

CALGARY, ALBERTA--(Marketwired - Aug 12, 2015) - [Pan Orient Energy Corp.](#) ("Pan Orient") (TSX VENTURE:POE) reports its 2015 results. *Please note that all amounts are in Canadian dollars unless otherwise stated and BOPD refers to barrels of oil per day.*

The Corporation is today filing its unaudited consolidated financial statements as at and for the six months ended June 30, 2015 and Canadian securities regulatory authorities. Copies of these documents may be obtained online at www.sedar.com or the Corporation's website.

Commenting today on Pan Orient's second quarter 2015 results, President and CEO Jeff Chisholm stated: "In the second quarter Pan Orient received Indonesia approvals to complete the East Jabung farmout and received the upfront \$9.8 million cash payment, further strengthening our balance sheet with deposits of \$86.9 million, mainly held in United States dollars, and zero debt at a time of weak oil prices and in stark contrast to many other oil companies. We are also increasing production in Concession L53 in Thailand where two workovers are currently underway, and drilling in Indonesia of the Andora operated Batu Gajah PSC."

HIGHLIGHTS FOR THE FIRST HALF OF 2015

- Completed the sale on February 2, 2015 of a 50% equity interest in Thailand subsidiary for estimated net proceeds to Pan Orient of \$10.8 million, including a working capital adjustment of \$3.1 million.
- Completed the farm-out on June 1, 2015 of a 51% participating interest and operatorship of the East Jabung Production Sharing Contract (PSC) in Indonesia. Pan Orient received initial consideration of \$9.8 million and the farminee is funding the first USD\$5 million of Pan Orient's associated general and administrative expenses of the PSC. The first well is planned to be drilled in the second quarter of 2015.
- Preparation is underway in Indonesia to commence drilling of the Akeh-1 exploration well at Batu Gajah PSC in late August 2015.
- Bitumen production at the Sawn Lake, Alberta steam assisted gravity drainage ("SAGD") demonstration project of Andora Energy Services Ltd. the steam chamber has still not yet reached the top of the Bluesky reservoir. Bitumen production on a 100% basis averaged 3,000 bbl/d with a steam-oil ratio ("SOR") of 4.4.
- On June 16, 2015 a subsidiary of Andora was granted the Canadian patent for Thermal System and Process for Producing Steam Assisted Gravity Drainage. Pan Orient believes that this technology could achieve significant benefits in SAGD field development.
- Pan Orient's 50% interest in the Thailand Joint Venture for Concession L53 in the second quarter reported oil sales of 262 BOPD and generated \$1.0 million in funds flow from operations, or \$39.92 per barrel.
- Repurchased 1,330,800 common shares under the Normal Course Issuer Bid to June 30, 2015, resulting in 55.4 million outstanding shares.
- Strong financial position with working capital and non-current deposits of \$86.9 million as at June 30, 2015, which is mainly held in United States dollars. Pan Orient has no long-term debt.

2015 SECOND QUARTER OPERATING RESULTS

- The financial statements reflect that on February 2, 2015 the Company sold a 50% equity interest in its subsidiary Pan Orient Energy (Siam) Ltd. From February 2, 2015 forward the retained 50% equity interest is reclassified as a jointly controlled Joint Venture and Pan Orient's share of capital expenditures, liabilities and operations of Pan Orient Energy (Siam) Ltd. are recorded as Investment in Thailand Joint Venture.
- Net loss attributable to common shareholders for the second quarter of 2015 of \$3.2 million (\$0.06 loss per share). Net income for the first six months of 2015 of \$30.7 million (\$0.54 per share) is primarily due to the sale a 50% equity interest in its subsidiary Pan Orient Energy (Siam) Ltd.
- For the second quarter of 2015, the Company recorded total corporate funds used in operations of \$0.9 million (\$0.02 per share) for the Thailand joint venture. For the six months ended June 30, 2015, total corporate funds used in operations were \$0.6 million (\$0.01 per share). At June 30, 2015, Pan Orient had \$48.9 million of working capital and non-current deposits, of which \$48.9 million was recorded in Investment in Thailand Joint Venture.
- During the second quarter of 2015, Pan Orient repurchased 1,187,900 common shares at prices ranging from \$1.40 to \$1.67 per share. Subsequent to June 30th, Pan Orient repurchased an additional 40,300 common shares at prices ranging from \$1.25 to \$1.35 per share.
- At June 30, 2015 Pan Orient had \$86.9 million of working capital and non-current deposits. Working capital and non-current deposits include \$12.7 million of non-current deposits, \$12.7 million of Canadian taxes receivable, other receivables & prepaid expenses of \$2.3 million, \$1.8 million of equipment inventory at the Batu Gajah PSC in Indonesia to be utilized in future drilling operations. In addition, Pan Orient includes \$0.2 million of Thailand working capital and non-current deposits and \$2.0 million of equipment inventory to be utilized in future drilling operations.
- Pan Orient had outstanding capital commitments as at June 30, 2015 of \$1.9 million in Indonesia associated with the Company's share of the East Jabung PSC. In Canada, there are capital commitments of \$300,000 with respect to outstanding purchase orders and natural gas pipeline tie-in for the SAGD demonstration project of Andora.

