



PAN ORIENT ENERGY CORP.

Press Release

2014 Year End Financial & Operating Results

CALGARY, April 9, 2015

Pan Orient Energy Corp. ("Pan Orient") (POE – TSXV) reports 2014 year-end and fourth quarter consolidated financial and operating results. *Please note that all amounts are in Canadian dollars unless otherwise stated and BOPD refers to barrels of oil per day net to Pan Orient unless otherwise stated.*

The Corporation is today filing its audited consolidated financial statements as at and for the year ended December 31, 2014 and related management's discussion and analysis with Canadian securities regulatory authorities. Copies of these documents may be obtained online at www.sedar.com or the Corporation's website, www.panorient.ca.

Commenting today on Pan Orient's 2014 results, President and CEO Jeff Chisholm stated: "Because of a series of initiatives undertaken by management in 2014 to de-risk the Company's portfolio and reduce future capital commitments, including the sale of a 50% interest in Thailand Concession L53, the Company is currently in the enviable position of being cash and opportunity rich."

HIGHLIGHTS

- Pan Orient entered into an agreement in November 2014 ("Thailand Equity Sale") to sell a 50% interest in the wholly owned subsidiary holding Thailand Concession L53 for net proceeds of approximately USD \$40.9 million (Cdn \$51.4 million), including working capital of USD \$2.4 million (Cdn \$3.0 million). This transaction was completed on February 2, 2015
- Pan Orient entered into an agreement in November 2014 to farmout a 51% interest in the onshore Sumatra, Indonesia East Jabung Production Sharing Contract ("PSC") for a USD \$8 million upfront cash payment and funding of the first USD \$10 million of drilling of the potentially high impact Anggun prospect ("East Jabung Farmout") in early to mid-2016. We anticipate approval will be received by June 2015.
- The demonstration project at Sawn Lake, Alberta commenced bitumen production on September 16, 2014. The SAGD producing well is still in its ramp-up phase and during March 2015 bitumen production averaged 319 barrels per day with a Steam-Oil Ratio ("SOR") of 5.4. Notably, production averaged 345 barrels per day with a SOR of 5.0 in the last 16 days of March.
- During 2014, total corporate funds flow from operations was \$13.2 million (\$0.23 per share). Thailand operations contributed \$16.2 million with oil sales of 656 BOPD from Concession L53 and funds flow from operations of \$68.99 per barrel.
- Pan Orient had working capital and non-current deposits at December 31, 2014 of \$40.9 million, no debt and \$8.0 million of equipment inventory to be utilized for future Thailand and Indonesia operations.
- The financial base of Pan Orient is being further strengthened by the sale in February 2015 of a 50% equity interest in the subsidiary holding the Thailand interests, which adds approximately \$47.9 million of working capital, and an additional \$10 million subject to the anticipated approval of the East Jabung farmout by the Government of Indonesia.

2014 RESULTS

- Total corporate funds flow from operations for 2014 of \$13.2 million (\$0.23 per share) with \$0.5 million (\$0.01 per share) in the fourth quarter of 2014.
- The Company recorded a net loss attributable to common shareholders for 2014 of \$2.5 million (\$0.04 loss per share) with a net loss attributable to common shareholders of \$1.8 million (\$0.03 per share) in the fourth quarter of 2014. This compares with a 2013 net loss attributable to common shareholders of \$93.4 million (\$1.64 per share) which primarily resulted from the \$109.6 million write-down of exploration and evaluation assets associated with the Citarum and South CPP PSCs in Indonesia and Concession L45 in Thailand, less the income tax recovery in Canada of \$14.7 million.
- Capital expenditures were \$22.6 million in 2014 compared with \$101.3 million in 2013 as the Company reduced drilling activities in Thailand and Indonesia and focused on the restructuring of interests in Asia and the Sawn Lake SAGD demonstration project in Canada. During 2014, capital expenditures were \$6.6 million in Indonesia, \$4.8 million in Thailand and \$11.3 million in Canada. Capital expenditures in 2014 were funded partially by \$13.2 million of funds flow from operations and the remaining \$9.4 million through existing working capital.

