shareholder holds the subscription rights in connection with business activities carried out or managed from Norway. Such taxation may be limited according to an applicable tax treaty or other specific regulations

13.3.4 Net wealth tax

Shareholders not resident in Norway for tax purposes are not subject to Norwegian net wealth tax.

Non-Norwegian Individual Shareholders may, however, be taxable if the shareholding is effectively connected to the conduct of trade or business in Norway.

13.3.5 Inheritance tax

Effective 1 January 2014, there is no inheritance tax in Norway.

13.4 VAT AND TRANSFER TAXES

No VAT, stamp or similar duties are currently imposed in Norway on the transfer or issuance of shares.

13.5 INHERITANCE TAX

A transfer of shares through inheritance or as a gift does not give rise to inheritance or gift tax in Norway.

14. LEGAL MATTERS

14.1 LEGAL AND ARBITRATION PROCEEDINGS

The Group will from time to time be involved in disputes in the ordinary course of its business activities. Below is a description of the claims which are of a certain extent. A vast majority of the claims are covered by insurance. Thus, In the event the final outcome of the disputes should be that the Group must pay all claims, Panoro Energy's financial position or profitability would be scarcely affected.

Other than the existing and possible claims and proceedings listed below, the Company is not aware of any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened), which may have, or have had during the last twelve months, significant effects on the Group's financial position or profitability.

The Group is currently involved in the following legal disputes:

Panoro Energy is involved in a legal dispute with Euro-Latin Capital S.A ("ELC") whereby ELC has sued Panoro Energy ASA with a claim of USD 2.4 million, based on an alleged right to a success fee on sale of assets in Brazil. The case was heard in the Oslo District Court ("*Oslo tingrett*"), between 1-3 September 2015 and a judgement has been passed in favour of Panoro on all counts. A reasonable level of costs was also awarded to Panoro.

ELC has appealed the Court's decision in October 2015 and the appeal is due to be heard in the fourth quarter of 2016.

Panoro maintains that the claim has no merit.

14.2 MATERIAL CONTRACTS AND DEPENDENCE ON THESE

The Group has not entered into any material contracts outside the ordinary course of business.

Below is a summary of existing material contracts of the Group entered into in the course of its ordinary business.

14.2.1 Nigeria

14.2.1.1 OML 113 Lease

Oil Mining Lease no. 113 was granted to Yinka Folawiyo Petroleum Company Limited ("YFP") on 11 June 1998 for a term of twenty years. The lease allows YFP to search for, win, work, carry away and dispose of all petroleum in the area of OML 113. The lease is subject to the Nigerian Petroleum Act 1969 and the regulations thereunder.

The Petroleum Act provides that the holder of an oil mining lease is entitled to apply for a renewal of the licence not less than 12 months before the date of expiration, and that "*the renewal shall be granted if the lessee has paid all rents and royalties due and has otherwise performed all his obligations under the lease.*".

14.2.1.2 OML 113 Farm in Agreement

On 21 September 2007 Energy Equity Resources Aje Limited entered into a Farm-in Agreement in which YFP assigned and transferred 6.5020% participating interest, 16.2550% Cost bearing interest and 12.1913% cost recovery and profit sharing interest in the OML 113 lease. Subsequently all of these interests were assigned on 21 June 2010 from Energy Equity Resources Aje Limited to Pan Petroleum Aje Limited (a wholly owned subsidiary of Panoro Energy).

14.2.1.3 OML 113 Joint Operating Agreement

On 21 September 2007 Energy Equity Resources Aje Limited entered into a Joint Operating Agreement ("JOA") in which the OML 113 Joint Venture partners defined their rights and obligations with respect to operations under the OML 113 lease. Subsequently all of these rights and obligations of the JOA were assigned on 21 June 2010 from Energy Equity Resources Aje Limited to Pan Petroleum Aje Limited (a wholly owned subsidiary of Panoro Energy).

