

CALGARY, ALBERTA--(Marketwired - May 25, 2015) - [Pan Orient Energy Corp.](#) ("Pan Orient") (TSX VENTURE:POE) reports its 2015 consolidated financial and operating results. *Please note that all amounts are in Canadian dollars unless otherwise stated and BOPD is per day.*

The Corporation is today filing its unaudited consolidated financial statements as at and for the three months ended March 31, 2015 with the Securities Commission and discussion and analysis with Canadian securities regulatory authorities. Copies of these documents may be obtained online at [www.panorient.ca](#).

Commenting today on Pan Orient's first quarter 2015 results, President and CEO Jeff Chisholm stated: "These financial results and the Government of Indonesia's approval of the East Jabung PSC farmout clearly demonstrate the progress achieved over the past year and will reduce our future capital exposure and strengthen our balance sheet."

Highlights

- Completed the sale on February 2, 2015 of a 50% equity interest in Thailand subsidiary for estimated net proceeds to Pan Orient of \$52.0 million, including a working capital adjustment of \$3.1 million.
- Bitumen production continues at the Sawn Lake, Alberta steam assisted gravity drainage ("SAGD") demonstration project of Andora ("Andora"). After a three week delay due to repair of the electrical submersible pump, the steam chamber is approaching the top of the sandstone reservoir and bitumen production has averaged 353 BOPD (177 BOPD net to Pan Orient) for the period of May 1 to May 15, 2015 with a recovery ratio ("SOR") of 4.7.
- On May 15, 2015 the Government of Indonesia approved the transfer of a 51% participating interest and operatorship of the East Jabung Sharing Contract ("PSC") to a subsidiary of [Talisman Energy Inc.](#) Pan Orient retains a 49% participating interest at the East Jabung PSC planned to be drilled in approximately early to mid-2016 and the farminee will fund the first USD\$5 million of Pan Orient's share of the PSC and fund associated general and administrative expenses.
- Working capital and non-current deposits of \$85.0 million at March 31, 2015 and an additional \$9.4 million as initial consideration for the East Jabung farmout is expected in mid-June of 2015. Pan Orient has no long-term debt.

2015 FIRST QUARTER OPERATING RESULTS

- On February 2, 2015 the Company sold a 50% equity interest in its subsidiary Pan Orient Energy (Siam) Ltd. and retained a 50% interest. On February 2, 2015 forward the retained 50% equity interest is reclassified as a non-controlled Joint Venture and Pan Orient's 50% share of working capital, assets, capital expenditures, liabilities and operations of Pan Orient Energy (Siam) Ltd. are recorded as Investment in Joint Venture.
- For the first quarter of 2015, the Company recorded total corporate funds flow from operations of \$0.4 million (\$0.01 per share) and the Thailand interest of \$48.9 million (\$0.86 per share).
- Net income attributable to common shareholders was \$33.9 million (\$0.60 per share).
- At March 31, 2015 Pan Orient had \$85.0 million of working capital and non-current deposits. Working capital and non-current deposits comprised of \$70.7 million cash, \$4.3 million of non-current deposits, \$12.7 million of Canadian taxes receivable, other receivables of \$2.0 million and less payables of \$4.7 million. There is \$1.8 million of equipment inventory at the Batu Gajah PSC in Indonesia for drilling operations. In addition, Pan Orient's Investment in Thailand Joint Venture includes \$0.9 million of Thailand working capital and \$2.3 million of equipment inventory to be utilized for future Thailand Joint Venture operations.
- Pan Orient reports capital expenditures of \$1.9 million in the first quarter of 2015, with \$0.4 million in Indonesia, \$0.1 million in Thailand and \$1.4 million in Canada at the Sawn Lake SAGD demonstration project of Andora. In addition, Pan Orient's share of Thailand capital expenditures after February 1, 2015 was \$2.5 million, which was recorded in Investment in Thailand Joint Venture.
- Pan Orient had outstanding capital commitments as at March 31, 2015 of \$10 million in Indonesia associated with the retained 49% participating interest in the East Jabung farmout received Government of Indonesia approval and the commitment associated with the retained 49% participating interest reduced to \$4.9 million and under terms of the East Jabung farmout, the farminee will fund the first USD\$5 million of Pan Orient's share of the program. In Canada, there are capital commitments of \$332,000 with respect to outstanding purchase orders and natural gas processing charges associated with the Sawn Lake SAGD demonstration project of Andora.
- During the first quarter of 2015, Pan Orient repurchased, and subsequently cancelled, 142,900 common shares ranging from \$1.42 to \$1.64 per share under its normal course issuer bid. Subsequent to March 31, 2015, the Company repurchased for cancellation an additional 50,000 common shares ranging from \$1.42 to \$1.64 per share.
- Thailand
 - Pan Orient's Thailand interests in Concession L53, including the 50% interest in the Thailand Joint Venture from February 2, 2015, had an average oil sales of 313 BOPD during the quarter and generated \$0.8 million in after tax funds flow from operations, or \$0.8 million per share. The first quarter of 2015 reflect the sale of a 50% equity interest in the Thailand subsidiary during the quarter and declining oil sales.
 - Per barrel amounts during the first quarter of 2015, including the 50% interest in the Thailand Joint Venture from February 2, 2015, were: realized price for oil sales of \$60.23, transportation expenses of \$1.63, operating expenses of \$16.86, general and administrative expenses and a royalty to the Thailand government of \$2.87. Oil sales revenue during this period was allocated 49% to expenses for transportation and general & administrative, 5% to the government of Thailand for royalties, and 46% to Pan Orient. No Thailand petroleum income tax or Remuneratory Benefit tax was recorded during the quarter.
 - Oil sales in April 2015 at Concession L53 were 481 BOPD (241 BOPD net to Pan Orient's 50% interest in the Joint Venture).
 - Pan Orient commenced a three well Thailand drilling program in late February. The L53-ANC1 exploration well failed to identify hydrocarbons but initial interpretations suggest that potential quality reservoir sands may be expected further east. The L53-DEX1 well encountered 52 meters of true vertical thickness of net oil pay in ten sandstone intervals and the L53-DEX1ST1 appraisal well encountered 52 meters of true vertical thickness of net oil pay in nine sandstone intervals. Various zones are in the process of being tested and the two newly drilled wells is 278 BOPD (139 BOPD net to Pan Orient's 50% interest in the Joint Venture).
 - Capital expenditures of \$2.6 million in Thailand during the first quarter of 2015 in Concession L53, including the 50% interest in the Thailand Joint Venture from February 2, 2015 onwards, were comprised of \$1.8 million for the L53A-Central exploration well, \$0.3 million for the L53-DEX1 well and \$0.5 million for capitalized general and administrative expenses and \$0.4 million for other capital expenditures.

