PAN ORIENT ENERGY CORP.

Press Release

2013 Year End Financial & Operating Results

CALGARY, April 14, 2014

Pan Orient Energy Corp. ("Pan Orient") (POE – TSXV) reports 2013 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.*

The Corporation is today filing its audited consolidated financial statements as at and for the year ended December 31, 2013 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 2013 results, President and CEO Jeff Chisholm stated: "2013 was a challenging year for the company with very disappointing results from the Indonesia drilling program, particularly at Citarum Production Sharing Contract ("PSC") where a high cost series of wells failed to reach their primary target objectives. Despite this, progress has been made in each of our three operating areas."

HIGHLIGHTS

- Extensive 2D and 3D seismic programs completed in the Indonesian PSCs of Batu Gajah and East Jabung have identified world class exploration opportunities.
- In order to reduce the Company's financial exposure to Indonesia, the Company has elected to seek partners for a portion of all of its Indonesian PSCs that will fund a large portion of the planned 2014 exploration programs.
- Thailand drilling and 3D seismic activities at Concession L53 have identified additional potential in the L53-D East field and defined the L53A-North group of exploration prospects.
- The Sawn Lake steam assisted gravity drainage ("SAGD") demonstration project is in the commissioning process.
- Year-end working capital and non-current deposits of $47.9 million combined with Thailand cash flow provide a strong financial base to execute 2014 exploration and development programs.

2013 RESULTS

- Total corporate funds flow from operations for 2013 of $22.6 million ($0.40 per share) with $5.6 million in the fourth quarter of 2013.
- At December 31, 2013 Pan Orient had $47.9 million of working capital and non-current deposits, and no long-term debt. In addition, Pan Orient had $6.8 million of equipment inventory to be utilized for future Thailand and Indonesia operations which is included in exploration and evaluation assets in the consolidated statement of financial position. Working capital and non-current deposits comprised of $41.8 million cash, $2.3 million of non-current deposits, $12.9 million of Canadian taxes receivable and other receivables of $8.9 million and less payables of $18.0 million.
- The Company recorded a net loss attributable to common shareholders of $93.4 million ($1.64 loss per share) in 2013 largely resulting from the $106.3 million write-down of exploration and evaluation assets associated with the Citarum and South CPP PSCs in Indonesia, a $3.3 million write-down of exploration and evaluation assets associated with Thailand Concession L45, and partially offset by the income tax recovery in Canada of $14.7 million. This compares with net income attributable to common shareholders in 2012 of $86.6 million ($1.53 per share) which included an after tax gain of $79.7 million for the 2012 Thailand disposition transaction.
- Net income attributable to common shareholders of $7.1 million in the fourth quarter of 2013 includes a Canadian income tax recovery of $12.6 million and partially offset by a $5.4 million in the write-down of exploration and evaluation assets.
- Capital expenditures were $101.3 million in 2013, with $53.0 million in Indonesia, $40.2 million in Thailand and $8.1 million in Canada at the Sawn Lake SAGD demonstration project of Andora Energy Corporation ("Andora"), which is owned 71.8% by Pan Orient and consolidated with Pan Orient for reporting purposes. Capital expenditures for the fourth quarter of 2013 were $11.1 million, with $4.7 million in Indonesia, $1.8 million in Thailand and $4.6 million in Canada at the Sawn Lake SAGD demonstration project. Capital

expenditures were funded partially by the $22.6 million of funds flow from operations and the remaining $78.7 million through existing working capital.

- At December 31, 2013 Pan Orient had outstanding capital commitments of $124,000 in Thailand associated with Concession L53, $12.2 million in Indonesia associated with the East Jabung PSC and $666,000 in Canada with respect to outstanding purchase orders and natural gas pipeline tie-in and tariff charges associated with the Sawn Lake SAGD demonstration project of Andora.

- Thailand

  - In 2013 Concession L53 averaged oil sales of 887 BOPD and generated $24.2 million in after tax funds flow from operations, or $74.79 per barrel. This compares with oil sales in 2012 from Concession L53 of 937 BOPD and $27.6 million in after tax funds flow from operations, or $80.55 per barrel. The reference price of Brent crude oil and the realized oil price in 2013 decreased by 5% compared with 2012. Concession L53 oil sales in 2013 decreased 5% from 2012 primarily due to natural declines in the L53-A and L53-D fields which were partially offset with oil production from five new wells in the L53-D field and three wells in the new L53-G field. Oil production from new wells in the L53-G field fluctuated during the year due to these wells being produced for 90 day test periods, plus one 90 day extension period in the case of the L53-G2 well, and then shut-in until the L53-G field production environmental impact assessment ("EIA") was approved by the Government of Thailand on February 19, 2014.

  - Oil sales in the first quarter of 2014 at Concession L53 were 712 BOPD with 535 BOPD in January 2014, 680 BOPD in February 2014 and 920 BOPD in March 2014. The increase in oil sales in February and March 2014 is attributable to the three L53-G wells being brought back on-stream on February 20, 2014 after the EIA for the L53-G field was approved by the Government of Thailand.

  - On a per barrel basis, after tax funds flow from operations of $74.79 in 2013 and resulted from oil sales of $99.47, transportation expenses of $1.58, operating expenses of $13.27, general and administrative expenses of $5.02 and a royalty to the Thailand government of $4.91. Oil sales revenue during this period was allocated 20% to expenses for transportation, operating, and general & administrative, 5% to the government of Thailand for royalties, and 75% to Pan Orient. No Thailand petroleum income taxes or Special Remuneratory Benefit tax was paid in 2013.

  - Capital expenditures of $1.8 million in Thailand during the fourth quarter of 2013 in Concession L53 included well workovers, electrification of well sites, EIA applications and the evaluation of year-end reserves.

  - Capital expenditures were $40.2 million in Thailand during 2013 with $37.4 million in Concession L53 and $2.8 million in Concession L45. Capital expenditures in Concession L53 included $20.8 million for the 13 well drilling program, $8.1 million for workovers to evaluate different zones and add oil production, $6.5 million for the 260 square kilometer 3D seismic program and $2.0 million for other capital expenditures and capitalized general and administrative expenses.