14.2.1.4 Bareboat Charter of the 'Front Puffin' FPSO

In October 2014 Folawiyo Aje Services Limited entered into a Charter for the reinstatement, upgrade and lease of the Front Puffin FPSO. The charter term is for a period of five years commencing from the certification of first oil. The FPSO has sufficient technical specifications to produce oil for phases 1 and 2 of Aje field development but not phase 3. The Joint Venture has an obligation under the charter to provide bank guarantee for a period of three years from commissioning of the field. The current specification of the FPSO has the operational capability to handle oil production from four wells but has limited gas handling capability and is not suitable for the phase 3 gas development.

The Company for the production from Aje field is dependent on the lease contract for FPSO and the Joint Agreement relating to the Aje field.

14.2.2 Gabon

14.2.2.1 Dussafu PSC

On 28 May 2003 the State of Gabon, Sasol and Premier entered into the Dussafu Marin Production Sharing Contract. The PSC is an agreement in relation to the exploration for and the sharing of production of hydrocarbons. The clauses of the PSC are governed by the laws and regulations in effect in Gabon. The rights and obligations of the PSC were assigned to Pan Petroleum Gabon BV (a wholly owned subsidiary of Panoro Energy) in 2008 such that Panoro Energy gained a 33.33% interest in the PSC.

14.2.2.2 Dussafu PSC Avenants

Two avenants have been executed subsequently which have the effect of extending the third exploration period as defined in the PSC to expire in May 2016. A third avenant extending the exploration period for a further year until May 2017 is under negotiation with the DGH.

14.2.2.3 Dussafu JOA

The Dussafu Joint operating Agreement, originally between Sasol and Premier, but now between Harvest and Panoro defines each parties' rights and obligations with respect to operations within the Dussafu PSC.

For the development of the Ruche EEA in the Dussafu PSC, the Company will be dependent on the Joint Operating Agreement.

14.3 RELATED PARTY TRANSACTIONS

In the period comprised by the historical Financial Statements and up until the date of this Prospectus, the Group has not entered into any related party transactions.

15. ADDITIONAL INFORMATION

15.1 DOCUMENTS ON DISPLAY

For the life of this Prospectus the following documents (or copies thereof), where applicable, may be inspected at the offices of the Company (c/o Michelet & Co Advokatfirma AS, Grundingen 3, 0250 Oslo):

- The Memorandum and Articles of Association of the Company
- All reports, letters, and other documents, historical financial information, valuations, and statements prepared by any expert at the Company's request any part of which is included or referred to in the Prospectus;
- The audited financial accounts of the Company for the last two financial years
- Historical financial information for the Company's subsidiaries for the last two financial years
- This Prospectus

15.2 DOCUMENTS INCORPORATED BY REFERENCE

The information incorporated by reference to this Prospectus should be read in connection with the cross reference list as set out in the table below. The following documents have been incorporated hereto by reference:

Section in Prospectus	Disclosure requirements of the Prospectus	Reference document and link	Page (P) in reference document
Section 6, 7, 8	Interim financial information	Q4 2015: http://mb.cision.com/Public/399/9924301/a08d75dba22c508b.pdf Q4 2014: http://www.panoroenergy.com/wp-content/uploads/Fourth-quarter-2014-report.pdf	Q4 2015: 10-18 Q4 2014: 6-19
Section 6, 7, 8	Audited historical financial information (Annex I, Section 20.1)	Annual report 2014: http://mb.cision.com/Public/399/9766177/a0018d963fbfacbd.pdf	24-28
		Annual report 2013: http://www.panoroenergy.com/wp-content/uploads/Annual-Report-2013.pdf	28-32
		Annual report 2012: http://www.panoroenergy.com/wp-content/uploads/Annual-Report-2012.pdf	32-36
Section 4	Audit report (Annex I, Section 20.4.1)	Annual report 2014: http://mb.cision.com/Public/399/9766177/a0018d963fbfacbd.pdf	72-74
Section 6, 7, 8, 9	Accounting policies (Annex I, Section 20.1)	Annual report 2014: http://mb.cision.com/Public/399/9766177/a0018d963fbfacbd.pdf	30-37
Section 9	Annual statement of reserves	Annual statement of reserves 2014: http://mb.cision.com/Public/399/9766203/bd93fd5c096eb8f5.pdf	5
Section 9	Yearly updates of annual statement of reserves	Yearly updates of the annual statement of reserves can be found at: http://www.panoroenergy.com/?page_id=61	N/A (web page)

