

# Pan Orient Energy Corp. - Sale To Dialog Group Berhad And Transfer Of Non-thailand Business To New Company

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CALGARY, June 6, 2022 - [Pan Orient Energy Corp.](#) ("Pan Orient") (TSXV: POE) announced today that it has entered into an agreement to be acquired by a subsidiary of DIALOG Group Berhad (7277 - Bursa Malaysia) and for Pan Orient's non-Thailand business to be transferred to [CanAsia Energy Corp.](#) ("CanAsia"), a new company to be owned by Pan Orient shareholders.

Pursuant to that agreement (the "Arrangement Agreement"), DIALOG Systems (Asia) Pte Ltd., a wholly-owned subsidiary of DIALOG Group Berhad, will acquire, through a newly-incorporated Alberta subsidiary (the "Purchaser"), all the outstanding shares of Pan Orient by way of a plan of arrangement under the Business Corporations Act (Alberta) (the "Arrangement"). A holder of a common share of Pan Orient will receive, for each such common share, cash consideration of USD \$0.788 and one common share of CanAsia. The cash consideration is approximately CAD \$0.991 at the current exchange rate. Pan Orient and DIALOG Group Berhad are at arm's length to each other, and the Arrangement is not a related party transaction.

Pan Orient will transfer to CanAsia all of Pan Orient's non-Thailand assets, including Pan Orient's 71.8% ownership of Andora Energy Corporation ("Andora") and approximately CAD \$7.1 million in working capital and long-term deposits. CanAsia will assume all liabilities relating to the non-Thailand business, consisting primarily of accounts payable and accrued liabilities included in working capital, the decommissioning provision in Pan Orient's financial statements, and transaction costs. Andora owns interests in oil sands leases at Sawn Lake in Northern Alberta where it developed a steam assisted gravity drainage pilot project that awaits financing, commercial development and operation.

The Arrangement must be approved by Pan Orient shareholders, the Court of Queen's Bench of Alberta and the TSX Venture Exchange (the "TSXV") and is expected to be completed in mid to late August 2022.

Pan Orient common shares will be delisted from the TSXV. It is anticipated that the CanAsia common shares will be listed on the TSXV as a substitutional listing to the Pan Orient common shares and that a new stock symbol will be allocated.

## Highlights

- Summary: ● [Pan Orient Energy Corp.](#) will be acquired by a subsidiary of DIALOG Group Berhad of Malaysia
- Closing expected mid to late August 2022
- Pan Orient's non-Thailand business will be transferred to CanAsia Energy Corp., a new company
- Pan Orient common shares will be delisted from the TSXV and anticipated that CanAsia common shares will be listed on the TSXV as a substitutional listing to the Pan Orient common shares
- The directors of Pan Orient, on the recommendation of an independent valuation firm, have determined that the Arrangement is in the best interests of Pan Orient shareholders, (a) determined that the Arrangement is in the best interests of Pan Orient shareholders, (b) approved the Arrangement and the Arrangement Agreement, and (c) recommend that shareholders vote in favor of the Arrangement.
- In making their determination, the directors relied in part on a verbal fairness opinion prepared by Research Capital Corporation. As of the date of the opinion, and subject to the limitations, qualifications and assumptions disclosed to the directors, Research Capital Corporation was of the opinion that the consideration received by Pan Orient shareholders under the Arrangement is fair, from a financial point of view to shareholders. The verbal fairness opinion was delivered to an independent committee of directors. It is anticipated that a written fairness opinion, which will describe the assumptions made, factors, and other material background information considered and limitations and qualifications on the review undertaken, will be included in the Pan Orient management information circular described below.

## Pan Orient Shareholder and Court Approvals

The Arrangement requires approval by Pan Orient shareholders at a special meeting of shareholders

expected to be held in mid-August 2022. Approval of the Arrangement must be obtained by a special resolution passed by a majority of not less than two-thirds of the votes cast by Pan Orient shareholders who vote in respect of the resolution. A management information circular containing full disclosure of the Arrangement is expected to be filed and made available to shareholders through Pan Orient's issuer profile on the System for Electronic Document Analysis and Retrieval (SEDAR) website at [www.sedar.com](http://www.sedar.com) by mid-July 2022.

The Arrangement must also be approved by the Court of Queen's Bench of Alberta. An interim order of the Court will be applied for to prescribe certain procedural matters relating to the special meeting of shareholders, followed by an application for a final order to approve the Arrangement after the special meeting of shareholders. The Arrangement will become effective when articles of arrangement are filed with the Registrar of Corporations under the Business Corporations Act (Alberta).