  - The Thailand 2013 drilling program in Concession L53 was completed in August and consisted of 13 wells which resulted in:

    - The L53-DC1, L53-DC2, L53-DC3 and L53-DC4 wells have produced medium and low gravity oil from new pool discoveries within the L53-D East oil field area.

    - The L53-DEXT exploration well was drilled in the second quarter of 2013 into a new fault compartment at the L53-D field. This well produced approximately 40 BOPD of 14 degree API heavier oil from a shallow "A3" sands during testing. The well is currently shut-in after testing water from a shallow zone for which no reserves had been attributed.

    - The L53-G2 well drilled in late March 2013 was a new pool discovery outside of the existing production license areas in Concession L53 and a production license and associated environmental approval are required for the new L53-G field before permanent production could commence. The L53-G2 well, and follow-up L53-G3ST1 and L53-G4 appraisal wells, were shut-in at the end of their respective 90 day test periods as per government regulations. The L53-G production license was granted on January 13, 2014 and the environmental approval was received on February 19, 2014. The L53-G field produced 83,167 of oil in 2013, an average of 228 BOPD.

    - Unsuccessful exploration wells at L53-DB1 (targeting the L53-D West prospect), L53-A4 (targeting the L53-H prospect), L53-F, and L53-EXT1 (targeting the deeper "A5" to "A3" oil bearing sands that were logged in the L53-DC4 pilot well). The L53-DB1 well was converted to a water disposal well.

    - The L53-A4ST1 exploration well was drilled to test a small independent structural closure south east of the L53-A field and outside the L53-A production license area. This well encountered net oil pay in the "K40-A" sand and had produced on a 90 day production test at approximately 15 to 50 BOPD with a water cut of approximately 93%. L53-A4ST1 is currently shut-in.

    - Wells drilled in this drilling program added an average of 625 BOPD in the fourth quarter of 2013 and 533 BOPD in the third quarter of 2013, despite the L53-G wells being shut in for portions of the second half of 2013.

- The December 31, 2013 independent reserves evaluation for Thailand on-shore Concession L53/48, where Pan Orient 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 1.5 million barrels at December 31, 2013, with an associated net present value (after tax), using forecast prices and costs discounted at 10% per year of Cdn$56.1 million, or $0.99 per Pan Orient share based on the current 56.8 million Pan Orient shares outstanding. The evaluation reflects the discovery of the L53G oil field in Concession L53 with 594,000 barrels of oil, new pool discoveries of 386,000 barrels in the L53D field, partially offset by downward revision of 234,000 barrels of oil for the L53D and L53A oil fields, and oil production during the year of 323,676 barrels. Compared to December 31, 2012 independent reserves evaluation, proved plus probable crude oil reserves at December 31, 2013 increased by 422,000 barrels and the net present value (after tax), using forecast prices and costs discounted at 10% per year, increased $14.6 million.
- Capital expenditures in Concession L45 during 2013 were $2.8 million for a 50 square kilometer 3D seismic program and EIA approvals. Pursuant to the Concession L45 Farm-in Agreement, Pan Orient has earned a 20% interest in Concession L45 at December 31, 2013 with the completion of this seismic program. Pan Orient has elected not to drill the additional two wells to earn a further 40% interest in Concession L45. Concession L45 is expected to expire on April 27, 2014. The Company is registered with the government of Thailand as holding a 60% interest in the L45 Concession and $0.5 million has been accrued as at December 31, 2013 for expected unfulfilled commitments that will be payable to the Government of Thailand upon the expiration of the Concession based on this 60% registered interest. The Company has recorded a $3.3 million write-down of exploration and evaluation assets at December 31, 2013 in respect of Concession L45.

➢ Indonesia

- The Company has conducted significant exploration activities in Indonesia during 2013 with exploration drilling at the Batu Gajah and Citarum PSCs and seismic programs at the Batu Gajah, South CPP and East Jabung PSCs to evaluate exploration potential.
- Pan Orient possesses a diverse portfolio of exploration prospects in Indonesia and the decision was made in mid-2013 to continue exploration of the Batu Gajah, East Jabung and Citarum PSCs through farm-out arrangements. During the past eight months the Company has completed a 400 square kilometer seismic program at The Batu Gajah PSC and a 430 kilometer 2D seismic program at East Jabung PSC in conjunction with the farm-out process.
- Pan Orient intends to continue exploration at the East Jabung, Batu Gajah and Citarum PSCs through farm-out arrangements. Pan Orient's is seeking to farm-out a 40% interest in Batu Gajah PSC, a 50% interest in East Jabung PSC and a 50% interest in Citarum PSC.
- During 2013, capital expenditures in Indonesia have been $53.0 million with $16.6 million at the Citarum PSC, $27.4 million at the Batu Gajah PSC, $4.5 million at the South CPP PSC and $4.5 million at the East Jabung. Capital expenditures during the year were $24.3 million for exploration drilling, $24.2 million for seismic programs, $3.7 million for capitalized general and administrative expenses, and $0.8 for other exploration expenses.
- Citarum PSC onshore Java (Pan Orient operator and 97% ownership)
  - Capital expenditures of $16.6 million in 2013 were associated with the drilling operations at the Jatayu-1 and Cataka-1A wells that continued on from the fourth quarter of 2012 and capitalized general and administrative expenses for the first half of 2013.
  - Exploration drilling to date at the Citarum PSC has been very technically challenging and has not led to commercial discoveries. Pan Orient is conducting a farm-out process to seek a partner for continued exploration of the Citarum PSC.
  - Pan Orient's decision to discontinue drilling at the Citarum PSC and to initiate a farm-out process for continued exploration of the Citarum PSC results in the future value of the Citarum PSC being dependent on the success of exploration drilling operations through the intended farm-out arrangement. As such, the Company reduced the carrying value of the Citarum PSC exploration and evaluation assets to zero and recorded an impairment charge of $92.6 million.
- Batu Gajah PSC onshore Sumatra (Pan Orient operator and 77% ownership)
  - On January 16, 2013 an additional 1,730 square kilometers (gross) of exploration lands were relinquished at the Batu Gajah PSC, to hold 793 square kilometers (gross).
  - Capital expenditures in 2013 of $27.4 million with $4.7 million for drilling of the Shinta-1 exploration well, $4.5 million for the Buana-1 appraisal well, $16.6 million for the 400 square kilometer 3D seismic program which was completed in the third quarter and other capital expenditures of $1.6 million.