15.3 STATEMENT REGARDING EXPERT OPINIONS

The Company confirms that when information in this Prospectus has been sourced from a third party it has been accurately reproduced and as far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The sources are mentioned whenever retrieved from an external party and whether it is a payable service.

The Company has adopted a policy of regional Reserve Reporting using external third party companies to audit its work and certify reserves and resources according to the guidelines established by the Oslo Stock Exchange (OSE). Reserve and Contingent Resource estimates comply with the definitions set by the Petroleum Resources Management System (PRMS-2007) sponsored by Society of Petroleum Engineers/World Petroleum Council/ American Association of Petroleum Geologists/ Society of Petroleum Evaluation Engineers (SPE/WPC/AAPG/SPEE) as issued in March 2007.

The Company's reserves have, on request by the Company, been verified by its certification agents;

Gaffney, Cline & Associates ("GCA")
Four Oaks Place
1360 Post Oak Boulevard Suite 2500
Houston, Texas 77056

Gaffney, Cline & Associates has no material interest in the Company. The report is signed by David Morgan, Gaffney Cline & Associates. David K. Morgan holds a B.Sc. in Petroleum Engineering, and is a member of the Society of Petroleum Engineers, and has been employed with GCA since 1995, and holds long-term experience from several major oil companies prior to this. The report has been prepared on the request of the Company, for publication purposes. The reserve report is incorporated by reference in Section 15.2.

AGR TRACS International Ltd ("TRACS")
128 High Street
Guildford
GU1 3HH

TRACS has no material interest in the Company. The report was managed and signed off by Nigel Blott (B.Sc.), an AGR TRACS Manager. Mr. Blott, a petroleum engineer, has 30+ years' experience from the Middle East, South-East Asia, and NW Europe. AGR TRACS International Ltd has conducted valuations for many energy companies and financial institutions. The report has been prepared on the request of the Company, for publication purposes. The reserve report is incorporated by reference in Section 15.2.

15.4 THIRD PARTY INFORMATION

Market and industry data used throughout this Prospectus was obtained from various publicly available or independent third party sources. Although the Company believes that these independent sources are generally reliable, the accuracy and completeness of such information are not guaranteed and have not been verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and the limitations and uncertainties inherent in any statistical survey of market size or consumer demand. References in this Prospectus to research reports or articles should not be construed as depicting the complete findings of the entire referenced report or article. The information in each report or article is not incorporated by reference into this Prospectus.

The information in this Prospectus that has been sourced from third parties has been accurately reproduced and, as far as the Company is aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

