

CALGARY, ALBERTA--(Marketwired - Sep 26, 2016) - [Pan Orient Energy Corp.](#) (TSX VENTURE:POE), on behalf of its 71.8% owned subsidiary Andora Energy Corporation ("Andora"), is pleased to release the June 30, 2016 Contingent Resources Report which is a National Instrument 51-101 compliant resources evaluation for Andora's oil sands interests at Sawn Lake Alberta, Canada, as evaluated by Sproule Unconventional Limited ("Sproule"). The evaluation included all of Andora's Oil Sands Leases at Sawn Lake based on exploitation using Steam Assisted Gravity Drainage ("SAGD").

The evaluation at June 30, 2016 incorporates the final results of the Sawn Lake demonstration project which produced bitumen from September 2014 to February 2016 from one SAGD wellpair. The demonstration project established the viability of the SAGD process in the Bluesky formation at Sawn Lake and provided information on productive capability and instantaneous steam-oil ratio of the reservoir.

Highlights of Sawn Lake, Alberta Contingent Resources Report as at June 30, 2016

- Results of the demonstration project increased unrisks recoverable resources 8%, significantly increased average peak production rates and decreased the requirement for natural gas by 16%.
- Andora's unrisks "Best Estimate" contingent resources increased 8% to 231.6 million barrels of recoverable bitumen (166.3 million barrels net to Pan Orient's 71.8% interest in Andora).
- The estimated before tax net present value, discounted at 10%, of Andora's unrisks "Best Estimate" contingent resources increased 21% to \$568 million (\$408 million net to Pan Orient's 71.8% interest in Andora), despite a 15% decrease in the forecast average realized price per barrel for bitumen, given the performance of the demonstration project in terms of peak production and cumulative steam-oil ratio ("CSOR").
- The estimated after tax net present value, discounted at 10%, of Andora's unrisks "Best Estimate" contingent resources increased 26% to \$374 million (\$268 million net to Pan Orient's 71.8% interest in Andora).
- The evaluation assigned an 85% chance of development for Sawn Lake, or a 15% development risk, and the risks "Best Estimate" contingent resources for Andora are 196.9 million barrels of bitumen recoverable (141.4 million barrels net to Pan Orient's 71.8% interest in Andora). The risks "Best Estimate" net present value, discounted at 10%, for Andora's interests is \$482 million on a before tax basis and \$318 million on an after tax basis (\$346 million and \$228 million net to Pan Orient's 71.8% interest in Andora respectively).

Summary

- The oil sands project at Sawn Lake Alberta as at June 30, 2016 was evaluated by Sproule. 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 for SAGD, but which are not currently considered to be commercially recoverable due to one or more contingencies. The contingent resources volumes estimated in the Sproule report are considered contingent until such time as commercial recovery has been confirmed by further evaluation drilling, refinement of the development plan, regulatory approval, corporate commitment, funding and economic factors. Contingent resources are further classified as "High", "Best" and "Low" in accordance with the level of certainty. There is uncertainty that it will be commercially viable to produce an portion of the reported contingent resources volumes.
- The June 30, 2016 Contingent Resources Report by Sproule represents an update of a December 31, 2014 Contingent Resources Report also by Sproule. The June 30, 2016 report has been updated for results of the Sawn Lake demonstration project, the June 30, 2016 price forecasts for crude oil, bitumen, natural gas and exchange rates, and a revised date of 2020 for the estimated commencement of commercial production. There is no change to the geology or the industry standard development strategy. The December 31, 2014 Contingent Resources Report reported unrisks volumes and values and did not report risks volumes and values.
- As an indicator of the impact of the demonstration project, the geological setting where the demonstration project wellpair at 10 - 30 - 91 - 12W5M is located (where the reservoir thickness is at least 20 meters thick with no complications), was assigned the following peak rate values and CSOR at June 30, 2016 for the full life of the wellpair: "Low Estimate" of 580 BOPD with a CSOR of 3.7; "Best Estimate" of 620 BOPD with a CSOR of 3.4; "High Estimate" of 660 BOPD with a CSOR of 2.7. This compares with the December 31, 2014 contingent resources report which assigned values of: "Low Estimate" of 242 BOPD with a CSOR of 6.7; "Best Estimate" of 345 BOPD with a CSOR of 4.7; "High Estimate" of 449 BOPD with a CSOR of 3.6.
- The unrisks net present value of the "Best Estimate" (discounted at 10%) before income tax using forecast prices attributed to Andora's Sawn Lake contingent resources increased by \$99 million, or 21% to \$568 million at June 30, 2016 from \$469 million at December 31, 2014. The unrisks net present value of the "Best Estimate" (discounted at 10%) after income tax using forecast prices attributed to Andora's Sawn Lake contingent resources increased by \$76 million, or 26% to \$374 million at June 30, 2016 from \$298 million at December 31, 2014. These net increases from the December 31, 2014 Contingent Resources Report were attributable primarily to the following factors:
 - An 8% increase in unrisks "Best Estimate" contingent bitumen resources resulting from better than expected performance from the demonstration project which translates into higher average recovery factors for future development.
 - Lower CSOR resulting in a 16% decrease in the requirement for natural gas and lower capital costs for steam generation.
 - CSOR reflects the total steam requirement for the entire life of each wellpair, including start-up steam circulation, and is an average for the 390 SAGD wellpairs producing from six geological settings (and various thicknesses of the reservoir) within the Sawn Lake development. Average CSOR is 5.1 for the "Low Estimate", 4.5 for the "Best Estimate" and 3.7 for the "High Estimate".
 - Higher average peak production rates for each of the six geological settings within Sawn Lake which accelerates revenue and payout of capital expenditures, Alberta Crown royalties and drilling of additional wells.
 - The June 30, 2016 price forecasts for crude oil and bitumen reflect a 19% reduction in the Western Canada Select reference price (in Canadian dollars) and a 15% reduction in the average realized price per barrel for Sawn Lake bitumen.
 - The June 30, 2016 price forecast for natural gas decreased approximately 23% from 2020 onwards.
 - A revised date of 2020 for the estimated commencement of commercial production.