- With respect to the 400 square kilometers 3D seismic program, field acquisition has been completed over the Raka, Takar, Rafa and western prospect areas, and the 3D data is being processed and mapped.
- The operator of the Lemang PSC (directly adjacent to and west of a retained portion of Pan Orient's Batu Gajah PSC), has announced that significant hydrocarbons have been encountered in two wells located close to the Lemang PSC / Batu Gajah PSC boundary. Mapping of 2D seismic data over these wells combined with 2D seismic acquired by Pan Orient in 2010 indicates a portion of this structural closure extends into the Batu Gajah PSC. Articles of the PSC contract indicate that unitization of the potential field will be mandatory in the event of a "shared" field. Pan Orient is currently in discussions on this matter with the Indonesian oil and gas regulator and working towards the drilling of a well in the area in 2014, subject to both the timing of forestry approval and successfully farming-out a 40% interest.

- South CPP PSC onshore Sumatra (Pan Orient operator and 77% ownership).
  - Capital expenditures were $4.5 million in 2013 with $4.2 million for the 227 kilometer 2D seismic program which was completed in May 2013 and $0.3 million for capitalized general and administrative expenses and other capital expenditures.
  - After the evaluation of the seismic program results, the Company decided in the second quarter of 2013 to relinquish the South CPP PSC. As part of the relinquishment, it is expected that the Company is required to pay the Government of Indonesia for unfulfilled firm commitments in the amount of $2.7 million, and this amount has been accrued for in the financial statements. As a result of the intended relinquishment the Company reduced the carrying value of the South CPP PSC exploration and evaluation assets to zero and the Company recorded an impairment charge of $13.7 million for the exploration and evaluation assets of the South CPP PSC in 2013.
- East Jabung PSC on-shore and offshore Sumatra (Pan Orient operator and 100% ownership)
  - Capital expenditures of $4.5 million in 2013 related primarily to the 440 kilometer 2D seismic program which is expected to be completed by the end of April, with processing and interpretation of this data to be completed by July.
  - In the fourth quarter of 2013, the Company submitted an application to the Government of Indonesia to voluntarily relinquish approximately 3,243 square kilometers of the PSC's offshore area. The result of the relinquishment does not impact the PSC's onshore exploration activities.
- As at December 31, 2013 estimated commitments for Indonesia PSCs to November 2014 were $12.2 million for the East Jabung PSC.

➢ Canada

- Andora is focused on developing the bitumen resources at the Sawn Lake property in the Peace River Oil Sands Region using SAGD development. Andora received regulatory approval for a demonstration project under the Oil Sands Conservation Act from the Energy Resources Conservation Board and approval from the Government of Alberta under the Environmental Protection and Enhancement Act prior to 2013. The first step towards determining the commercial viability of the SAGD recovery process at Sawn Lake is completion of Phase 1 of our SAGD Demonstration Project 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.
- The demonstration project is located in the Central Block of Sawn Lake where Andora is the operator and holds a 50% working interest. Phase 1 of the SAGD demonstration project in 2013 / 2014 consists of drilling one SAGD well pair, construction of the SAGD facility for steam generation, water handling and oil treating, and installing water source and disposal facilities. The SAGD wells were drilled in the fourth quarter of 2013 to a depth of 650 meters and have a horizontal length of 780 meters. Final construction of the SAGD facility is currently being completed and steam injection at the Sawn Lake SAGD demonstration project is scheduled for April 2014. After three months of steam injection, bitumen production is anticipated at approximately the end of July 2014.
- The oil sands project at Sawn Lake Alberta as at December 31, 2013 was evaluated by Sproule Unconventional Limited ("Sproule Unconventional"). 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, 2013 contingent resource report by Sproule Unconventional represents a mechanical update incorporating new forecasted prices for crude oil, natural gas and exchange rates, and revised estimates of capital expenditures associated with drilling SAGD wells. There is no change from the estimate of contingent resource volumes as at December 31, 2012 prepared by Sproule Unconventional. The net present value of the "Best Case" (discounted at 10% before income tax using forecast prices) attributed to Sawn Lake contingent resources increased by 14% to $557 million as a result of a 6% increase in crude oil prices, a 5% decrease in forecast natural gas prices and a 10% decrease in the estimated capital cost for drilling of SAGD wells, partially offset by a 12% increase in the bitumen differential and a 20% increase in Crown royalties.
- In March 2014, the 3% gross overriding royalty ("GORR") on a portion of the non-owned working interests in 12 sections of the Central Block and 24.5 sections of the North Block was repurchased by a joint venture partner with $2.7 million paid to Andora. This sale of the GORR by Andora was part of an agreement with joint venture partners that allowed the demonstration project to move forward and enabled the joint venture partners to fund their share 50% share of the demonstration project. The net present value of the "Best Case" (discounted at 10% after income tax using forecast prices) attributed to Pan Orient's 71.8% share of the Sawn Lake contingent resources for the GORR interests is $55 million on a before tax basis, and $41 million on an after tax basis. The sale price of the GORR reflects that commercial viability of SAGD development at Sawn Lake has not yet been established, and that key economic parameters need to be determined with the demonstration project