- At December 31, 2014 Pan Orient had outstanding capital commitments of \$9.2 million for the East Jabung PSC in Indonesia for the drilling of two exploration wells and geological studies, \$120,000 in Thailand associated with Concession L53, and \$763,000 in Canada with respect to the Sawn Lake SAGD demonstration project. Commitments for the East Jabung PSC are expected to be reduced by at least \$5.5 million through the East Jabung Farmout which is expected to be completed by June.
- Thailand
 - Activity in Thailand during 2014 was directed towards drilling the L53-A Central exploration well in the first quarter, preparation for the 2015 drilling program and a restructuring of Thailand interests which resulted in the Thailand Equity Sale which closed in February 2015.
 - In 2014, Concession L53 averaged oil sales of 656 BOPD and generated \$16.5 million in funds flow from operations, or \$68.99 per barrel. This compares with oil sales in 2013 from Concession L53 of 887 BOPD and \$24.2 million in funds flow from operations, or \$74.79 per barrel. Concession L53 oil sales in 2014 decreased 26% from 2013 primarily due to natural declines which were partially offset with well recompletions to place new reservoir zones on production as oil production from deeper zones depleted. The average realized oil price in 2014 decreased by only 1% compared with 2013 as a 7% decrease in the Brent crude oil reference price was offset by an increase in the exchange rate for the United States dollar.
 - On a per barrel basis for Concession L53, funds flow from operations of \$68.99 in 2014 resulted from oil sales of \$98.49, transportation expenses of \$1.65, operating expenses of \$15.09, general and administrative expenses of \$8.07 and a royalty to the Thailand government of \$4.85. Oil sales revenue during this period was allocated 25% to expenses for transportation, operating, and general & administrative, 5% to the government of Thailand for royalties, and 70% to Pan Orient. No Thailand petroleum income taxes or Special Remuneratory Benefit tax was paid in 2014.
 - In the fourth quarter of 2014, Concession L53 averaged oil sales of 512 BOPD and generated \$1.8 million in funds flow from operations, or \$38.34 per barrel. During this period, the Brent oil reference price dropped 28% to US\$77.09 per barrel and the realized oil price declined 24% to \$78.70 per barrel. Operating expenses and general and administrative expenses were higher in the fourth quarter due to the regular annual Thailand bonus and expenses associated with the corporate activity.
 - Oil sales in the first quarter of 2015 at Concession L53 were 439 BOPD with 467 BOPD in January 2015, 440 BOPD in February 2015 and 411 BOPD in March 2015. Oil sales increased during the last ten days of March to average 470 BOPD as the L53-DC1ST1 appraisal well was brought on-stream.
 - Thailand capital expenditures in 2014 of \$4.8 million at Concession L53 were for the L53-A Central exploration well drilled in the first quarter, land purchase and site construction for the L53-A North Central exploration well, workovers, equipment inventory and other exploration costs. Capital expenditures during the fourth quarter of 2014 at Concession L53 were \$0.9 million related primarily to land purchase and site construction for the L53-A North Central exploration well ("L53-ANC1") that was drilled in February 2015, and workovers.
 - The December 31, 2014 independent reserves evaluation for Thailand on-shore Concession L53, where a wholly owned subsidiary of Pan Orient at December 31, 2014, is the operator and has a 100% working interest, was conducted by Sproule International Limited of Calgary ("Sproule") and was prepared in accordance with Canadian Securities Administrators National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*. Company gross proved plus probable crude oil reserves are 1.2 million barrels at December 31, 2014 from conventional sandstone reservoirs, with an associated net present value (after tax), using forecast prices and costs discounted at 10% per year of Cdn\$33.1 million. The change from Company gross proved plus probable oil reserves of 1.5 million barrels at December 31, 2013 reflects oil sales in 2014 of 239,453 (656 BOPD) barrels of oil and a reduction of 104,000 barrels related to downward technical revisions based on production performance and economic factors, net of discoveries. The December 31, 2014 independent reserves evaluation for Thailand on-shore Concession L53 adjusted by 50% to reflect the Thailand Equity Sale, without consideration of the February 2, 2015 transaction date, would result in gross proved plus probable crude oil reserves of 583 thousand barrels and a net present value (after tax), using forecast prices and costs discounted at 10% per year of \$17 million.
 - Concession L45 expired on April 27, 2014. Pan Orient was the registered concessionaire and had obligations under the L45 Farm-in Agreement when the concession expired on April 27, 2014. An amount equal to unfulfilled commitments was paid to the Government of Thailand upon the expiration of the Concession, for which the Company had accrued \$0.5 million at December 31, 2013 and an additional \$0.4 million was recorded as exploration expense in the fourth quarter of 2014.