- Pan Orient's 50% Interest in the Thailand Joint Venture for Concession L53

- Average oil sales of 262 BOPD during the second quarter of 2015 and generated \$1.0 million in funds flow from operations, compared to average oil sales of 287 BOPD and \$1.7 million in funds flow from operations, or \$33.20 per barrel.
- Per barrel amounts during the second quarter of 2015 were a realized price for oil sales of \$70.32, transportation expenses of \$1.50, administrative expenses of \$7.76 and a royalty to the Thailand government of \$3.52. Oil sales revenue during this period was 57% to Pan Orient, 5% to the government of Thailand for royalties, and 5% to the government of Thailand for royalties, and 57% to Pan Orient. No Thailand Benefit tax was recorded during the quarter.
- Oil sales in July 2015 at Concession L53 were 236 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 produce. Geologic interpretations suggest that potential quality reservoir sands may be expected further east. The L53-DC1ST1 appraisal well, which had a net oil pay in ten sandstone intervals, was placed on production in March to test various zones, added 8 BOPD in the first quarter net to Pan Orient. The L53-DEXT1ST2 appraisal well encountered 24 meters of true vertical thickness of net oil pay in nine sandstone intervals, test various zones and added 12 BOPD in the second quarter net to Pan Orient.
- Capital expenditures were \$1.1 million in Thailand during the second quarter of 2015. The \$3.6 million of Thailand capital expenditures at L53, including the 50% interest in the Thailand Joint Venture from February 2, 2015 onwards, were comprised of \$3.1 million for workovers and other capital expenditures and \$0.1 million for capitalized general and administrative expenses.

- Indonesia

- Capital expenditures in Indonesia were \$1.5 million during the first half of 2015, with \$0.4 million in the first quarter and \$1.1 million for drilling of the Akeh-1 exploration well at Batu Gajah PSC. On a year to date basis, there have been capital expenditures of \$1.5 million for the Akeh-1 exploration well and \$1.0 million related to capitalized general and administrative expenses and other expenditures.

- Canada

- Andora is the operator and holds a 50% working interest in the Sawn Lake, Alberta SAGD demonstration project. Andora is consolidated with Pan Orient for reporting purposes.
- Capital expenditures for the Sawn Lake demonstration project during the first six months of 2015 have been \$3.1 million for the SAGD facility, installation of additional equipment for processing and treating the bitumen production at site, replacement of inventory and capitalization of costs and revenues of the demonstration project.
- The SAGD producing well is still in its ramp-up phase and the steam chamber has not reached the top of the Bluesky formation. In 2015, bitumen production averaged 290 BOPD (145 BOPD net to Andora) with an SOR of 5.6. During the second quarter of 2015, bitumen production averaged 290 BOPD (145 BOPD net to Andora) with an SOR of 5.6 despite being shut-in from April 11th to April 30th due to a problem with the electrical system.
- Production results to date are not necessarily indicative of long-term performance or of ultimate recovery and the Sawn Lake project is not commercially viable. All related costs and revenues are being capitalized as exploration and evaluation assets until commercial production begins.