OUTLOOK

- Thailand
  - Thailand activities are currently focused on the EIA approval for six exploration well locations that were selected on the basis of the recently completed 3D seismic survey. Three of these surface locations that are comprised of up to four wells per pad are located over a cluster of prospects that include the L53A-North prospect in the northeastern portion of Concession L53. It is anticipated that approval for these locations will be received in late April, subject to the possible delays that have been experienced with this process in the past. Approval prior to the end of June would allow the L53A-North location construction to be completed prior to the onset of the annual monsoon.
  - In addition to the drilling of the L53A-North prospect, two appraisal wells will be drilled at the L53-D East field, with one of these wells targeting a undrilled fault compartment where a portion of the 2013 year-end downward reserve revision was the result of a reclassification of reserves to prospective resourced based on new seismic mapping integrated with the wells drilled in 2013.
  - Total Capital expenditures for Thailand in 2014 are estimated at $7.7 million.
- Indonesia
  - Much of the progress made regarding the exploration potential that was defined in Indonesia in the latter part of 2013 and early 2014 based on newly acquired 2D and 3D seismic data was overshadowed by drilling results earlier in 2013 at the Citarum PSC where a very difficult, structurally complex drilling environment resulted in the failure to reach the deeper primary objectives on two prospects. This disappointing and expensive outcome resulted in the decision by the Board of Pan Orient to reduce the company's financial exposure to Indonesia by seeking partners for each of the three remaining Company operated contract areas, despite the high remaining exploration potential of the Indonesian assets.
  - The Company has now received and is currently evaluating farm-in proposals for the East Jabung PSC, and continues discussions witlateh a number of parties that expressed interest late in the farm-out process and were unable to meet the March 31, 2014 request for proposals for the Batu Gajah and Citarum PSCs. The Company anticipates a near term announcement to be made with regard to a new East Jabung partner and the Company continues to progress discussions with potential future partners for the Batu Gajah and Citarum PSCs.

  <u>Batu Gajah PSC</u>

  - Pan Orient is currently in discussions with the Indonesian oil and gas regulator relating to unitization of the potential new field in the adjacent Lemang PSC, and is working towards the drilling of a well in the area in 2014, subject to both the timing of forestry approval and successfully farming-out a 40% interest.
  - The timing of an up to three well exploration program at Batu Gajah targeting Takar, Raka and Akatara East prospects will be directly dependent upon the timing of the farm-out of a 40% interest.
    - Takar Prospect: a 46 square kilometer in maximum areal extent closure surrounding the Manismata-1 gas discovery made in 1988 by a major international oil and gas company.

- Raka Prospect: a large 36 square km structure in maximum areal extent closure comprising a possible oil leg down dip of another 1980's gas discovery made by a major international oil and gas company at Tiung.
- Akatara East Prospect: directly offsets the Akatara / Selong oil and gas discovery which was made in 2012/2013 by a competitor in an adjacent PSC and in which one of the wells which tested oil and gas was drilled approximately 150 meters from the concession boundary within a structural closure that is interpreted to extend into the Pan Orient operated Batu Gajah PSC based on 2D seismic data. Discussions have taken place and continue with the Indonesian oil and gas regulator regarding a data trade including wells and additional seismic towards a possible unitization of the portion of the Akatara discovery.

<u>East Jabung PSC</u>

- The timing of a one well program at East Jabung targeting the Anggun prospect will be directly dependent upon the timing of the farm-out of a 50% interest.
- Anggun prospect: a 228 km 2D seismic survey acquired in 2013, infilling existing older vintage 2D seismic data, has confirmed an approximately 85 to 100 square km maximum structural closure at three primary target levels.
- The last portion of an approximately 440 km 2D seismic program in East Jabung PSC is anticipated to be completed within the next 2 weeks over the North prospect with processing and interpretation of this data to be completed by July 2014.

<u>Citarum PSC</u>

- The timing of a two well drilling program at Citarum PSC targeting the re-drilling of the Cataka and Jatayu prospects will be dependent on the timing to farm-out a 50% working interest.

- Canada - Sawn Lake (Operated by Andora, in which Pan Orient has a 71.8% ownership)
  - Pan Orient looks forward to completion of construction and commencement of steam injection for Phase 1 of the Sawn Lake SAGD demonstration project, which is scheduled for the end of April 2014. After three months of steam injection, bitumen production is anticipated at approximately the end of July 2014.

    Depending on results of the first SAGD well pair in Phase 1, Andora will proceed with Phase 2 of the demonstration project. The second phase would include the drilling of two additional SAGD well pairs and the associated expansion of the SAGD facility.