- Indonesia
 - Capital expenditures in Indonesia of \$0.4 million for permits, fees and capitalized general and administrative expenses at Gajah PSC's.
- Canada
 - Andora is the operator and holds a 50% working interest in the Sawn Lake, Alberta SAGD demonstration project. Andora is a subsidiary of Pan Orient and is consolidated with Pan Orient for reporting purposes.
 - Capital expenditures for the Sawn Lake demonstration project during the first quarter of 2015 were \$1.4 million relating to the SAGD facility.
 - The SAGD producing well is still in its ramp-up phase and the steam chamber is approaching the top of the Bluesky formation. During March, bitumen production averaged 320 BOPD (160 BOPD net to Pan Orient) with an SOR of 5.2. On April 11, a submersible pump for the SAGD producing well experienced a problem and the well was shut-in to make the necessary repairs. Production declined in April to an average of 125 BOPD (63 BOPD net to Pan Orient) with an SOR of 5.9. Production resumed in May and averaged 353 BOPD (177 BOPD net to Pan Orient) with an SOR of 4.7 for the first 20 days of May.
 - Production results to date are not necessarily indicative of long-term performance or of ultimate recovery and the Sawn Lake project has not yet proven that it is commercially viable. All related costs and revenues are being capitalized as exploration and commercial viability is achieved.

OUTLOOK

- Indonesia
 - On May 15, 2015 the company received Government of Indonesia approval for the transfer of a 51% participating interest in the East Jabung PSC to a subsidiary of [Talisman Energy Inc.](#) The first well is currently planned to be drilled in the East Jabung PSC early to mid-2016.
 - The Company plans to drill an exploration well at the Batu Gajah PSC in the second half of 2015 which would offset an equivalent well by another operator in the adjacent Lemang PSC. Forestry approval for three surface locations was received in May 2015, and construction is expected to commence in June 2015.
- Canada - Sawn Lake (Operated by Andora, in which Pan Orient has a 71.8% ownership)
 - The Company expects the steam chamber to reach the top of the Bluesky formation sandstone reservoir in May or June 2015. Production is anticipated to occur in approximately September 2015, corresponding to the end of the first year of production.
 - The well is still in its ramp-up phase and Andora is now aiming for consistent bitumen production of 449 barrels of bitumen per day with an SOR of 3.1, which corresponds to the High case estimate used by Sproule Unconventional Limited in the December 31, 2014 evaluation for the 16- 30-91-12W5M well pair which was drilled in a 15 to 20 meter thick reservoir with no bottom or top water.
- Thailand
 - Pan Orient is continuing to test the multiple sandstone intervals in the L53-DC1ST1 and L53-DEXT1ST2 appraisal wells.
 - No exploration drilling has been confirmed by the Concession L53 joint venture partners for 2015 at this time. Activities focus on workovers of existing wells to maximize production and further investigation of all options towards reducing operating costs.