- The unrisksed "Best Estimate" company gross contingent resources at Sawn Lake are 232 million barrels of bitumen recoverable attributed to Andora's working interests. Contingent resources have been assigned almost entirely to the South and Central Block of Sawn Lake. Andora is the operator of both these blocks and holds a 100% working interest in the 16 sections of the South Block, which have been assigned 79 million barrels of unrisksed recoverable bitumen, and holds a 50% working interest in the sections of the Central Block, which have been assigned 151 million barrels of unrisksed recoverable bitumen recoverable (net Andora's interests).

Sawn Lake SAGD Development

Andora is focused on developing the bitumen resources at the Sawn Lake property in the Peace River Oil Sands Region using SAGD development. The first step towards determining the commercial viability of the SAGD recovery process at Sawn Lake was the demonstration project. The demonstration project has proven 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, ISOR, and provided critical information required for well and facility design associated with future commercial development. The final results of demonstration project have been used to update the reservoir model and prepare the June 30, 2016 Contingent Resources Report. 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 is the operator and holds a 50% working interest in the Central Block of Sawn Lake, where the demonstration project facility and wellpair are located. An application for a potential expansion at the demonstration project site to 3,200 BOPD was submitted at end of April 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. The expansion application requests the drilling of up to seven additional SAGD wellpairs which are tied into the existing demonstration project facility. The facility would be expanded to generate the additional necessary steam, and it is anticipated that additional steam generation would include the test installation of Andora's proprietary produced water boiler. Andora believes that its produced water boiler could achieve significant benefits for Sawn Lake SAGD field development. Regulatory approval is expected to take approximately a year and a half. An expansion is dependent on regulatory approval, completion of detailed engineering and a higher commodity price environment to support project economics and financing.

Andora Sawn Lake, Alberta Interests at June 30, 2016

	Gross Sections	Working Interest	
South Block (Andora operated)	16	100	%
Central Block (Andora operated)	12	50	%
North Block (Andora operated)	9	100	%
North Block (non-operated)	51	10	%
	88		

Summary of Contingent Bitumen Resources as of June 30, 2016 as provided by Sproule

Marketable Resources - Company Gross (million barrels)	Andora	Pan Orient	71.8%
Riskd (evaluation assigned a 15% development risk)			
Contingent - Low Estimate "1C"	178.2	128.0	
Contingent - Best Estimate "2C"	196.9	141.4	
Contingent - High Estimate "3C"	231.3	166.1	
Unrisksed			
Contingent - Low Estimate "1C"	209.7	150.5	
Contingent - Best Estimate "2C"	231.6	166.3	
Contingent - High Estimate "3C"	272.2	195.4	

Sawn Lake Oil Sands Project

Summary of Net Present Values as of June 30, 2016

Contingent Resources as provided by Sproule

Andora 100% (Cdn\$ million)

Net Present Values Before Tax (Riskd)	0%	5%	10%	15%
Contingent - Low Estimate "1C"	3,693	1,185	406	126
Contingent - Best Estimate "2C"	4,895	1,432	482	160
Contingent - High Estimate "3C"	6,613	1,852	606	199
Net Present Values After Tax (Riskd)	0%	5%	10%	15%
Contingent - Low Estimate "1C"	2,650	835	265	61
Contingent - Best Estimate "2C"	3,579	1,015	318	84
Contingent - High Estimate "3C"	4,828	1,319	405	108
Net Present Values Before Tax (Unrisksed)	0%	5%	10%	15%
Contingent - Low Estimate "1C"	4,345	1,394	478	149
Contingent - Best Estimate "2C"	5,759	1,685	568	189
Contingent - High Estimate "3C"	7,781	2,178	713	234

Net Present Values After Tax (Unrisked)	0%	5%	10%	15%
Contingent - Low Estimate "1C"	3,115	981	311	71
Contingent - Best Estimate "2C"	4,210	1,194	374	98
Contingent - High Estimate "3C"	5,680	1,551	476	127

1 For risked resources and values, the evaluation assigned an 85% chance of development for Sawn Lake, or a 15% development risk.

