

CALGARY, ALBERTA--(Marketwired - Feb 23, 2016) - [Pan Orient Energy Corp.](#) (TSX VENTURE:POE), on behalf of its 71.8% owned subsidiary Andora Energy Corporation ("Andora"), is providing an update for Andora's Steam Assisted Gravity Drainage ("SAGD") oil sands project at Sawn Lake Alberta, Canada.

Highlights

- Bitumen production in 2016 at the Sawn Lake Demonstration Project has reached a steady state production level over the past seven weeks of 606 barrels per day ("BOPD") (303 BOPD net to Andora) with an instantaneous steam-oil ratio ("ISOR") of 2.2 from the one SAGD wellpair. Bitumen production, on a 100% basis, averaged 596 BOPD with an ISOR of 2.2 in January and has averaged 620 BOPD with an ISOR of 2.1 during the first 21 days of February. A December 31, 2014 contingent resources report by Sproule Unconventional Limited assigned the following values to the demonstration project SAGD well pair as 2016 averages: Low Case of 242 BOPD with an ISOR of 5.7; Best Case of 345 BOPD with an ISOR of 4; High Case of 449 BOPD with an ISOR of 3.1
- The demonstration project commenced bitumen production in September 2014 and has successfully captured the key data associated with the objectives of the demonstration project. The demonstration project has:
 - demonstrated that the SAGD process works in the Bluesky formation at Sawn Lake
 - established characteristics of ramp up through stabilization of SAGD performance
 - indicated the productive capability and ISOR, and
 - provided critical information required for well and facility design associated with future commercial development.
- Given the current low price environment for bitumen, Andora and its joint venture partners have decided to suspend the Sawn Lake Demonstration Project operations at the end of February 2016. This decision considers the expectation that extremely low bitumen prices may continue for some time and the estimated time required for approval of the 3,200 BOPD expansion application at the demonstration project site, which is being submitted in March 2016.
- It is expected that a reactivation of the demonstration project facility and wellpair would be considered as part of a potential commercial expansion to 3,200 BOPD. An expansion is dependent on regulatory approval, completion of detailed engineering and a higher commodity price environment to support project economics and financing.
- Work continues with respect to submitting the expansion application, and updating the Sawn Lake reservoir model and contingent resource report to incorporate the results of the demonstration project.
- Production results to date are not necessarily indicative of long-term performance or of ultimate recovery and the Sawn Lake demonstration project has not yet proven that it is commercially viable.

Andora's SAGD Oil Sands Project at Sawn Lake

- Andora is focused on developing the bitumen resources at the Sawn Lake property in the Peace River Oil Sands Region using SAGD development.
- Andora has interests in 88 sections of oil sands leases at Sawn Lake, within the central Alberta Peace River Oil Sands area. Andora is the operator of both the 12 section Central Block, in which it holds a 50% working interest, and the 16 section South Block, in which it holds a 100% interest. In addition, the North Block contains nine sections where Andora is the operator with a 100% working interest, and an additional 51 sections where Andora has a 10% working interest and is a non-operator.
- At December 31, 2014 a National Instrument 51-101 compliant contingent resources evaluation for Andora's oil sands project at Sawn Lake Alberta, Canada, was prepared by Sproule Unconventional Limited ("Sproule") based on development using SAGD. 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 resources volumes estimated in the Sproule Unconventional report are considered contingent until such time as commercial recovery has been confirmed with SAGD production rates from a SAGD pilot, 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. There is no certainty that it will be economically viable to produce any of the reported contingent resources volumes.

The December 31, 2014 contingent resources report did not incorporate the results of the Sawn Lake demonstration project to that date since those results were very early stage at that point as the steam chamber continued to build.

The "Best Case" company gross contingent resources at Sawn Lake in the December 31, 2014 report were 214 million barrels of bitumen recoverable attributed to Andora's working interests. The Central Block was assigned 139 million barrels of bitumen recoverable, the South Block was assigned 74 million barrels of bitumen recoverable and the North Block was assigned 1 million barrels of bitumen recoverable. This represented 154 million barrels of recoverable bitumen attributed to the 71.8% ownership interest of Pan Orient in Andora.

Reference is made to Pan Orient's Annual Information Form Dated April 30, 2015, available on SEDAR, for additional information.

Sawn Lake SAGD Demonstration Project

- The first step towards determining the commercial viability of the SAGD recovery process at Sawn Lake is a demonstration project to establish that the SAGD process works in the Bluesky formation reservoir and to provide an indication of the productivity of the reservoir and the amount of steam injection required to produce the bitumen, which are key components in assessing the potential for SAGD development at Sawn Lake.

- Andora is the operator and holds a 50% working interest in the demonstration project, located in the Central Block of Sawn Lake, which commenced in 2013. The demonstration project consists of one SAGD well pair drilled to a depth of 650 meters and a horizontal length of 780 meters and the SAGD facility for steam generation, water handling and bitumen treating. Steam injection commenced May 21, 2014, bitumen production commenced September 16, 2014 and the steam chamber reached the top of the Bluesky formation sandstone reservoir in October 2015.

Pan Orient is a Calgary, Alberta based oil and gas exploration and production company with operations 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: the success and stability of bitumen production rates and associated steam oil ratio and the commencement and duration of suspension of the Sawn Lake Demonstration Project, potential reactivation of the project and the factors on which any reactivation is dependent and forward looking information contained in the contingent resources evaluation prepared by Sproule . 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: changes in project schedules, well test, operating and reservoir performance, the effects of weather and climate change, 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. Readers are cautioned that well test results, when announced, will not necessarily be indicative of long-term performance or of ultimate recovery.

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