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 reserves and 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 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,		
(thousands of Canadian dollars except where indicated)	**2013**	2012	**2013**	2012	Change
FINANCIAL					
Oil revenue, before royalties and transportation expense	**8,880**	9,198	**32,196**	55,162	-42%
Funds flow from operations (Note 1)	**5,598**	5,837	**22,596**	34,819	-35%
Per share – basic and diluted	**$ 0.10**	$ 0.10	**$ 0.40**	$ 0.61	-35%
Funds flow from operations by region (Note 1)					
Canada	**79**	(324)	**(157)**	(3,334)	-95%
Thailand	**6,272**	6,308	**24,209**	38,705	-37%
Indonesia	**(753)**	(147)	**(1,456)**	(552)	164%
Total	**5,598**	5,837	**22,596**	34,819	-35%
Funds flow – Thailand disposition net proceeds (Note 2)	**-**	785	**-**	159,290	-100%
Net income (loss) attributed to common shareholders	**7,083**	859	**(93,362)**	86,642	-208%
Per share – basic and diluted	**$ 0.13**	$ 0.02	**$ (1.64)**	$ 1.53	-208%
Working capital	**45,635**	114,210	**45,635**	114,210	-60%
Working capital & non-current deposits	**47,889**	116,376	**47,889**	116,376	-59%
Long-term debt	**-**	-	**-**	-	0%
Petroleum and natural gas properties					
Capital expenditures (Note 3)	**11,144**	20,539	**101,280**	78,011	30%
Acquisitions – Indonesia (Note 4)	**-**	5,729	**-**	5,729	-100%
Shares outstanding (thousands)	**56,760**	56,720	**56,760**	56,720	0%
Funds Flow from Operations per Barrel (Note 1)					
Canada operations	**$ 0.89**	$ (3.42)	**$ (0.49)**	$ (6.37)	-92%
Thailand operations	**70.79**	66.66	**74.79**	73.97	1%
Indonesia operations	**(8.50)**	(1.55)	**(4.50)**	(1.05)	329%
Total	**$ 63.18**	$ 61.69	**$ 69.80**	$ 66.55	5%
Capital Expenditures (Note 3)					
Canada	**4,634**	316	**8,061**	575	1302%
Thailand	**1,765**	6,677	**40,209**	37,407	7%
Indonesia	**4,745**	13,546	**53,010**	40,029	32%
Total	**11,144**	20,539	**101,280**	78,011	30%
Working Capital and Non-current Deposits					
Beginning of period	**40,879**	134,061	**116,376**	51,632	125%
Funds flow from operations (Note 1)	**5,598**	5,837	**22,596**	34,819	-35%
Thailand disposition net proceeds (Note 2)	**-**	785	**-**	159,290	-100%
Thailand disposition – sale of working capital (Note 2)	**-**	-	**-**	(4,591)	-100%
Capital expenditures (Note 3)	**(11,144)**	(20,539)	**(101,280)**	(78,011)	30%
Disposal of petroleum and natural gas assets	**1,239**	-	**1,239**	-	100%
Recovery of taxes paid on Thailand disposition (Note 5)	**12,458**	-	**14,243**	-	100%
Accrued relinquishment costs (Note 15 & 18)	**(513)**	-	**(3,246)**	-	100%
Special dividend	**-**	-	**-**	(42,540)	-100%
Acquisitions – Indonesia (Note 6)	**-**	(3,552)	**-**	(3,552)	-100%
Foreign exchange impact on working capital	**(628)**	(335)	**(2,169)**	(790)	175%
Net proceeds on share transactions	**-**	119	**130**	119	100%
End of period	**47,889**	116,376	**47,889**	116,376	-59%
Canada Operations (excluding Thailand disposition)					
Interest income	**135**	349	**787**	845	-7%
General and administrative expense (Note 7)	**(427)**	(832)	**(1,429)**	(2,766)	-48%
Current income tax recovery	**185**	-	**437**	-	100%
Realized foreign exchange gain (loss)	**186**	159	**48**	(1,413)	-103%
Funds flow from operations (Note 1)	**79**	(324)	**(157)**	(3,334)	-95%
Funds flow from operations per barrel					
Interest income	**$ 1.52**	3.69	**$ 2.43**	$ 1.61	51%
General and administrative expense (Note 7)	**(4.82)**	(8.79)	**(4.41)**	(5.29)	-17%
Current income tax recovery	**2.09**	-	**1.35**	-	100%
Realized foreign exchange gain (loss)	**2.10**	1.68	**0.14**	(2.70)	-105%
Canada – Funds flow from operations	**$ 0.89**	(3.42)	**$ (0.49)**	$ (6.37)	-92%
Wells drilled – Andora Energy Corporation					
Gross	**2**	-	**2**	-	100%
Net	**0.7**	-	**0.7**	-	100%

(thousands of Canadian dollars except where indicated)	Three Months Ended December 31, 2013	2012	Twelve Months Ended December 31, 2013	2012	Change
Indonesia Operations					
General and administrative expense (Note 7)	**(665)**	(147)	**(1,482)**	(552)	168%
Realized foreign exchange (loss) gain	**(88)**	-	**26**	-	100%
Indonesia – Funds flow from operations	**$ (753)**	(147)	**(1,456)**	(552)	164%
Wells drilled					
Gross	**-**	2	**3**	3	0%
Net	**-**	1.6	**3.0**	2.4	25%
Thailand Operations (Note 2)					
Oil sales (bbls)	**88,603**	94,624	**323,676**	523,259	-38%
Average daily oil sales (BOPD) by Concession					
L53	**963**	1,029	**887**	937	-5%
L44, L33, SW1 (interests sold June 15, 2012)	**-**	-	**-**	493	-100%
Total	**963**	1,029	**887**	1,430	-38%
Average oil sales price, before transportation (CDN$/bbl)	**$ 100.22**	$ 97.21	**$ 99.47**	$ 105.42	-6%
Reference Price (volume weighted) and differential					
Crude oil (Brent $US/bbl)	**$ 109.02**	$ 110.07	**$ 108.31**	$ 114.07	-5%
Exchange Rate $US/$Cdn	**1.05**	1.01	**1.03**	1.01	2%
Crude oil (Brent $Cdn/bbl)	**$ 115.04**	$ 110.80	**$ 112.37**	$ 115.57	-3%
Sale price / Brent reference price	**87%**	88%	**89%**	91%	-2%
Funds flow from operations (Note 1)					
Crude oil sales	**8,880**	9,198	**32,196**	55,162	-42%
Government royalty	**(438)**	(452)	**(1,590)**	(2,734)	-42%
Other royalty	**-**	-	**-**	(49)	-100%
Transportation expense	**(142)**	(135)	**(513)**	(931)	-45%
Operating expense	**(1,547)**	(1,750)	**(4,294)**	(6,994)	-39%
Field netback	**6,753**	6,861	**25,799**	44,454	-42%
General and administrative expense (Note 7)	**(491)**	(574)	**(1,625)**	(2,405)	-32%
Interest income	**10**	21	**37**	64	-42%
Current income tax	**-**	-	**(2)**	(3,408)	-100%
Thailand - Funds flow from operations (Note 1)	**6,272**	6,308	**24,209**	38,705	-37%
Funds flow from operations / barrel (CDN$/bbl) (Note 1)					
Crude oil sales	**$ 100.22**	$ 97.21	**$ 99.47**	$ 105.42	-6%
Government royalty	**(4.94)**	(4.78)	**(4.91)**	(5.22)	-6%
Other royalty	**-**	-	**-**	(0.09)	-100%
Transportation expense	**(1.60)**	(1.43)	**(1.58)**	(1.78)	-11%
Operating expense	**(17.46)**	(18.49)	**(13.27)**	(13.37)	-1%
Field netback	**76.22**	72.51	**79.71**	84.96	-6%
General and administrative expense (Note 7)	**(5.54)**	(6.07)	**(5.02)**	(4.60)	9%
Interest Income	**0.11**	0.22	**0.11**	0.12	-5%
Current income tax	**-**	-	**(0.01)**	(6.51)	-100%
SRB tax	**-**	-	**-**	-	0%
Thailand - Funds flow from operations (Note 1)	**$ 70.79**	$ 66.66	**$ 74.79**	$ 73.97	1%
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%**	6%	-100%
As percentage of crude oil sales					
Expenses - transportation, operating and G&A	**25%**	27%	**20%**	19%	6%
Government royalty and income tax	**5%**	5%	**5%**	11%	-55%
Funds flow from operations, before interest income	**71%**	68%	**75%**	70%	7%
Wells drilled					
Gross	**-**	-	**13**	7	86%
Net	**-**	-	**13.0**	5.0	160%