2 Resources assessed at forecast crude oil reference prices and costs.

3 Bitumen production is forecast to commence in 2020.

4 The reference prices for heavy oil per barrel (Western Canada Select "WCS" 20.5 API in Canadian dollars) are \$72.76 for 2020, \$73.85 for 2021, \$74.95 for 2022, \$76.08 for 2023, \$77.22 for 2024, \$78.38 for 2025, \$79.55 for 2026 and increase at 1.5% per year thereafter.

5 Bitumen revenue per barrel for these resources is \$16.54 less than the associated WCS reference price in 2020 and the differential increases between \$0.18 to \$0.32 per year until 2066.

6 The reference prices for natural gas (AECO-C Spot price per MMBTU in Canadian dollars) are \$3.92 for 2020, \$3.99 for 2021, \$4.06 for 2022, \$4.14 for 2023, \$4.21 for 2024, \$4.29 for 2025, \$4.36 for 2026 and increase at 1.5% per year thereafter.

7 Future development costs (including inflation of 0% per annum for 2016 and 2017 and 1.5% per annum thereafter) for Contingent Resources which have been deducted in calculating the before tax NPV:

- Unrisked Low Estimate - CDN\$2,204 million with the drilling of 389 gross well pairs and building facilities
- Unrisked Best Estimate - CDN\$2,239 million with the drilling of 389 gross well pairs and building facilities
- Unrisked High Estimate - CDN\$2,291 million with the drilling of 389 gross well pairs and building facilities

8 The engineered values disclosed may not represent fair market value.

9 There is uncertainty that it will be commercially viable to produce any portion of the resources.

Sawn Lake Oil Sands Project

Summary of Net Present Values as of June 30, 2016

Contingent Resources as provided by Sproule

Pan Orient 71.8% Interest in Andora (Cdn\$ million)

Net Present Values Before Tax (Risky)	0%	5%	10%	15%
Contingent - Low Estimate "1C"	2,651	851	292	91
Contingent - Best Estimate "2C"	3,515	1,029	346	115
Contingent - High Estimate "3C"	4,748	1,329	435	143
Net Present Values After Tax (Risky)	0%	5%	10%	15%
Contingent - Low Estimate "1C"	1,903	599	190	44
Contingent - Best Estimate "2C"	2,569	729	228	60
Contingent - High Estimate "3C"	3,466	947	290	78
Net Present Values Before Tax (Unrisked)	0%	5%	10%	15%
Contingent - Low Estimate "1C"	3,119	1,001	343	107
Contingent - Best Estimate "2C"	4,135	1,210	408	135
Contingent - High Estimate "3C"	5,586	1,564	512	168
Net Present Values After Tax (Unrisked)	0%	5%	10%	15%
Contingent - Low Estimate "1C"	2,236	704	223	51
Contingent - Best Estimate "2C"	3,023	858	268	71
Contingent - High Estimate "3C"	4,078	1,114	342	91

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2 Resources assessed at forecast crude oil reference prices and costs.

3 Bitumen production is forecast to commence in 2020.

4 The reference prices for heavy oil per barrel (Western Canada Select "WCS" 20.5 API in Canadian dollars) are \$72.76 for 2020, \$73.85 for 2021, \$74.95 for 2022, \$76.08 for 2023, \$77.22 for 2024, \$78.38 for 2025, \$79.55 for 2026 and increase at 1.5% per year thereafter.

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7 Future development costs (including inflation of 0% per annum for 2016 and 2017 and 1.5% per annum thereafter) for Contingent Resources which have been deducted in calculating the before tax NPV:

- Unrisked Low Estimate - CDN\$1,583 million with the drilling of 389 gross well pairs and building facilities
- Unrisked Best Estimate - CDN\$1,607 million with the drilling of 389 gross well pairs and building facilities
- Unrisked High Estimate - CDN\$1,645 million with the drilling of 389 gross well pairs and building facilities

8 Results represent Pan Orient's 71.8% interest in Andora.

9 The engineered values disclosed may not represent fair market value.

10 There is uncertainty that it will be commercially viable to produce any portion of the resources.

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 resources estimates and estimates of recoverable quantities of bitumen, obtaining and timing of regulatory approvals, 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, 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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