16. DEFINITIONS AND GLOSSARY

AGM	Annual General Meeting
ADR	Advanced Data Technolog Recovery
AIPN	Assocation of International Petroleum Negotiators
ANP	The Brazilian directorate Agência Nacional do Petróleo, Gás Natural e Biocombustíveis
Anti-Money Laundering Legislation	Norwegian Money Laundering Act of 6 March 2009 no. 11 and the Norwegian Money Laundering Regulation
Australian Corporations Act	Corporations ACT 2001 (Cth) of Australia
Board of Directors or Board or Board	The Board of Directors of Panoro Energy ASA
BRL	Brazilian Real
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CET	Central European Time
CITA	Companies Income Tax Act, Cap 21 2004 of the Federal Republic of Nigeria, as amended from time to time
CO	Companies Ordinance of Hong Kong (cap. 32)
Company, Panoro or Panoro Energy	Panoro Energy ASA and its consolidated subsidiaries
DIBPSA	The Deep Offshore & Inland Basin Production Sharing Contract Act 2004 of the Federal Republic of Nigeria, as amended from time to time
DGH	Direction Générale des Hydrocarbures, the government entity responsible for the upstream sector in Gabon
DMO	Domestic Market Obligation
DPR	The Department of Petroleum Resources of the Nigerian Federal Ministry of Petroleum Resources
DST	Drill stem test
EBITDA	Represents operating income before depreciation and write-downs
EEA	European Economic Area
EGM	Extraordinary General Meeting
EIA	Energy Information Agency
Eligible Shareholders	Shareholders in the Company as of 9 February 2016 who were not allocated shares in the Private Placement and who are not resident in a jurisdiction where such offering would be unlawful or, for jurisdictions other than Norway, would require any prospectus, filing, registration or similar action
Ernst & Young	Ernst & Young AS, the Company's auditor
EUR	Euro, the currency introduced at the start of the third stage of the Economic and Monetary Union to the Treaty establishing the European Economic Community, as amended by the Treaty on the European Union.
ELC	Euro-Latin Capital S.A
E&P	Exploration and production
FEED	Front-End Engineering Design
FDP	Field development plan
FID	Final Investment Decision
FPSO	Floating Production Storage and Offloading vessel, a marine vessel used to extract oil
Foreign EEA Corporate Shareholders	Foreign Shareholders that are corporations tax resident within the EEA for tax purposes
Foreign EEA Personal Shareholders	Foreign Shareholders who are individuals tax-resident within the EEA
GCA	Gaffney, Cline & Associates, the Company's certification agent

GOR	Gas/Oil Ratio
G&A	General and administration costs
G&G	Geological and Geophysical
IEA	International Energy Agency
Ineligible Shareholders	Shareholders registered with the VPS as at the Record date who are residents in countries with legislation that forbids or restricts subscription for Offer Shares in the Subsequent Offering
IFRS	International Financing Reporting Standards, issued by the International Financial Reporting Interpretations Committee (IFRIC) (formerly, the "Standing Interpretations Committee" (SIC)).
ISIN	International Securities Identification Number.
JOA	Joint Operating Agreement
JV	Joint venture
boepd	Barrels of Oil Equivalents per day
Manager	Arctic Securities AS
MEND	The Movement for the Emancipation of the Niger Delta
MKB	Mengo-Kunji-Bindi (license in Republic of Congo)
NPDC	The Nigerian Petroleum Development Company (NPDC) Ltd is a fully-owned subsidiary of the NNPC
NNPC	Nigerian National Petroleum Corporation
NOK	Norwegian Kroner, the lawful currency of the Kingdom of Norway
Non-Norwegian Corporate Shareholders	Shareholders that are limited liability companies resident not resident in Norway for tax purposes
Non-Norwegian Individual Shareholders	Shareholders who are individuals not resident in Norway for tax purposes
Norse Energy	Norse Energy Corp. ASA, the legal name of the merged entity of Northern Oil ASA and Naturgass (USA) AS
Norwegian Corporate Shareholders	Shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes
Norwegian Individual Shareholders	Shareholders who are individuals resident in Norway for tax purposes
Norwegian Public Limited Liability Companies Act	The Norwegian Public Limited Liability Companies Act of 13 June 1997 no. 45 ("Allmennaksjeloven").
Norwegian Securities Trading Act	The Securities Trading Act of 29 June 2007 no. 75 ("Verdipapirhandelloven")
Offer Shares	The Shares offered for subscription in the Subsequent Offering
OML	Oil Mining Lease
OPEC	Organization of Petroleum Exporting Countries
OPL	Oil Prospecting License
OSE	Abbreviation for Oslo Børs or Oslo Stock Exchange
Oslo Børs or Oslo Stock Exchange	Oslo Børs ASA (translated "the Oslo Stock Exchange")
Panoro Option Plan	The option plan implemented post the merger in June 2010 whereby options were granted to key management and employees on various dates
PDPR	Petroleum (Drilling & Production) Regulations
PIB	The Nigerian Petroleum Industry Bill
PPAL	Pan-Petroleum Aje Limited
PPHCL	Pan Petroleum Cyprus Holdings Limited
PPT	Petroleum Profit Tax
PPTA	Petroleum Profits Tax Act 2004 of the Federal Republic of Nigeria, as amended from time to time
Placement Shares	Listing of 166,666,666 Shares in Panoro Energy ASA on Oslo Børs
Private Placement	NOK 70 million in Panoro Energy ASA subscribed for in bookbuilding process announced 9 February 2016