Pan Orient is a Calgary, Alberta based oil and gas exploration and production company with operations currently located onshore in the Western Canadian provinces.

This news release contains forward-looking information. Forward-looking information is generally identifiable by the terminology used, such as "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 reserves and potentially recoverable resources, and information regarding 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 many unknown risks and uncertainties and other factors, which could cause actual results, expectations, achievements or performance to differ materially from those stated without limitation: imprecision of reserve estimates and estimates of recoverable quantities of oil, changes in project schedules, operating costs, performance, the effects of weather and climate change, the results of exploration and development drilling and related activities, development negotiations, other technical and economic factors or revisions and other factors, many of which are beyond the control of Pan Orient. Pan Orient believes that the expectations reflected in its forward-looking statements are reasonable, it can give no assurances that its forward-looking statements will prove to be correct.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) is responsible for the adequacy or accuracy of this release.

Financial and Operating Summary (thousands of Canadian dollars except where indicated)

FINANCIAL

Financial Statement Results - Excluding 50% Interest in Thailand Joint Venture from February 2, 2015 onwards (Note 1)

Net income (loss) attributed to common shareholders

Per share - basic and diluted

Cash flow from (used in) operating activities (Note 2)

Per share - basic and diluted

Cash flow from (used in) investing activities (Note 2)

TH
M
20

\$

\$

Per share - basic and diluted	\$
Working capital	
Working capital & non-current deposits	
Long-term debt	
Shares outstanding (thousands)	
Working Capital and Non-current Deposits	
Beginning of period	
Funds flow from consolidated operations (Note 4)	
Funds flow from sale of Thailand interest	
Working capital and non-current deposits derecognized on sale of Thailand interest and recorded in Investment in Joint Venture	
Consolidated capital expenditures (Note 6)	
Funds flow from investment in Thailand Joint Venture	
Disposal of petroleum and natural gas assets (Note 7)	
Foreign exchange impact on working capital	
Normal course issuer bid	
End of period	
Economic Results - Including 50% Interest in Thailand Joint Venture from February 2, 2015 onwards (Note 3)	
Total funds flow from operations (Note 4)	
Per share - basic and diluted	\$
Funds flow from (used in) operations by region (Note 4)	
Canada (Note 5)	
Thailand - 100% to February 1, 2015 (Note 1)	
Indonesia	
Funds flow from consolidated operations	
Share of Thailand Joint Venture (Note 3)	
Total funds flow from operations	
Funds flow from sale of Thailand interest	
Sales proceeds	
Transaction costs	
Working capital and non-current deposits in Thailand interest sold	
Total funds flow from disposition of Thailand interest	
Petroleum and natural gas properties	
Capital expenditures (Note 6)	
Dispositions - excluding sale of Thailand interest (Note 7)	
Capital Expenditures (Note 6)	
Canada (Note 5)	
Thailand - 100% to February 1, 2015 (Note 1)	
Indonesia	
Consolidated capital expenditures	
Share of Thailand Joint Venture capital expenditures	
Total capital expenditures	
Investment in Thailand Joint Venture	
Beginning of period	
Investment retained on sale of Thailand interest	
Net loss from Joint Venture	
Other comprehensive income from Joint Venture	
Amounts (received from) advanced to Joint Venture	
End of period	
<i>(thousands of Canadian dollars except where indicated)</i>	
Thailand Operations	
Economic Results - Including 50% Interest in Thailand Joint Venture from February 2, 2015 onwards (Note 3)	
Oil sales (bbls)	28,
Average daily oil sales (BOPD) by Concession L53	313
Average oil sales price, before transportation (CDN\$/bbl)	\$ 60.
Reference Price (volume weighted) and differential	
	Three Mar 2015

Crude oil (Brent \$US/bbl)		\$ 52.
Exchange Rate \$US/\$Cdn		1.2
Crude oil (Brent \$Cdn/bbl)		\$ 65.
Sale price / Brent reference price		92
Funds flow from operations (Note 4)		
Crude oil sales		1,6
Government royalty		(81)
Transportation expense		(46)
Operating expense		(47)
Field netback		1,0
General and administrative expense (Note 4)		(31)
Interest income		2
Realized foreign exchange loss		(8)
Current income tax		-
Funds flow from operations		77
Funds flow from operations / barrel (CDN\$/bbl) (Note 4)		
Crude oil sales		\$ 60.
Government royalty		(2.8)
Transportation expense		(1.0)
Operating expense		(16)
Field netback		38.
General and administrative expense (Note 8)		(11)
Interest Income		0.0
Realized foreign exchange loss		(0.2)
Current income tax		-
Thailand - Funds flow from operations		\$ 27.
Government royalty as percentage of crude oil sales		5%
Income tax & SRB as percentage of crude oil sales		0%
As percentage of crude oil sales		
Expenses - transportation, operating, G&A and other		49
Government royalty, SRB and income tax		5%
Funds flow from operations, before interest income		46
Wells drilled (wells were drilled after February 1, 2015)		
Gross		3
Net		1.5
Financial Statement Presentation - Excluding 50% Interest in Thailand Joint Venture from February 2, 2015 onwards (Note 1)		
Crude oil sales		80
Government royalty		(38)
Transportation expense		(24)
Operating expense		(25)
Field netback		49
General and administrative expense (Note 8)		(18)
Interest income		1
Realized foreign exchange loss		(8)
Current income tax		-
Funds flow from consolidated operations		29
Included in Investment in Thailand Joint Venture		
Net loss from Thailand Joint Venture		(29)
Add back non-cash items in net loss		77
Included in Investment in Thailand Joint Venture		47