➤ Indonesia

- Indonesia activity during 2014 was concentrated on completion of the seismic programs at the East Jabung and Batu Gajah PSCs and on negotiating farmout arrangements for exploration drilling in Indonesia.
- The East Jabung Farmout provides for the transfer of a 51% direct working interest and operatorship of the East Jabung PSC for a consideration of an upfront cash payment of USD\$8 million, a firm commitment to fund the first USD\$10 million towards the first exploration well in addition to all related G&A and overhead costs incurred by the operator until the first USD\$10 million of work program expenditures have been completed, and a Pan Orient option to acquire a 20% working interest in another South Sumatra Joint Study Area. There is also a contingent commitment to fund the first USD\$5 million towards an appraisal well, if justified, in addition to all associated G&A and overhead incurred by the operator until the first USD\$5 million expenditure has been completed. The transaction is subject only to Government of Indonesia approval and is anticipated to close upon the receipt of this approval, anticipated approximately June 2015.
- It is expected that the Citarum PSC will expire on October 6, 2015.
- Capital expenditures in Indonesia were \$6.6 million during 2014. There have been capital expenditures of \$5.4 million at the East Jabung PSC principally related to completing the 440 kilometer 2D seismic program, preparation for the Anggun #1 exploration well and capitalized general and administrative expenses, \$1.1 million at the Batu Gajah PSC associated with completion of the 400 square kilometer 3D seismic program and capitalized general and administrative expenses, and \$0.1 million for equipment inventory.

➤ Canada

- Andora Energy Corporation, a 71.8% owned subsidiary of Pan Orient, 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 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.
- 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. For Phase 1 of the SAGD demonstration project, one SAGD well pair was drilled in the fourth quarter of 2013 to a depth of 650 meters and a horizontal length of 780 meters. Construction of the SAGD facility for steam generation, water handling and bitumen treating was completed in 2014, steam injection commenced May 21, 2014 and bitumen production commenced September 16, 2014. Capital expenditures at the Sawn Lake SAGD demonstration project were \$11.3 million during 2014 related to construction of the SAGD facility, installation of the water source and disposal facilities, recompletion of the SAGD producing well for production and capitalization of expenses and revenue. The Sawn Lake Demonstration Project 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.
- The results to date of the first SAGD well pair indicate that the SAGD process works in the Bluesky formation reservoir. The well is still in its ramp-up phase and Andora is now focused on reaching bitumen production of between 345 and 449 barrels of bitumen per day, with an associated SOR of between 4.0 and 3.1. These bitumen production parameters correspond to the Best and High case estimates used by Sproule in the December 31, 2014 contingent resource 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. The Company expects the steam chamber to reach the top of the Bluesky formation sandstone reservoir in April 2015 and maximum production is anticipated to occur in approximately September 2015, corresponding to the end of the first year of production. 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.
- The oil sands project at Sawn Lake Alberta as at December 31, 2014 was evaluated by Sproule Unconventional Limited ("Sproule Unconventional") based on development using SAGD. This evaluation does not evaluate the exploitation potential through the use of cyclic steam stimulation. 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 resource 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 resource volumes.

- The December 31, 2014 contingent resource report by Sproule represents a mechanical update of the prior year's report updated for December 31, 2014 price forecasts for crude oil, bitumen, natural gas and exchange rates, and a revised date of 2019 for the estimated commencement of commercial operations, which is three years later than the date assumed in the resource report of December 31, 2013. There is no change from the estimate of company gross contingent resource volumes from the December 31, 2013 contingent resource report prepared by Sproule, which was also a mechanical update. The December 31, 2014 contingent resource report does not incorporate the results to date of the Sawn Lake demonstration project since those results are very early stage as the steam chamber continues to build and it is not expected that the maximum bitumen production level or a stabilized SOR will be reached until the third quarter of 2015.
- The "Best Case" company gross contingent resources at Sawn Lake are 214 million barrels of bitumen recoverable attributed to Andora's working interests, which is 154 million barrels attributed to the 71.8% ownership interest of Pan Orient in Andora. The net present value of the "Best Case" (discounted at 10% before income tax using forecast prices) attributed to Sawn Lake contingent resources is \$469 million for Andora. The amount attributed to the 71.8% ownership interest of Pan Orient in Andora is \$337 million. The net present value of the "Best Case" (discounted at 10% before income tax using forecast prices) attributed to Andora's Sawn Lake contingent resources decreased by \$88 million, or 16% to \$469 million at December 31, 2014 from \$557 million at December 31, 2013. This reduction was attributable primarily to an estimated three year delay in the expected timing for commercial operations and a repurchased by a joint venture partner in March 2014 of the 3% gross overriding royalty on a portion of the non-owned working interests in 36.5 sections that enabled the joint venture partners to fund their 50% share of the demonstration project and allow the demonstration project to move forward.