Directors, officers, option holders and the largest shareholder of Pan Orient, who collectively hold 21.4% of the outstanding common shares, have entered into support agreements with the Purchaser. They have agreed to vote the Pan Orient common shares beneficially owned or controlled by them in favor of the Arrangement and to otherwise support the Arrangement and other related matters to be considered at the shareholder meeting. Each holder of stock options has also agreed in his respective support agreement to either (a) surrender his options for a cash payment equal to the in-the-money value of the options or for no cash consideration for out-of-the-money options, in accordance with the Arrangement, or, failing that, (b) exercise his in-the-money options.

## **Closing**

Subject to the satisfaction of all conditions to closing set out in the Arrangement Agreement, it is anticipated that the Arrangement will be completed in mid to late August 2022. Conditions to closing include shareholder approval, required court orders, TSXV approvals, no contrary law, action or proceeding, performance of covenants, accuracy of representations and warranties, obtaining required regulatory approvals, no material adverse effect, filing of articles of arrangement, and payment by the Purchaser of the cash consideration. Subject to acceptance by the TSXV, a USD \$650,000 finder's fee is payable on closing to Moyes & Co., an oil and gas advisory and consulting firm, for its introduction of Pan Orient to DIALOG Group Berhad.

## **Arrangement Agreement**

The Arrangement Agreement contains customary terms, representations and warranties, covenants, conditions and termination provisions for a transaction of this type. The terms of the Arrangement are contained in the plan of arrangement set forth in the Arrangement Agreement. The Arrangement Agreement also contains, among other things, covenants of Pan Orient regarding the conduct of its business and performance of obligations until closing or termination of the transaction, restrictions on the solicitation or acceptance by Pan Orient of competing acquisition proposals (subject to a market standard "fiduciary out" with a right to match in favor of the Purchaser), a USD \$1,550,000 termination fee payable by Pan Orient in certain circumstances (including acceptance of a superior acquisition proposal on exercise of a fiduciary out), and allocation of transaction costs.

The Arrangement Agreement contains a substantially agreed form of separation agreement (the "Separation Agreement"), by which Pan Orient's non-Thailand assets and liabilities will be transferred to and assumed by CanAsia at closing. The Separation Agreement contains indemnities relating to losses from breaches of representations and warranties and from other matters in the Arrangement Agreement and Separation Agreement.

The Arrangement Agreement will be filed by Pan Orient on SEDAR.

## **Strategic Rationale**

Pan Orient holds, through a wholly-owned subsidiary, a 50.01% equity interest in Pan Orient Energy (Siam) Ltd., which is the operator of and holds a 100% working interest in Concession L53/48 ("Concession L53") in Thailand. Concession L53 is at a mid to late stage of development, with oil production and an active development program.

Average daily oil sales for the first quarter of 2022 from Concession L53 was 1,105 BOPD (net to Pan Orient's 50.01% equity interest) and to date in 2022 has averaged 1,129 BOPD (net). An independent reserves evaluation for Concession L53 effective December 31, 2021 was prepared in early 2022 by Sproule International Limited in accordance with Canadian Securities Administrators National Instrument 51-101 -

Standards of Disclosure for Oil and Gas Activities. Net to Pan Orient's 50.01% equity interest in Pan Orient Energy (Siam) Ltd., proved plus probable crude oil reserves were 2.313 million barrels from conventional sandstone reservoirs and proved, probable and possible crude oil reserves were 2.986 million barrels. (Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.)

Pan Orient announced in late October 2021 that it was initiating a process to accelerate shareholder value, including a potential sale of all, or a portion, of Pan Orient's assets. Concession L53 is at a mid to late stage of development and current oil prices are attractive. A confidential sale process was undertaken, confidentiality agreements were entered into with a large number of prospective purchasers and multiple non-binding offers were received. An offer from DIALOG Group Berhad was considered to be the most promising. A non-binding letter of intent was entered into to permit further due diligence and exclusive negotiations, the result of which is the Arrangement Agreement announced today.

The Arrangement is an opportunity for Pan Orient shareholders to realize value for their investment in Pan Orient while continuing to participate, through CanAsia, in the development or monetization of the Sawn Lake heavy oil project and potential exploration and development activities in Thailand through participation in an anticipated future bid round for new oil concessions.

### **CanAsia Energy Corp.**

As a result of the Arrangement, CanAsia will hold Pan Orient's 71.8% interest in Andora, have approximately CAD \$7.1 million in working capital and long-term deposits and have no long-term debt. Andora owns interests in oil sands leases at Sawn Lake in Northern Alberta where it developed a steam assisted gravity drainage demonstration project that awaits financing, commercial development and operation.