Prospectus	This Prospectus dated 11 March 2016
PSC	Production Sharing Contract
Relevant Member State	Each member state of the EEA other than Norway
RSU	Restricted Share Units award scheme as approved by Panoro Energy's shareholders in the 2015 Annual General Meeting
The Ruche Area EEA	Exclusive Exploitation Authorisation granted by the Gabonese government for exploiting the resources inherent in the Dussafu Marin Permit
SFO	Securities and Futures Ordinance of Hong Kong (Cap. 571)
Share(s)	"Shares" means the common shares in the capital of the Company each having a nominal value of NOK 0.005 "Share" means any one of them.
SNPC	Societe Nationale des Petroles du Congo
Subscriber	A Shareholder subscribing in the Subsequent Offering
Subscription Period	From and including 14 April 2016 to 16:30 (CET) on 31 March 2016
Subsequent Offering	The offering of up to 23,809,500 shares as further described in Section 5
TAP	Total allowable production
Tcf	Trillion cubic feet
TRACS	The competent person's report of July 2014 certifying reserves of the Aje development
USD	United States Dollar, the lawful currency of the United States of America.
U.S. Securities Act	The U.S. Securities Act of 1933, as amended
VPS account	An account with VPS for the registration of holdings of securities.
VPS	Verdipapirsentralen (Norwegian Central Securities Depository), which organizes a paperless securities registration system.
WAGP	West Africa Gas Pipeline
YFP	Yinka Folawiyo Petroleum Company LTD

17. APPENDICES

APPENDIX 1 – Articles of association of Panoro Energy ASA

Articles of Association
For

Panoro Energy ASA

§ 1 The name of the company

The name of the company shall be Panoro Energy ASA. The company is a public limited liability company.

§ 2 The business of the company

The company’s business shall consist of exploration, production, transportation and marketing of oil and natural gas and exploration and/or development of other energy forms, sale of energy as well as other related activities. The business might also involve participation in other similar activities through contribution of equity, loans and/or guarantees.

§ 3 Registered office

The company’s registered office is in the municipality of Oslo.

§ 4 Share capital and shares

The share capital of the company is NOK 2,006,062.26 divided on 401,212,452 shares each with a nominal value of NOK 0.005, fully paid and payable to registered owner.

The company’s shares shall be registered in the Norwegian Registry of Securities, Verdipapirsentralen (VPS).

§ 5 Board of directors

The board of directors consists of 3 to 8 members.

§ 6 Signature

The power to sign for the company is exercised by the chairman of the board alone or by two board members jointly.

§ 7 Annual general meeting

The following matters will be considered and decided by the annual general meeting:
1. Approval of the profit and loss statement and balance sheet, including application of the profit for the year or coverage of the loss for the year.
2. Election of board of directors and auditor, and determination of their remuneration.
3. Other issues which pursuant to law or the articles of association are to be decided by the annual general meeting.

If documents that shall be considered at the general meeting are made available to the shareholders on the company’s website, the Companies Act request to send these documents to shareholders does not apply. This shall also apply for documents that, pursuant to law or regulations, shall be included in or attached to the notice of the general meeting. A shareholder may nevertheless upon request to the company have the documents that shall be considered at the general meeting sent free of charge by mail.

Registrations for the company's general meetings must be received at least five calendar days before the meeting is held.

§ 8 Nomination committee

The company shall have a nomination committee consisting of 2 to 3 members to be elected by the annual general meeting for a two year period. The majority of the nomination committee shall be independent of the board of directors and the day-to-day management. The nomination committee’s duties are to propose to the general meeting shareholder elected candidates for election to the board of directors, and to propose remuneration to the board. The annual general meeting may adopt procedures for the nomination committee.