OUTLOOK

➤ Thailand

- In the first quarter of 2015, a three well drilling program was commenced immediately after the February 2, 2015 completion of the Thailand Equity Sale.
 - The L53-ANC1 exploration well failed to encounter commercial hydrocarbons and was abandoned. Work is underway incorporating results of the L53-ANC1 well into the regional model and initial interpretations suggest that potential quality reservoir sands may be expected further east into the deeper basin where a series of untested structural closures has been identified on recently acquired 3D seismic data.
 - The L53-DC1ST1 appraisal well encountered 52 meters of true vertical thickness of net oil pay averaging 26% porosity and 39% water saturation in ten sandstone intervals over the length of the entire wellbore between 530 and 870 meters true vertical depth. The L53-DC1ST1 appraisal well was placed on production March 22, 2015 and has averaged 134 BOPD for the period of March 22 to April 5, 2015, and is currently producing 97 BOPD (on a 100% basis).
 - The L53-DEXT1ST1 appraisal well was drilled to a total true vertical depth of 1,200 meters and encountered 24 meters of true vertical thickness of net oil pay averaging 22.9% porosity and 41.5% water saturation in nine sandstone intervals over the length of the entire wellbore between 759 and 1,183 meters true vertical depth. The L53-DEXT1ST1 appraisal well will commence testing from the C4 sandstone interval in April 2015.
- Discussions are currently underway with our partner regarding a second 2015 drilling campaign that would likely commence in June and include the drilling of an exploration to the east of the L53-ANC1 well that was drilled earlier. An additional two wells would target existing oil accumulations.

➤ Indonesia

- The Company is currently awaiting Government of Indonesia approval of the change in participating interest and change of operator in the East Jabung PSC as a result of the farmout agreement signed between the Company and a subsidiary of Talisman Energy. We have been in regular dialogue with both Talisman and the Indonesian Government regarding this matter and expect the approvals to be received in June 2015 due to some minor delays experienced as a result of the recent Indonesian elections. The first well is currently planned to be drilled in the East Jabung PSC in approximately early to mid-2016.
- The Company plans to drill an exploration well at the Batu Gajah PSC in the second half of 2015 for approximately \$6.5 million which would offset the Selong-1 oil discovery made by another operator in the adjacent Lemang PSC. The Company's view based on seismic interpretation is that the Selong oil discovery drilled approximately 175 meters from the PSC boundary extends into Pan Orient's adjacent Batu Gajah PSC acreage. Pan Orient has selected three drilling locations which have been submitted for the required Forestry Ministry approval which is anticipated in early June 2015.

- Canada - Sawn Lake (Operated by Andora, in which Pan Orient has a 71.8% ownership)
 - In January 2015, Andora and its joint venture partners made a decision to defer the drilling of a second SAGD well pair until there is greater clarity on the direction of future oil prices. Andora expects to continue producing from the existing SAGD well pair for the foreseeable future in order to obtain key reservoir performance inputs that will form the basis for future planning. Andora had working capital at December 31, 2014 of \$8.1 million and no debt.