(thousands of Canadian dollars except where indicated)	Year Ended December 31, **2013**	2012	Change
RESERVES AND CONTINGENT RESOURCES			
Onshore Thailand – Concession L53/48 (Pan Orient 100% working interest & operator)	**(Note 8)**	(Note 9)	
Proved oil reserves (thousands of barrels)	**621**	405	53%
Proved plus probable oil reserves (thousands of barrels)	**1,509**	1,087	39%
Net present value of proved + probable reserves, after tax discounted at 10%	**56,120**	41,494	35%
Per Pan Orient share – basic (Note 10)	**$ 0.99**	$ 0.73	36%
Net present value of proved + probable reserves, after tax discounted at 15%	**53,182**	40,060	33%
Per Pan Orient share – basic (Note 10)	**$ 0.94**	$ 0.71	32%
Canada (Pan Orient's 71.8% share of the oil sands leases of Andora at Sawn Lake, Alberta)	**(Note 11)**	(Note 12)	
Contingent Oil Resources – Best Estimate "2C" (thousands of barrels)	**154,000**	154,000	0%
Working Interest and Gross Overriding Royalty ("GORR") – Contingent Resources "2C"			
Net Present value, before tax discounted at 10%	**400,000**	351,000	14%
Per Pan Orient share – basic (Note 10)	**$ 7.05**	$ 6.18	14%
Net present value, before tax discounted at 15	**115,000**	93,000	24%
Per Pan Orient share – basic (Note 10)	**$ 2.03**	$ 1.64	24%
Net Present value, after tax discounted at 10%	**261,700**	224,000	17%
Per Pan Orient share – basic (Note 10)	**$ 4.61**	$ 3.95	17%
Net present value, after tax discounted at 15	**44,900**	28,400	58%
Per Pan Orient share – basic (Note 10)	**$ 0.79**	$ 0.50	58%
Working Interest (Note 13) – Contingent Resources "2C"			
Net Present value, before tax discounted at 10%	**345,600**		
Per Pan Orient share – basic (Note 10)	**$ 6.09**		
Net present value, before tax discounted at 15%	**83,500**		
Per Pan Orient share – basic (Note 10)	**$ 1.47**		
Net Present value, after tax discounted at 10%	**220,400**		
Per Pan Orient share – basic (Note 10)	**$ 3.88**		
Net present value, after tax discounted at 15%	**20,900**		
Per Pan Orient share – basic (Note 10)	**$ 0.37**		

INTERNATIONAL INTERESTS AT DECEMBER 31, 2013

All amounts reflect Pan Orient's interest	Status	Net Square Kilometers	December 31, 2013 Financial Commitments (CDN thousands)		2013 Avg. Production (BOPD)	P+P Reserves (thousands of barrels)
Onshore Thailand Concessions						
L53/48 (100% working interest & operator) (Note 14)	Partially developed	975	$ 124	to January 2016	887	1,509
L45/50 (20% working interest & operator) (Note 15)	Undeveloped	398	Unfulfilled commitment has been accrued		-	-
		1,373	$ 124		887	1,509
Onshore Indonesia PSCs						
Citarum PSC, West Java (97% interest & operator) (Note 16 & 17)	Undeveloped	861	Refer Note 17			
Batu Gajah PSC, South Sumatra (77% interest & operator) (Note 16)	Undeveloped	610	Commitments to date have been completed			
South CPP PSC, Central Sumatra (77% interest & operator) (Note 16 & 18)	Undeveloped	-	Unfulfilled commitment has been accrued			
Onshore & Offshore Indonesia PSC						
East Jabung PSC, South Sumatra (100% interest & operator) (Note 16, 19 & 20)	Undeveloped	6,228	$ 12,159	to November 2014		
		7,699	$ 12,159			
Consolidated Total		9,072	$ 12,283			

(1) Funds flow from operations ("funds flow" before changes in non-cash working capital and reclamation costs) 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) Thailand Concessions SW1, L44 and L33 were sold on June 15, 2012. Proceeds of $185.3 million less transaction costs of $11.3 million and estimated tax of $14.7 million results in proceeds net of expenses of $159.3 million. After deducting $79.6 million related to the carrying value of petroleum and equipment, exploration and evaluation costs, and working capital sold (including the elimination of the associated deferred tax liabilities, employee pension liabilities, and decommissioning provision). The net after tax gain on sale is $79.6 million. The 2012 financial statements and operating results include revenue, expenses and capital expenditures associated with these properties to June 14, 2012.

(3) Cost of capital expenditures, excluding any decommissioning provision and excluding the impact of changes in foreign exchange rates.

(4) Cost of acquisitions, including the provision for the long term accrued liabilities of future payments contingent upon the delivery of petroleum from a commercial development of hydrocarbon from discoveries.