OUTLOOK

- Indonesia

- The Company is preparing to commence drilling of the Akeh-1 exploration well at the Batu Gajah PSC by the end of August 2015.
- Following completion of the East Jabung PSC farm-out on June 1, 2015, a subsidiary of [Talisman Energy Inc.](#) is now the operator. An exploration well at the PSC is expected to be drilled at the Anggun prospect in the second quarter of 2016 under the terms of the farm-out agreement.

Gaffney Cline & Associates completed third party engineer NI-51-101 compliant Prospective Resources Report for the Anggun prospect. Prospective Resources are defined as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from the Anggun prospect under current development projects. Prospective Resource volumes are presented as unrisks. Prospective Resources have an associated risk. Prospective Resources are further classified as "High", "Best" and "Low" in accordance with the range of uncertainty. "Mean" refers to the expected outcomes. The report assigned unrisks mean estimated ultimate recoverable oil Prospective Resources of 44, 28 and 5 million barrels of oil in three potential reservoir horizons at the Anggun prospect. The assigned geological chance of success for each of these horizons is 26% respectively. There is no certainty that any portion of the Prospective Resources will be discovered. If discovered, they are expected to produce any portion of the resources.

- 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 by the end of September 2015 and to occur by the end of November 2015.

- Thailand

- The focus for the remainder of 2015 is on workovers of existing wells to maximize production including one workover at L53-ANC1. A decision on the timing of further Thailand exploration drilling will be made later in 2015.

This news release contains forward-looking information. Forward-looking information is generally identifiable by the terminology used "anticipate" and "potential" or other similar wording. Forward-looking information in this news release includes, but is not limited to, reserves estimates of reserves and potentially recoverable resources, and information on future production and project start-ups. By their very nature, this news release requires Pan Orient and its management to make assumptions that may not materialize or that may not be accurate. This news release is subject to known and unknown risks and uncertainties and other factors, which could cause actual results, expectations and forecasts to differ materially from those stated in this news release. Without limitation: imprecision of reserve estimates and estimates of recoverable quantities of oil, changes in project schedules of weather and climate change, the results of exploration and development drilling and related activities, demand for oil and gas, commodity price fluctuations, changes in government policies, and other factors, many of which are beyond the control of Pan Orient. Although Pan Orient believes that the expectations are reasonable, it can give no assurances that the expectations of any forward-looking statements will prove to be correct.

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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	(3)
Per share - basic and diluted	\$
Cash flow from (used in) operating activities (Note 2)	(2)
Per share - basic and diluted	\$
Cash flow from (used in) investing activities (Note 2)	7,
Per share - basic and diluted	\$
Working capital	82
Working capital & non-current deposits	86
Long-term debt	-
Shares outstanding (thousands)	55
Working Capital and Non-current Deposits	
Beginning of period	84
Funds flow from (used in) consolidated operations (Note 4)	(1)
Proceeds from 2012 sale of Thailand interest	-
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)	(2)
Funds flow used in investment in Thailand Joint Venture	(1)
Disposal of petroleum and natural gas assets (Note 7)	9,
Settlement of Decommissioning liabilities	-
Normal course issuer bid	(1)
Foreign exchange impact on working capital	(1)
End of period	86
Economic Results - Including 50% Interest in Thailand Joint Venture from February 2, 2015 onwards (Note 3)	
Total funds flow from (used in) operations (Note 4)	(9)
Per share - basic and diluted	\$
Funds flow from (used in) operations by region (Note 4)	
Canada (Note 5)	(6)
Thailand - 100% to February 1, 2015 (Note 1)	-
Indonesia	(1)
Funds flow from (used in) consolidated operations	(1)
Share of Thailand Joint Venture (Note 3)	95
Total funds flow from (used in) operations	(9)
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)	3,
Dispositions - excluding sale of Thailand interest (Note 7)	(9)