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: renewal, extension or termination of oil concessions and production sharing contracts, well drilling programs and drilling plans, estimates of reserves and potentially recoverable resources, information on future production and project start-ups, and negotiation, agreement, closing and financing and other terms of farmout and other transactions. 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 reserve estimates and estimates of recoverable quantities of oil, 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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Financial and Operating Summary	Three Months Ended December 31,		Twelve Months Ended December 31,		Change
	2014	2013	2014	2013	
<i>(thousands of Canadian dollars except where indicated)</i>					
FINANCIAL					
Oil revenue, before royalties and transportation expense	3,708	8,880	23,583	32,196	-27%
Funds flow from operations (Note 1)	543	5,598	13,231	22,596	-41%
Per share – basic and diluted	\$ 0.01	\$ 0.10	\$ 0.23	\$ 0.40	-42%
Funds flow from (used in) operations by region (Note 1)					
Canada (Note 10)	(206)	79	(888)	(157)	466%
Thailand	1,447	6,272	16,162	24,209	-33%
Indonesia	(698)	(753)	(2,043)	(1,456)	40%
Total	543	5,598	13,231	22,596	-41%
Cash flow from (used in) operating activities (Note 2)	(302)	4,734	12,362	21,675	-43%
Per share – basic and diluted	(\$0.01)	\$0.08	\$0.22	\$0.38	-43%
Net loss attributed to common shareholders	(1,793)	7,083	(2,488)	(93,362)	-97%
Per share – basic and diluted	\$ (0.03)	\$ 0.13	\$ (0.04)	\$ (1.64)	-97%
Working capital	36,227	45,635	36,227	45,635	-21%
Working capital & non-current deposits	40,854	47,889	40,854	47,889	-15%
Long-term debt	-	-	-	-	0%
Petroleum and natural gas properties					
Capital expenditures (Note 3)	4,254	11,144	22,609	101,280	-78%
Dispositions (Note 14)	-	(1,239)	(2,698)	(1,239)	118%
Shares outstanding (thousands)	56,760	56,760	56,760	56,760	0%
Funds Flow from (used in) Operations per Barrel (Note 1)					
Canada operations	\$ (4.37)	\$ 0.89	\$ (3.71)	\$ (0.49)	657%
Thailand operations	30.72	70.79	67.49	74.79	-10%
Indonesia operations	(14.83)	(8.50)	(8.52)	(4.50)	90%
	\$ 11.52	\$ 63.18	\$ 55.26	\$ 69.80	-21%
Capital Expenditures (Note 3)					
Canada (Note 10)	2,666	4,634	11,265	8,061	40%
Thailand	864	1,765	4,780	40,209	-88%
Indonesia	724	4,745	6,564	53,010	-88%
Total	4,254	11,144	22,609	101,280	-78%
Working Capital and Non-current Deposits					
Beginning of period	44,573	40,879	47,889	116,376	-59%
Funds flow from operations (Note 1)	543	5,598	13,231	22,596	-41%
Proceeds from 2012 sale of Thailand interests	(152)	-	22	-	100%
Capital expenditures (Note 3)	(4,254)	(11,144)	(22,609)	(101,280)	-78%
Disposal of petroleum & natural gas assets (Note 14)	-	1,239	2,698	1,239	118%
Settlement of decommissioning liabilities	-	-	(225)	-	100%
Recovery of 2012 taxes (Note 4)	-	12,458	-	14,243	-100%
Accrued relinquishment costs	-	(513)	-	(3,246)	-100%
Foreign exchange impact on working capital	144	(628)	(152)	(2,169)	-93%
Net proceeds on share transactions	-	-	-	130	-100%
End of period	40,854	47,889	40,854	47,889	-15%
Canada Operations (Note 11)					
Interest income	35	135	241	787	-69%
General and administrative expense (Note 5)	(268)	(427)	(1,803)	(1,429)	26%
Current income tax recovery	-	185	-	437	-100%
Realized foreign exchange gain	27	186	674	48	1304%
Funds flow from (used in) operations (Note 1)	(206)	79	(888)	(157)	466%
Wells drilled – Andora Energy Corporation					
Gross	-	2	-	2	-100%
Net	-	1.0	-	1.0	-100%