(5) 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 current period's 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.

(6) Cost of acquisitions, excluding the provision for the long term accrued liabilities of future payments at the Citarum PSC contingent upon the delivery of petroleum from a commercial development of hydrocarbon from discoveries.

(7) General & administrative expenses, excluding non-cash accretion and gain on settlement of decommissioning provision.

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

(9) Thailand reserves as at December 31, 2012 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 $106.42 for 2013, $101.65 for 2014, $97.56 for 2015, $105.07 for 2016, $106.65 for 2017, $108.25 for 2018 and prices increase at 1.5% per year thereafter. 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, 2013 and 56,720,307 Pan Orient Shares outstanding at December 31, 2012.

(11) 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 adjusted for quality and transportation 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.

(12) Pan Orient's 71.8% share as at December 31, 2012 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 adjusted for quality and transportation in Canadian dollars) is $69.33 for 2013, $74.57 for 2014, $73.21 for 2015, $80.17 for 2016, $81.37 for 2017, 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 were estimated at $1,673 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) In March 2014, the 3% gross overriding royalty ("GORR") on a portion of the non-owned working interests in 12 sections of the Central Block and 24.5 sections of the North Block was repurchased by a joint venture partner for $2.7 million. The net present value before tax of the Working Interest "Best Case" contingent resources, excluding the GORR, at December 31, 2013 attributed to Pan Orient's 71.8% share is $345.6 million (discounted at 10%) and $83.5 million (discounted at 15%). The net present value after tax of the Working Interest "Best Case" contingent resources, excluding the GORR, at December 31, 2013 attributed to Pan Orient's 71.8% share is $220.4 million (discounted at 10%) and $20.9 million (discounted at 15%).

(14) At December 31, 2013 Concession L53/48 in Thailand consisted of 1,959 square kilometers of lands of which 14 square kilometers associated with the L53-A and L53-D 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 1,945 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. The renewal included a relinquishment of 25% of Concession lands and new commitments including a 3D seismic survey and three exploration wells with a stated commitment of US$2.6 million which were completed in 2013. Subsequent to December 31, 2013, the Company obtained approval from the Government of Thailand for the L53-G production license of 6.29 square kilometers and the associated production environmental impact assessment.

(15) Pursuant to the Concession L45 Farm-in Agreement, Pan Orient has earned a 20% interest in Concession L45 at December 31, 2013 for the completion of seismic acquisition and processing. Pan Orient has elected not to drill the additional two wells to earn a further 40% interest, however, Pan Orient is registered with the government of Thailand as holding a 60% interest in the L45 Concession. The L45 Concession is expected to expire on April 27, 2014. The Company has accrued $0.5 million as at December 31, 2013 for expected unfulfilled commitments that will be payable to the Government of Thailand upon the expiration of the Concession based on the 60% registered interest.

(16) Pan Orient's share of commitments in Indonesia reflect amounts to be paid by Pan Orient, including carried interest partners (3% for Citarum, 23% Batu Gajah and 23% South CPP). Commitments for a Production Sharing Contract ("PSC") 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 approval. With respect to Citarum, Batu Gajah and South CPP PSCs, extension of this initial exploration period has been agreed to with the Government of Indonesia (GOI) to the dates 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) The Company believes that it has satisfied the Citarum PSC commitment for the two wells with the drilling operations of the Jatayu-1 and Cataka-1A wells, however this has not been finalized with the GOI and the GOI may have a different interpretation of the requirement.

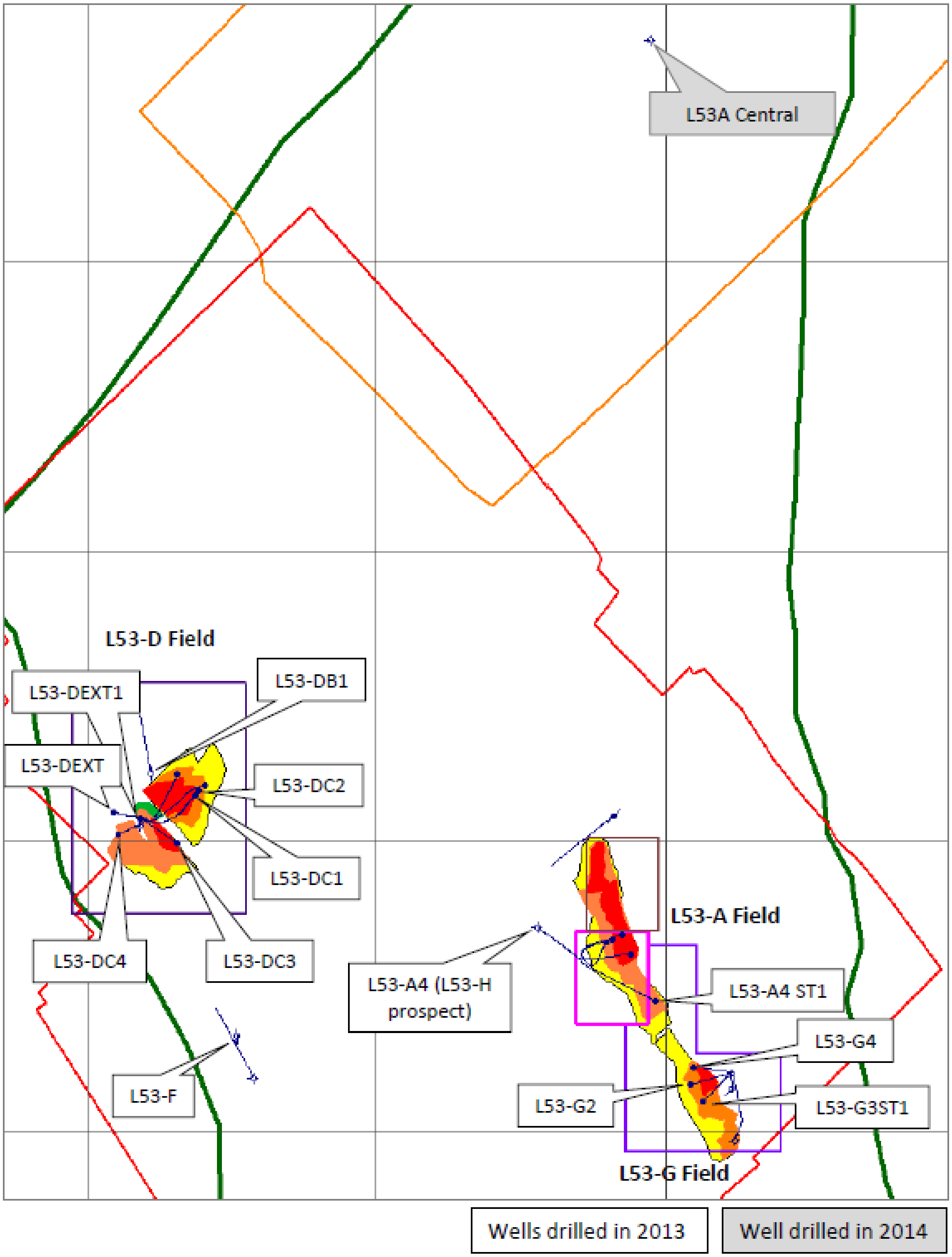
(18) The Company has decided to relinquish the South CPP PSC. As part of the relinquishment, the Company is required to pay the GOI for the unfulfilled commitments. The Company has accrued $2.7 million as at December 31, 2013 for the estimated unfulfilled commitments for the drilling of an exploration well.