Capital Expenditures (Note 6)	
Canada (Note 5)	1,
Thailand - 100% to February 1, 2015 (Note 1)	-
Indonesia	1,
Consolidated capital expenditures	2,
Share of Thailand Joint Venture capital expenditures	1,
Total capital expenditures	3,
Investment in Thailand Joint Venture	
Beginning of period	38
Investment retained on sale of Thailand interest	-
Net loss from Joint Venture	(2)
Other comprehensive loss from Joint Venture	(1)
Amounts advanced to Joint Venture	16
End of period	36
	Three
	June 3
	2015
<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)	23,848
Average daily oil sales (BOPD) by Concession L53	262
Average oil sales price, before transportation (CDN\$/bbl)	\$ 70.3
Reference Price (volume weighted) and differential	
Crude oil (Brent \$US/bbl)	\$ 61.6
Exchange Rate \$US/\$Cdn	1.23
Crude oil (Brent \$Cdn/bbl)	\$ 75.9
Sale price / Brent reference price	93
Funds flow from (used in) operations (Note 4)	
Crude oil sales	1,677
Government royalty	(84)
Transportation expense	(40)
Operating expense	(420)
Field netback	1,133
General and administrative expense (Note 8)	(185)
Interest income	4
Realized foreign exchange loss	-
Current income tax	-
Funds flow from operations	952
Funds flow from operations / barrel (CDN\$/bbl) (Note 4)	
Crude oil sales	\$ 70.3
Government royalty	(3.52)
Transportation expense	(1.68)
Operating expense	(17.61)
Field netback	47.51
General and administrative expense (Note 8)	(7.76)
Interest Income	0.17
Realized foreign exchange loss	-
Current income tax	-
Thailand - Funds flow from operations	\$ 39.9
Government royalty as percentage of crude oil sales	5
Income tax & SRB as percentage of crude oil sales	-
As percentage of crude oil sales	
Expenses - transportation, operating, G&A and other	38
Government royalty, SRB and income tax	5
Funds flow from operations, before interest income	57
Wells drilled (wells were drilled after February 1, 2015)	
Gross	-

Net	-
Financial Statement Presentation Results - Excluding 50% Interest in Thailand Joint Venture from February 2, 2015 onwards (Note 1)	
Crude oil sales	-
Government royalty	-
Transportation expense	-
Operating expense	-
Field netback	-
General and administrative expense (Note 8)	-
Interest income	-
Realized foreign exchange loss	-
Current income tax	-
Funds flow from consolidated operations	-
Included in Investment in Thailand Joint Venture	
Net loss from Thailand Joint Venture	(290)
Add back non-cash items in net loss	1,242
Funds flow from Thailand Joint Venture	952
Thailand - Economic funds flow from operations	952

	Three Months Ended June 30,		Six Months Ended June 30,		Change	
(thousands of Canadian dollars except where indicated)	2015	2014	2015	2014		
Canada Operations (Note 6)						
Interest income	39	61	86	149	-42	%
General and administrative expenses (Note 8)	(860)	(679)	(1,434)	(1,226)	17	%
Realized foreign exchange gain	206	9	716	568	26	%
Canada - Funds flow used in operations	(615)	(609)	(632)	(509)	24	%
Indonesia Operations						
General and administrative expense (Note 8)	(329)	(255)	(786)	(552)	42	%
Exploration expense (Note 9)	(133)	15	(294)	(294)	0	%
Realized foreign exchange gain (loss)	(360)	26	(140)	(82)	71	%
Current income tax	(456)	-	(456)	-	100	%
Indonesia - Funds flow used in operations	(1,278)	(214)	(1,676)	(928)	81	%

- 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 the 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.
- As set out in the Consolidated Statements of Cash Flows in the unaudited Consolidated Financial Statements of [Pan Orient Energy Corp.](#)
- For the purpose of providing more meaningful economic results from operations for Thailand, and for comparison to previous periods, the amounts presented consist of:
Company's share of Thailand funds flow from operation at 100% from January 1, 2015 to February 1, 2015 (being the beginning of the year to the last date before the equity interest was completed as discussed in note 1)
Company's share of Thailand funds flow from operating at 50.01% subsequent to February 2, 2015 (when the Company completed the equity sale transaction).
- 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.
- 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.
- Cost of capital expenditures, excluding decommissioning provision and the impact of changes in foreign exchange rates.

- (7) During the second quarter of 2015 the Company completed a farmout of a 51% interest of the East Jabung PSC in Indonesia and received an upfront cash payment of USD \$8.0 million, less 5% withheld for transfer taxes, plus USD \$181 thousand reimbursed for G&A, which has been recorded as a disposal of E&E assets with no gain or loss recorded on the transaction. In 2014 the 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.

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