	Three Months Ended December 31,		Twelve Months Ended December 31,		Change
	2014	2013	2014	2013	
<i>(thousands of Canadian dollars except where indicated)</i>					
Thailand Operations (Note 7)					
Oil sales (bbls)	47,118	88,603	239,453	323,676	-26%
Average daily oil sales (BOPD) for Concession L53	512	963	656	887	-26%
Average oil sales price, before transportation (Cdn\$/bbl)	\$ 78.70	\$ 100.22	\$ 98.49	\$ 99.47	-1%
Reference Price (volume weighted) and differential					
Crude oil (Brent \$US/bbl)	\$ 77.09	\$ 109.02	\$ 100.98	\$ 108.31	-7%
Exchange Rate \$US/\$Cdn	1.14	1.05	1.11	1.03	8%
Crude oil (Brent \$Cdn/bbl)	\$ 87.67	\$ 115.04	\$ 112.36	\$ 112.37	0%
Sale price / Brent reference price	90%	87%	88%	89%	-2%
Funds flow from operations (Note 1)					
Crude oil sales	3,708	8,880	23,583	32,196	-27%
Government royalty	(182)	(438)	(1,161)	(1,590)	-27%
Transportation expense	(79)	(142)	(394)	(513)	-23%
Operating expense	(925)	(1,547)	(3,613)	(4,294)	-16%
Field netback	2,522	6,753	18,415	25,799	-29%
General and administrative expense (Note 5)	(739)	(491)	(1,932)	(1,625)	19%
Interest income	24	10	40	37	8%
Current income tax	(1)	-	(2)	(2)	0%
Concession L53 - Funds flow from operations	1,806	6,272	16,521	24,209	-32%
Concession L45 - Exploration expense (Note 6 & 16)	(359)	-	(359)	-	100%
Thailand Funds flow from operations	1,447	6,272	16,162	24,209	-33%
Concession L53 Funds flow from operations / barrel (Cdn\$/bbl) (Note 1)					
Crude oil sales	\$ 78.70	\$ 100.22	\$ 98.49	\$ 99.47	-1%
Government royalty	(3.86)	(4.94)	(4.85)	(4.91)	-1%
Transportation expense	(1.68)	(1.60)	(1.65)	(1.58)	4%
Operating expense	(19.63)	(17.46)	(15.09)	(13.27)	14%
Field netback	53.53	76.22	76.90	79.71	-4%
General and administrative expense (Note 5)	(15.68)	(5.54)	(8.07)	(5.02)	61%
Interest Income	0.51	0.11	0.17	0.11	55%
Current income tax	(0.02)	-	(0.01)	(0.01)	0%
Concession L53 - Funds flow from operations	\$ 38.34	\$ 70.79	\$ 68.99	\$ 74.79	-8%
Government royalty as percentage of crude oil sales	5%	5%	5%	5%	0%
SRB as percentage of crude oil sales	0%	0%	0%	0%	0%
Income tax as percentage of crude oil sales	0%	0%	0%	0%	0%
As percentage of crude oil sales					
Expenses - transportation, operating, G&A and other	47%	25%	25%	20%	5%
Government royalty, SRB and income tax	5%	5%	5%	5%	0%
Funds flow from operations, before interest income	48%	70%	70%	75%	-5%
Wells drilled					
Gross	-	-	1	13	-92%
Net	-	-	1.0	13.0	-92%
Indonesia Operations					
General and administrative expense (Note 5)	(615)	(665)	(1,547)	(1,482)	-4%
Exploration expense (Note 6)	(47)	-	(362)	-	100%
Realized foreign exchange gain (loss)	(36)	(88)	(134)	26	-612%
Indonesia – Funds flow used in operations	(698)	(753)	(2,043)	(1,456)	40%
Wells drilled					
Gross	-	-	-	3	-100%
Net	-	-	-	3.0	-100%

	Year Ended December 31,		
	2014	2013	Change
<i>(thousands of Canadian dollars except where indicated)</i>			
RESERVES AND CONTINGENT RESOURCES			
Onshore Thailand – Concession L53 (Pan Orient 100% working interest & operator as at December 31, 2014) (Refer Subsequent Event Note 7)	(Note 8)	(Note 9)	
Proved oil reserves (thousands of barrels)	435	621	-30%
Proved plus probable oil reserves (thousands of barrels)	1,166	1,509	-23%
Net present value of proved + probable reserves, after tax discounted at 10%	33,100	56,120	-41%
Per Pan Orient share – basic (Note 10)	\$ 0.58	\$ 0.99	-41%
Onshore Thailand – Concession L53 (Pan Orient 50% share of December 31, 2014 reserves (Refer Subsequent Event Note 7)	(Note 8)		
Proved oil reserves (thousands of barrels)	218		
Proved plus probable oil reserves (thousands of barrels)	583		
Net present value of proved + probable reserves, after tax discounted at 10%	16,550		
Per Pan Orient share – basic (Note 10)	\$ 0.29		
Canada (Pan Orient's 71.8% share of the oil sands leases of Andora at Sawn Lake, Alberta)	(Note 12)	(Note 13)	
Contingent Bitumen Resources – Best Estimate "2C" (thousands of barrels) (Note 14)	153,900	153,900	0%
Net Present value, before tax discounted at 10%	336,500	400,000	-16%
Per Pan Orient share – basic (Note 10)	\$ 5.93	\$ 7.05	-16%
Net present value, before tax discounted at 15%	66,400	115,000	-42%
Per Pan Orient share – basic (Note 10)	\$ 1.17	\$ 2.03	-42%
Net Present value, after tax discounted at 10%	213,700	261,700	-18%
Per Pan Orient share – basic (Note 10)	\$ 3.76	\$ 4.61	-18%
Net present value, after tax discounted at 15%	9,200	44,900	-80%
Per Pan Orient share – basic (Note 10)	\$ 0.16	\$ 0.79	-80%