(thousands of Canadian dollars except where indicated) Three Months Ended
March 31,

	2015	2014	Change
Canada Operations (Note 6)			
Interest income	47	88	-47%
General and administrative expenses (Note 8)	(574)	(547)	5%
Realized foreign exchange gain	510	559	-9%

Canada - Funds flow from (used in) operations	(17)	100	-117%
Indonesia Operations			
General and administrative expense (Note 8)	(457)	(297)	54%
Exploration expense (Note 9)	(161)	(309)	-48%
Realized foreign exchange gain (loss)	220	(108)	-304%
Indonesia - Funds flow used in operations	(398)	(714)	-44%

- (1) On February 2, 2015 the Company sold a 49.99% equity interest in its subsidiary Pan Orient Energy (Siam) Ltd. and retained a 50.01% equity interest in that company. The transaction resulted in Pan Orient Energy (Siam) Ltd. changing from a wholly-owned and controlled subsidiary to a joint arrangement where the Company shares joint control with the purchaser of the 49.99% equity interest. The resulting joint arrangement is classified as a Joint Venture under IFRS 11 and is required to be accounted for using the equity method of accounting rather than consolidated as it had previously been when Pan Orient Energy (Siam) Ltd. was a controlled subsidiary. The change in accounting from consolidation to the equity method has resulted in the accounts of Pan Orient Energy (Siam) Ltd. being derecognized from the consolidated financial statements and a net investment related to the portion of the interest retained being recognized at its estimated fair value upon initial recognition. Pan Orient's 50.01% equity interest in the assets, liabilities, working capital, operations and capital expenditures of Pan Orient Energy (Siam) Ltd. from February 2, 2015 forward are recorded in Investment in Thailand Joint Venture.
- (2) As set out in the Consolidated Statements of Cash Flows in the unaudited Consolidated Financial Statements of [Pan Orient Energy Corp.](#)
- (3) For the purpose of providing more meaningful economic results from operations for Thailand, and for comparison to previous period, the amounts presented consist of:
Company's share of Thailand funds flow from operations at 100% from January 1, 2015 to February 1, 2015 (being the beginning of the year to the last date before the equity sale transaction was completed as discussed in note 1)
Company's share of Thailand funds flow from operations at 50.01% from February 2, 2015 to March 31, 2015 (the period from when the Company completed the equity sale transaction to March 31, 2015).
- (4) Funds flow from operations is cash flow from operating activities prior to changes in non-cash working capital, reclamation costs and excluding the recovery of prior year income taxes plus the corresponding amount from the Thailand operations which is recorded in Investment in Joint Venture for financial statement purposes. This measure is used by management to analyze operating performance and leverage. Funds flow as presented does not have any standardized meaning prescribed by IFRS and therefore it may not be comparable with the calculation of similar measures of other entities. Funds flow is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS.
- (5) The Sawn Lake Demonstration Project in Alberta has not yet proven that it is commercially viable and all related costs and revenues are being capitalized as exploration and evaluation assets until commercial viability is achieved.
- (6) Cost of capital expenditures, excluding decommissioning provision and the impact of changes in foreign exchange rates.
- (7) Joint venture partners in Andora's Sawn Lake SAGD demonstration project repurchased the 3% gross overriding royalty on a portion of the non-owned working interests in 36.5 sections for \$2.7 million.
- (8) General & administrative expenses, excluding non-cash accretion on decommissioning provision and stock-based payments.
- (9) Exploration expense relates to exploration costs associated with the Citarum and South CPP PSCs in Indonesia.
- (10) Tables may not add due to rounding.

Contact

[Pan Orient Energy Corp.](#)

Jeff Chisholm

President and CEO (located in Bangkok, Thailand)

jeff@panorient.ca

[Pan Orient Energy Corp.](#)

Bill Ostlund

Vice President Finance and CFO

(403) 294-1770

www.panorient.ca