§ 9 Other regulations

In all other matters of the company, the Public Limited Liabilities Companies Act will apply.

APPENDIX 2 – SUBSCRIPTION FORM

Panoro Energy ASA
SUBSEQUENT OFFERING

SUBSCRIPTION FORM

For information regarding the Subsequent Offering (the "**Subsequent Offering**") with subscription rights ("**Subscription Rights**") for shareholders in Panoro Energy ASA (the "**Company**") as of end of 9 February 2016 as well as corresponding terms for subscription, allotment and other information, reference is made to the prospectus dated 11 March 2016 (including annexes) issued in connection with the Subsequent Offering (the "**Prospectus**"). Such information may also be requested from the Company. Subscription of new shares (the "**Offer Shares**") may take place through correctly completing this subscription form (the "**Subscription Form**") and thereafter returning it to **Arctic Securities AS, Haakon VII's gt 5, P.O. Box 1833 Vika, 0123 Oslo, Norway, telefax: + 47 21 01 31 36 (the "Manager") by telefax, ordinary post, by e-mail to subscription@arctic.com or hand-delivery so that it is received in the period from and including 14 March 2016 to 31 March 2016 at 16:30 CET** (the "**Subscription Period**"). It is not sufficient for the Subscription Form to be postmarked within the expiry of the Subscription Period. **Subscribers resident in Norway can obtain information and subscribe for Offer Shares by using the following Internet pages: www.arctic.com within the Subscription Period**. **Subscribers who are residents of Norway with a Norwegian personal identification number may also subscribe for the Offer Shares through the VPS online subscription system by following the link on www.arctic.com (which will redirect the subscriber to the VPS online subscription system).** Subscriptions made through the VPS online subscription system must be duly registered before the expiry of the Subscription Period. Subscribers for Offer Shares bear the risk of any postal delays, unavailable fax lines or technical computer problems relating to the above mentioned Internet addresses which result in a subscription or a Subscription Form not being received within the Subscription Period.

The Company and the Manager reserve the right to disregard improperly completed, delivered or executed Subscription Forms, or any subscription which may be unlawful. By delivering the Subscription Form to the Manager for registration, or by subscription through VPS online subscription system, the subscription for Offer Shares is irrevocable and may not be withdrawn, cancelled or modified. By subscribing for Offer Shares, the subscriber represents and warrants that it has read the Prospectus and is eligible to subscribe for Offer Shares in accordance therewith, and that it accepts the terms and conditions set out in this Subscription Form and in the Prospectus as applicable to its subscription of Offer Shares.

The Company's articles of association, the notice of the extraordinary shareholders meeting with appendices, minutes from the extraordinary shareholders meeting including the wording of the resolution of the shareholders meeting to increase the Company's share capital, as well as the annual accounts and the annual report for the last year, is available at the Company's office.

DETAILS OF THE SUBSCRIPTION

Guidelines for the subscriber (See back page) shall be considered a part of this Subscription Form.

Subscriber's VPS-account no.	**No. of Subscription Rights**	**Subscribes for (number of shares) at NOK 0,42 per Offer Share**	**Total amount to be paid NOK**

Irrevocable authorisation to debit account (must be filled in):

The undersigned hereby grants an irrevocable authorisation to the Manager to debit the Norwegian bank account set out herein for the allotted amount (the value in NOK of: number of allotted shares * NOK 0,42)	**Norwegian bank account no. (11 digits)**

Place and date of subscription. Telephone (at day time)/Telefax/e-mail. (Must be dated within the Subscription Period)	Binding signature. The subscriber must have legal capacity. When signed by proxy, documentation in the form of company certificate or power of attorney must be enclosed.