INTERNATIONAL INTERESTS AT DECEMBER 31, 2014

<i>All amounts reflect Pan Orient's interest</i>	Status	Net Square Kilometers	December 31, 2014 Financial Commitments (Cdn thousands)	2014 Avg. Production (BOPD)	P+P Reserves (thousands of barrels)
<u>Onshore Thailand Concession</u>					
L53/48 (Pan Orient 100% working interest & operator as at December 31, 2014) (Note 15 and Subsequent Event Note 7)	Partially developed	975	\$ 120 to January 2016	656	1,166
<u>Onshore Indonesia PSCs</u>					
Citarum PSC, West Java (97% interest & operator) (Note 16 & 17)	Undeveloped	861	Commitments to date have been completed		
Batu Gajah PSC, South Sumatra (77% interest & operator) (Note 16 & 18)	Undeveloped	610	Commitments to date have been completed		
East Jabung PSC, South Sumatra (100% interest & operator) (Note 19 & 20)	Undeveloped	2,948	\$ 9,180 to November 2015		
		3,809	\$ 9,180		
Total for Thailand and Indonesia		4,784	\$ 9,300		

- (1) Funds flow from operations (cash flow from operating activities prior to changes in non-cash working capital, decommissioning expenditures and excluding the recovery of prior year income taxes) 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.
- (2) As set out in the Consolidated Statements of Cash Flows in the audited Consolidated Financial Statements of Pan Orient Energy Corp.
- (3) Cost of capital expenditures, excluding decommissioning provision and the impact of changes in foreign exchange rates.
- (4) The current income tax recovery in 2013 is the result of losses on loans made to the Company's subsidiaries which hold the South CPP and Citarum Production Sharing Contracts in Indonesia. The 2013 losses are being carried back and applied to 2012's gain on the sale of the Company's Thailand interests to recover the related taxes paid. The current income tax recovery in 2013 is based on management's application of current income tax laws and subject to audit by the Canadian taxation authorities.
- (5) General & administrative expenses, excluding non-cash accretion on decommissioning provision and stock-based payments.
- (6) Exploration expense relates to exploration costs associated with the Citarum and South CPP PSCs in Indonesia and Concession L45/50 in Thailand. The South CPP PSC in Indonesia and Concession L45/50 in Thailand were terminated in 2014.
- (7) On February 2, 2015 the Company completed the sale of a 50% equity interest in its subsidiary Pan Orient Energy (Siam) Ltd. for a cash price of USD \$42.5 million, before adjustments, which includes working capital adjustment of USD \$2.4 million. Pan Orient Energy (Siam) Ltd. holds the Company's 100% interest in Concession L53/48 in Thailand.
- (8) Thailand reserves as at December 31, 2014 as evaluated by Sproule International Limited of Calgary assessed at forecast crude oil reference prices and costs. The US\$ reference price for crude oil per barrel (US\$ UK Brent per barrel) in the evaluation is \$68.00 for 2015, \$83.00 for 2016, \$93.00 for 2017, \$94.40 for 2018, \$95.81 for 2019, \$97.25 for 2020 and prices increase at 1.5% per year thereafter. Foreign exchange rate used of Cdn\$1=US\$0.85 for 2015 and Cdn\$1=US\$0.87 thereafter. The engineered values disclosed may not represent fair market value.
- (9) Thailand reserves as at December 31, 2013 as evaluated by Sproule International Limited of Calgary assessed at forecast crude oil reference prices and costs. The US\$ reference price for crude oil per barrel (US\$ UK Brent per barrel) in the evaluation is \$96.00 for 2014, \$91.25 for 2015, \$86.54 for 2016, \$94.28 for 2017, \$95.70 for 2018, \$97.13 for 2019 and prices increase at 1.5% per year thereafter. Foreign exchange rate used of Cdn\$1=US\$0.94. The engineered values disclosed may not represent fair market value.
- (10) Per share values calculated based on 56,760,307 Pan Orient Shares outstanding at December 31, 2014 and December 31, 2013.
- (11) 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.
- (12) Pan Orient's 71.8% share as at December 31, 2014 of the "Best Case" contingent resources of Andora, a private company as evaluated by Sproule Unconventional Limited assessed at forecast crude oil reference prices and costs. The reference prices for crude oil per barrel (Western Canada Select WCS 20.5 API in Canadian dollars) is \$60.50 for 2015, \$75.13 for 2016, \$84.52 for 2017, \$85.79 for 2018, \$87.07 for 2019, \$89.31 for 2020 and prices for the reference price (WCS) increase at 1.5% per year thereafter. Undiscounted future capital expenditures for Pan Orient's 71.8% share are estimated at \$1,578 million. The engineered values disclosed may not represent fair market value and there is no certainty that it will be commercially viable to produce any portion of the resources.
- (13) Pan Orient's 71.8% share as at December 31, 2013 of the "Best Case" contingent resources of Andora, a private company as evaluated by Sproule Unconventional Limited assessed at forecast crude oil reference prices and costs. The reference price for crude oil per barrel (Western Canada Select WCS 20.5 API in Canadian dollars) is \$77.81 for 2014, \$75.02 for 2015, \$75.29 for 2016, \$85.36 for 2017, \$86.64 for 2018, and prices for the reference price (WCS) increase at 1.5% per year thereafter. Undiscounted future capital expenditures for Pan Orient's 71.8% share are estimated at \$1,558 million. The engineered values disclosed may not represent fair market value and there is no certainty that it will be commercially viable to produce any portion of the resources.
- (14) In March 2014, the 3% gross overriding royalty ("GORR") on a portion of the non-owned working interests in 36.5 sections was repurchased by a joint venture partner for \$2.7 million, the price Andora paid for the GORR in 2007, as part of an agreement with joint venture partners that enabled the joint venture partners to fund their 50% share of the demonstration project and allow the demonstration project to move forward.
- (15) At December 31, 2014 Concession L53/48 in Thailand consisted of 975 square kilometers of lands of which 20.26 square kilometers associated with the L53-A, L53-D and L53-G fields are held through production licenses (with a 20 year primary term plus an additional 10 year renewal period that can be applied for) and 955.74 square kilometers of exploration lands. The original term of the exploration lands ended on January 7, 2013 and the Company has renewed the exploration period for a further three years to January 7, 2016. Additionally, the concessionaire may apply to retain a "reserved area" of up to 12.5% of the original area of the exploration block for a period of up to five years with the payment of a surface reservation fee. The original area of the Concession L53/48 exploration block was 3,997 square kilometers.
- (16) Pan Orient's share of commitments in Indonesia reflect amounts to be paid by Pan Orient in respect of a Production Sharing Contract ("PSC"), including the share of carried interest partners (3% for Citarum and 23% for Batu Gajah). Commitments in Indonesia include the completion of a work program as well as the Company's estimated amount of the expenditure. Financial commitments as provided above represent management's assessment of the costs of the work program required under the initial 3-year firm commitment exploration period of the PSC. The work program commitment is based on the original contract and timing is subject to Government of Indonesia ("GOI") approval. With respect to the East Jabung PSC, the extension of this initial exploration period has been agreed to with the GOI to the date indicated above. If Pan Orient exercises its options to continue beyond the initial exploration period, additional commitments will be determined on a year-by-year basis through submission of a work program and approval from the GOI. Although extension of the exploration period is a departure from the original contract, it is considered standard practice in Indonesia.