CanAsia will be a growth-oriented exploration and resource development company led by Jeff Chisholm, the current President & Chief Executive Officer of Pan Orient. It is anticipated that all five of the current directors of Pan Orient (Richard Alexander, Jeff Chisholm, Michael Hibberd, Gerald Macey and Cameron Taylor) will continue as directors of CanAsia, Pan Orient Accounting Manager Marcel Nunes will be appointed as CanAsia's Vice-President Finance & Chief Financial Officer and current CFO Bill Ostlund will provide financial consulting services to CanAsia.

### **United States Matters**

This press release does not constitute an offer to sell or a solicitation of an offer to buy any securities and shall not constitute an offer, solicitation or sale in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful. The securities to be distributed pursuant to the Arrangement have not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. The securities to be distributed pursuant to the Arrangement will be offered and sold in the United States pursuant to the exemption from registration set forth in Section 3(a)(10) of the United States Securities Act of 1933, as amended and similar exemptions under applicable state securities laws.

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

DIALOG Group Berhad ("DIALOG") is a leading integrated technical service provider to the energy sector, in Malaysia and internationally. Established in 1984, DIALOG has grown both organically and through strategic alliances with internationally renowned technology partners. DIALOG serves a diverse range of customers that include multinational energy majors, national energy companies as well as multinational engineering and service providers located throughout the world. DIALOG's comprehensive variety of services include Upstream Assets and Services, Midstream Assets and Services - Tank Terminals and Supply Base, Downstream Integrated Technical Services - Engineering, Procurement, Construction, Commissioning & Fabrication, Plant Maintenance & Catalyst Handling Services, Specialist Products & Services, Petrochemicals, and Digital Technology & Solutions. Recognising the global transition towards a low carbon economy, DIALOG is expanding into renewables, including clean and green energy as well as recycling ventures. Headquartered in Kuala Lumpur, DIALOG is a global player with a staff strength of 2,500. DIALOG's global footprint includes offices and facilities in Malaysia, Singapore, Thailand, Indonesia, Philippines, China, Australia, New Zealand, Saudi Arabia and United Arab Emirates and its shares are listed on the Main Market of Bursa Malaysia with a market capitalisation of approximately RM14 billion (May 2022).

## Cautionary Statements

*This press release contains forward-looking information. Forward-looking information is generally identifiable by the terminology used, such as "will", "expect", "believe", "estimate", "should", "anticipate", "potential", "opportunity" or other similar wording. Forward-looking information in this press release includes references, express or implied, to: closing of the transaction generally; transfer of Pan Orient's non-Thailand business to CanAsia; payment of cash consideration by the Purchaser and distribution of common shares of CanAsia to Pan Orient shareholders at closing; working capital and long-term deposits transferred to and liabilities assumed by CanAsia; prospects for Andora's Sawm Lake project; USD/CAD exchange rates; approval of the transaction by Pan Orient shareholders, the court and the TSXV; the date of closing; delisting of Pan Orient shares from and listing of CanAsia shares on the TSXV; the continued approval of the Arrangement by Pan Orient directors and their recommendation to vote in favor of the Arrangement; the fairness opinion of Research Capital Corporation; surrender of Pan Orient options; satisfaction of conditions to closing; payment of a finder's fee; the final form of the Separation Agreement and indemnity claims thereunder; the status of and prospects for Concession L53; proved, probable and possible Concession L53 reserves estimates; prospects for CanAsia; management and directors of CanAsia; and treatment of the transaction under United States securities laws.*

*By its very nature, the forward-looking information contained in this press release requires Pan Orient and its management to make assumptions that may not materialize or that may not be accurate. The assumptions on which the forward-looking information is based include, but are not limited to: the satisfaction of the conditions to closing of the Arrangement in a timely manner; completing the Arrangement on the expected terms and on the timing anticipated; the ability of the parties to receive, in a timely manner and on satisfactory terms, the necessary shareholder, court and TSXV approvals; access to sufficient capital to pursue any development plans associated with CanAsia; and other matters.*

*In addition, the forward-looking information is subject to known and unknown risks and uncertainties and other factors, some of which are beyond the control of Pan Orient, which could cause actual events, results, expectations, achievements or performance to differ materially. These risks and uncertainties include, without limitation, the ability to complete the Arrangement on the terms contemplated by the Arrangement Agreement and Separation Agreement on the timing and terms anticipated or at all; and that completion of the Arrangement is subject to a number of conditions which are typical for transactions of this nature and failure to satisfy any of these conditions, the emergence of a superior proposal or the failure to obtain approval of the shareholders, the court or the TSXV may result in the termination of the Arrangement Agreement. The foregoing list of risks and uncertainties is not exhaustive.*

*Although Pan Orient believes that the expectations reflected in its forward-looking information are reasonable, it can give no assurances that those expectations will prove to be correct. Pan Orient undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.*

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

SOURCE [Pan Orient Energy Corp.](#)

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