INFORMATION ON THE SUBSCRIBER (ALL FIELDS MUST BE COMPLETED):

Subscriber's VPS account no. (12 digits):	**PLEASE NOTIFY THE REGISTRAR OF ANY CHANGES**
Subscriber's name/company name etc.:	
Street address etc. (private subscribers; home address):	
Postal code, area and country:	
Date of birth/national ID number/company: Organisation/registration number	
Dividends to be credited to bank account no. (11 digits):	
Nationality:	
Telephone (at day time)/Telefax/e-mail:	

GUIDELINES FOR THE SUBSCRIBER

Subscription for Offer Shares in the Subsequent Offering is made on the terms and conditions set out in this Subscription Form and in the Prospectus, including limitations set out in Section 5 "Information concerning the securities being admitted to trading". Shareholders as of the end of 9 February 2016 as appearing in the Norwegian Central Securities Depository ("**VPS**") on 11 February 2016 ("**Eligible Shareholders**"", as defined in the Prospectus) will receive 0.143115 Subscription Right for each share in the Company held as of this date, which will be registered on each Eligible Shareholder's VPS account. One Subscription Right will give the right to be allocated one Offer Share at the Subscription Price. The Subscription Rights are not transferable and are registered with the VPS under the ISIN NO 001 0759301 . Oversubscription and subscription without Subscription Rights is permitted, although with no guarantee that any Offer Shares will be allotted for such subscriptions. In case of oversubscription, the allocation will be made in accordance with the principles set out in section 5.3 "The Subsequent Offering" of the Prospectus. The Subscription Price is NOK 0.42 per Offer Share, which is identical to the subscription price per Share in the Private Placement, resolved by the Extraordinary General Meeting dated 2 March 2016. Notifications of allocations of Offer Shares are expected to be issued on or about 1 April 2016. By subscribing for Offer Shares in the Subsequent Offering, the subscriber grants the Manager an irrevocable authorisation to debit the allotted subscription amount in NOK from the bank account designated by the subscriber. The debiting of the account will take place on or about 5 April 2016. The entire subscription amount must be available on the designated bank account at the latest within 5 April 2016 16:30 CET. The earliest possible date the allocated Offer Shares can be delivered is 8 April 2016, provided that sufficient funds have been credited to the account and that all conditions for the Subsequent Offering have been fulfilled. The Company and the Manager reserve the right to make up to three debit attempts within 15 April 2016 if there are insufficient funds on the account on the first debiting date. If payment is not received when due (i.e. 5 April 2016), the Company and the Manager reserve the right to re-allot, cancel or reduce the subscription in total or in part in accordance with the Public Limited Liability Companies Act Section 10-12, cf. Section 2-13. Interest will accrue on late payments at the applicable rate according to the Norwegian Act on Interest on Overdue Payments of 17 December 1976 no. 100, which at the date of this Prospectus is 8.75 per cent per annum. The non-paying subscribers will remain fully liable to pay the amount payable for the Offered Shares allocated to them, irrespective of such pre-funding, together with any interest, costs, charges and expenses accrued. If payment has not been received within three days after the due date for payment, the Manager reserves the right to assume ownership of such unpaid Offered Shares or appoint a third party to sell such unpaid Offered Shares for the relevant subscriber's risk and account, in accordance with section 10-12 fourth paragraph item no. 3 of the Norwegian Public Limited Companies Act.

The share capital increase pertaining to the Offer Shares will be registered with the Norwegian Register of Business Enterprises (*Foretaksregisteret*) as soon as payment of the entire proceeds for the Offer Shares has been received by the Company and the conditions for the registration of the increase in share capital are fulfilled. The Offer Shares allocated to subscribers in the Subsequent Offering will thereafter be distributed to the subscribers' VPS accounts. Provided that all conditions for the Subsequent Offering have been fulfilled, the earliest date the Offer Shares can be registered with the Norwegian Register of Business Enterprises is on or about 8 April 2016. Such conditions may not have been fulfilled on that date, in which case registration of the Offer Shares will be postponed accordingly. In the event the Subsequent Offering will be cancelled, the Subscription Rights will lapse without value, subscriptions for, and allotments of, Offer Shares that have been made will be disregarded and any subscription payments made will be returned without interest.

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