(19) The Company submitted an application to the GOI to voluntarily relinquish approximately 3,243 square kilometers of the East Jabung PSC's offshore area and this voluntary relinquishment has not yet been finalized with the GOI. The result of the relinquishment does not impact the PSC's onshore exploration activities.

(20) The Company has applied to extend the East Jabung PSC's work program commitments to November 2015. The extension has not yet been approved by the GOI. Work program commitments for other PSCs have been successfully negotiated in the past and management has no reason to believe that this application will not be approved.

(21) Tables may not add due to rounding.

Thailand – Concession L53 2013 Drilling



Pan Orient 2013 Thailand Drilling - Concession L53

	Well			Oil Sales (BOPD) Q1	Q2	Q3	Q4
2013 Q1							
1	L53-DC1	Appraisal	Produced oil from new "DC" fault compartment discovery at the L53-D field.	41	47	-	-
2	L53-DC2	Appraisal	Producing oil from successful appraisal of the "DC" fault compartment discovery.	98	154	87	92
3	L53-DB1	Exploration	Well targeting the L53-D West prospect unsuccessful and converted to water disposal.	-	-	-	-
4	L53-A4	Exploration	Well targeting the L53-H prospect was unsuccessful.	-	-	-	-
5	L53-A4ST1	Exploration	Produced oil on 90 day production test period. Well shut-in.	2	11	-	2
6	L53-G2	Exploration	L53-G oil field discovery produced oil on a 90 day production test and 90 day extension; shut-in for portion of 2013 Q4 and Q4 awaiting grant of new L53-G production license which was granted Feb19-2014.	-	236	134	372
2013 Q2							
7	L53-F	Exploration	Well targeting the L53-F prospect was unsuccessful.	-	-	-	-
8	L53-DC3	Appraisal	Producing oil from successful appraisal of the "DC" fault compartment discovery.		69	113	77
9	L53-G3ST1	Appraisal	Producing oil from new L53-G field on a 90 day production test. Shut-in Sept12-2013 to Feb19-2014 awaiting grant of new L53-G production license.		17	67	-
10	L53-DC4	Appraisal	Producing 15.6 degree API oil from successful appraisal of the "DC" fault compartment discovery from "HO" and "A1" sands.		15	87	50
11	L53-DEXT	Exploration	Tested heavier oil from a shallow zone within a new fault compartment at the L53-D field.		-	10	4
12	L53-DEXT1	Exploration	Well targeting the deeper “A5” to “A3” oil bearing sands that were logged in the L53-DC4 pilot well was unsuccessful.		-	-	-
2013 Q3							
13	L53-G4	Appraisal	Producing oil from new L53-G field on a 90 day production test. Shut-in Nov15-2013 to Feb19-2014 awaiting grant of new L53-G production license.			35	28
				141	549	533	626

Pan Orient 2013 Indonesia Drilling

	Well	PSC	
2012 Well - Continuing Drilling in 2013			
	Jatayu-1 Re-drill	Citarum Exploration (Java)	Recommenced drilling in December 2012 utilizing slim hole drilling equipment. A severe overpressure gas zone encountered created an unacceptable level of well control risk in January 2013 and drilling stopped above the primary target formation. Formation water present in gas zone suggested no commercial potential in the section drilled above the primary objective. Well was abandoned.
2013 Q1			
1	Shinta-1	Batu Gajah Exploration (Sumatra)	Primary reservoir target of the Lower Talang Akar formation but no zones are deemed commercial based on the interpretation of open hole wire line logs, mud logs, pressure data and fluid samples. Well abandoned.
2	Buana-1	Batu Gajah Exploration (Sumatra)	Appraisal of the NTO-1 well drilled in 2011 for natural gas in the Lower Talang Akar formation. Open hole wire line logs and pressure data indicated the sands to be water bearing. Results suggest the Buana-1 and the NTO-1 fault compartments are not in communication and the gas accumulation encountered in the NTO-1 well in 2011 is limited and sub-commercial. Well abandoned.
2013 Q2			
3	Cataka-1A Re-drill	Citarum Exploration (Java)	Well encountered numerous intervals of severely tectonically fractured shale that were highly unstable, particularly in this directionally drilled deviated well bore. The company believed that to continue drilling would not be prudent given the difficulties encountered to date and the low probability of reaching the final objective. Well abandoned.