

Panoro completes successful USD 140 million bond issue

Panoro Energy ASA ("PEN", OSE ticker code), the independent oil and gas company with assets in West Africa and Brazil, is pleased to announce that the company has successfully completed the USD 140 million 1st lien bond issue ("the New Bond").

The proceeds from the bond issue will be used to refinance the Company's existing debt (including Brazilian bank debt and the NEC01 bond debt) of approximately USD 125 million and for general corporate purposes.

"With the completion of the New Bond, Panoro Energy has successfully refinanced all outstanding interest bearing debt, resulting in about USD 80 million in improved financial strength over the next two years. This is being achieved through lower amortization and interest costs, an end to the cash sweep in Brazil as well as additional USD 15 million of gross working capital from the bond issuance. The Company's financial position is thereby significantly strengthened for the next two years", says CEO Kjetil Solbraekke.

The New Bond will be split in two tranches, one USD tranche of USD 105 million and one NOK tranche of NOK 205 million, in total equaling USD 140 million. The transaction was oversubscribed. The New Bond will have a tenor of eight years with annual installments of USD 14 million from November 2012 until November 2017. The remaining USD 56 million matures in November 2018.

The USD tranche will carry a coupon rate of 12% while the NOK tranche will carry a coupon rate of 13,5%. The New Bond will inter alia have share pledges in the Company's Brazilian subsidiaries, including the subsidiary that holds a 10% share in the BCAM-40 license which includes the Manati field.

Following the successful bond issue, the company will convene a bondholders meeting to accept early redemption of the existing NEC01 (NO 001027594.4) bond loan at a call price of 104.0 plus accrued interest. Investors in the NEC01 bond subscribing in the New Bond will be taken out from the NEC01 bond at the call price at the settlement date for the New Bond, while the remaining amount under the NEC01 will be redeemed at latest on 15 January 2011 at the call premium (the exact date to be set by the Trustee). The company has already received pre-acceptances from the majority of the NEC01 bondholders.

Pareto Securities has acted as Sole Lead Manager for the new bond issue and Arctic Securities and First Securities have acted as Co-Managers.

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