- (17) Pan Orient has a 97% interest in the Citarum PSC, which has an area of 887.99 square kilometers and which expires in October 2015.
- (18) Pan Orient has a 77% interest in the Batu Gajah PSC, which has an area of 791.71 square kilometers.
- (19) In November 2014 Pan Orient entered into an agreement for the transfer of a 51% direct working interest and operatorship of the East Jabung PSC for a consideration of an upfront cash payment of USD\$8 million, a firm commitment to fund the first USD\$10 million towards the first exploration well in addition to all related G&A and overhead costs incurred by the operator until the first USD\$10 million expenditure has been completed, and a Pan Orient option to acquire a 20% working interest another South Sumatra Joint Study Area. There is also a contingent commitment to fund the first USD\$5 million towards an appraisal well, if justified, in addition to all associated G&A and overhead incurred by the operator until the first USD\$5 million expenditure has been completed. The transaction is subject only to GOI approval on transferring the working interest and operatorship of the PSC and is anticipated to close upon the receipt of this approval by approximately June 2015. There is no certainty that such approvals will be received on a timely basis, or at all.
- (20) The Company relinquished the East Jabung PSC's offshore area of 3,279.96 square kilometers in 2013, and this relinquishment was finalized in 2014. The result of the relinquishment does not impact the PSC's onshore exploration activities. As at December 31, 2014 Pan Orient had a 100% interest in the East Jabung PSC, which had an area of 2,947.76 square kilometers.
- (21) Tables may not add due to rounding.