

Pan Orient Provides Update on Heavy Oil Demonstration Project at Sawn Lake, Alberta by Andora Energy Corporation

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CALGARY, Aug. 21, 2013 - [Pan Orient Energy Corp.](#) (TSX VENTURE:POE), on behalf of its 71.8% owned subsidiary Andora Energy Corporation ("Andora"), is pleased to provide an update on Andora's Steam Assisted Gravity Drainage (SAGD) oil sands project at Sawn Lake in the Peace River oil sands area of Alberta, Canada.

Sawn Lake, Alberta Oil Sands Project

- The SAGD project at Sawn Lake is in the pre-production stage. Andora holds working interests in 88 continuous sections of undeveloped heavy oilsands leases. Andora is the operator with a 100% interest in the 16 section South Block, operator with a 50% interest in the 12 section Central Block (and holds an additional 3% gross overriding royalty on a non-owned 40% working interest), operator with a 10% interest in 9 sections in the North Block, and holds 10% in 51 non-operated sections of the North Block. Sawn Lake is in an area with established infrastructure and year-round access.

- The oil sands project at Sawn Lake Alberta as at December 31, 2012 was evaluated by Sproule Unconventional Limited ("Sproule Report") based on exploitation in the Blue Sky zone using SAGD. Sawn Lake "Best Case" contingent resources evaluated as 214 million barrels of bitumen attributed to Andora's working interests, or 154 million barrels attributed to the 71.8% ownership interest of Pan Orient in Andora, were assigned largely in the South and Central Blocks of Sawn Lake where Andora is the operator of these lands. Contingent resources in the Sproule Report were assigned 138 million barrels to the Central Block (Andora operator and 50% interest), 74 million barrels to the South Block (Andora operator and 100% interest) and 2 million barrels in the North Block.

- Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. The contingent resource volumes estimated in the Sproule Report are considered contingent until such time as commercial recovery has been demonstrated, regulatory approvals for commercial SAGD development have been obtained and the company has a firm commercial development plan and funding for the commercial development. Contingent Resources are further classified as "High", "Best" and "Low" in accordance with the level of certainty.

Sawn Lake Demonstration Project Operated by Andora

- Andora received Commercial Scheme Approval for a demonstration project at the Sawn Lake property in the Peace River Oil Sands Region under the Oil Sands Conservation Act from the Energy Resources Conservation Board (ERCB) and approval from the Government of Alberta under the Environmental Protection and Enhancement Act (EPEA). The demonstration project is located in the Central Block of Sawn Lake where Andora is the operator and holds a 50% working interest plus a 3% GORR" on a non-owned 40% working interest. Geological studies of the Blue Sky zone indicate that this location has the thickest pay zones, at greater than 20 meters, with high horizontal and vertical permeability. The goal of the demonstration project is to determine the steam / oil ratio and oil production productivity at this location in the Sawn Lake reservoir.

- The demonstration project at 7- 30 -91-12W5M will start with a 2013 phase consisting of one SAGD well pair, a facility for steam generation, water handling and oil treating, and water source and disposal facilities with an estimated cost of \$24.1 million. The wells will be drilled to a depth of approximately 650 meters and have a horizontal length of 750 meters. Work is proceeding on site preparation, purchase of components for the facility, pipeline installation and preparation for drilling. It is expected that the horizontal well pair will be drilling in the second half of September and steam operations commencing in early December 2013. Oil production is anticipated in the first quarter of 2014.

- Our joint venture partners in the demonstration project have now provided notice of their election to

participate in the demonstration project and have taken steps to secure funding for their share of the project. As part of the arrangement for the demonstration project, Andora is allowing our joint venture partners to repurchase the 3% gross overriding royalty on their 40% working interest in the 12 sections of the Central Block for \$2.8 million, under certain terms and conditions.

- The demonstration project will now proceed with Andora as operator with a 50% working interest and a 50% working interest held by non-operators. Andora's share of the 2013 phase of the demonstration project is expected to be \$12.1 million. To June 30, 2013 Andora has invested approximately \$5.5 million in the demonstration project, with \$4.5 million in the period of January to June 2013.

- Andora is well funded for the demonstration project as a result of the \$25 million rights offering by Andora in August 2012, at which time Pan Orient Energy Corp. provided funding of \$24.7 million and increased its ownership of Andora to 71.8%. At June 30, 2013 Andora had \$20.3 million in cash. Additional investment in the demonstration project in 2014 is dependent upon the results of the first SAGD well pair drilled in 2013.

- Andora is a 71.8% owned subsidiary of Pan Orient and the cash balances, capital expenditures and operations of Andora are reported as part of Pan Orient.

[Pan Orient](#) is a Calgary, Alberta based oil and gas exploration and production company with operations currently located onshore Thailand, Indonesia and in Western Canada.

This news release contains forward-looking information. Forward-looking information is generally identifiable by the terminology used, such as "expect", "believe", "estimate", "should", "anticipate" and "potential" or other similar wording. Forward-looking information in this news release includes, but is not limited to, references to: well drilling programs and drilling plans, estimates of potentially recoverable resources, and information on future production and project start-ups. By their very nature, the forward-looking statements contained in this news release require Pan Orient and its management to make assumptions that may not materialize or that may not be accurate. The forward-looking information contained in this news release is subject to known and unknown risks and uncertainties and other factors, which could cause actual results, expectations, achievements or performance to differ materially, including without limitation: imprecision of resource estimates and estimates of recoverable quantities of oil, changes in project schedules, operating and reservoir performance, the effects of weather and climate change, the results of exploration and development drilling and related activities, demand for oil and gas, commercial negotiations, participation by joint venture partners, other technical and economic factors or revisions and other factors, many of which are beyond the control of Pan Orient. Although Pan Orient believes that the expectations reflected in its forward-looking statements are reasonable, it can give no assurances that the expectations of any forward-looking statements will prove to be correct.

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