

# Pan Orient Announces 2020 Year-end Thailand Reserves Update

CALGARY, AB, Feb. 1, 2021 /CNW/ - Pan Orient Energy Corp. ("Pan Orient" or the "Company") (TSXV: POE), on behalf of Pan Orient Energy (Siam) Ltd. ("POS"), announced the results of its December 31, 2020 independent reserves evaluation for Thailand on-shore Concession L53/48 where POS is the operator and has a 100% working interest. Pan Orient has a 50.01% equity interest in POS, which is classified as a Joint Venture under International Financial Reporting Standards and accounted for using the equity method. Pan Orient's 50.01% equity interest in the assets, liabilities, working capital, operations and capital expenditures of POS are recorded in Investment in the Thailand Joint Venture and Pan Orient does not have any direct interest in, or control over, the crude oil reserves or operations of on-shore Concession L53/48.

The evaluation for the Thailand assets as at December 31, 2020 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*.

*Please note that all amounts are in Canadian dollars unless otherwise stated and BOPD refers to barrels of oil per day. Reserves volumes reported below are "Company Gross Reserves", a classification of reserves used in the evaluation which represents production and reserves before deduction of royalties.*

Commenting today on the year-end 2020 reserve report of Pan Orient Energy (Siam) Ltd., President and CEO Jeff Chisholm stated: "This year-end 2020 reserves report is an excellent result with proved reserves up 130% and proved plus probable reserves up 30%, mainly due to the production performance of the L53-DD field. While the oil volumes are strong, the proved and probable net present value after tax (discounted at 10%) was down 11% year-on-year as a result of the substantially lower (-17%) average oil price forecast at year-end 2020 versus year-end 2019, a reflection of the current uncertainty in the global oil markets. Despite the uncertainty with regard to oil markets in 2021, we look forward to a strong year of oil production performance from the L53 Concession".

## Summary of Thailand Reserves at December 31, 2020 for Concession L53/48

- Thailand crude oil reserves and values at December 31, 2020 of POS (representing the 100% working interest of POS in Concession L53/48):
  - Proved oil reserves ("1P") of 2,836,000 barrels at December 31, 2020, a 130% increase from the 1,235,000 barrels at December 31, 2019.
  - Proved plus probable oil reserves ("2P") increased 30% to 4,753,000 barrels at December 31, 2020 compared with proved plus probable oil reserves of 3,668,000 barrels at December 31, 2019. The increase in 2020 reflects the following changes during 2020:
    - Oil sales increased 15% in 2020 to 887,863 barrels (2,426 BOPD), with 734,006 barrels (2,005 BOPD) from the L53DD field, 64,688 barrels (177 BOPD) from the L53G field, 36,454 barrels (100 BOPD) from the L53A field, 22,301 barrels (61 BOPD) from the L53D field, 12,832 barrels (35 BOPD) from the L53B field, 11,670 barrels (32 BOPD) from the L53AA South field and 6,001 barrels (16 BOPD) from the new L53AA field.
    - The L53DD field added 734,006 barrels of oil sales in 2020 compared with 615,460 barrels in 2019. The L53DD field at December 31, 2019 has been assigned proved

reserves of 2,132,000 barrels and proved plus probable reserves of 3,468,000 barrels (including a positive technical revision of proved plus probable reserves in 2020 of 1,732,000 barrels based on well performance).

- Discovery of the L53AA field with the L53-AA2 exploration well in the first quarter of 2020 added 6,001 barrels of oil sales in 2020 during the 90 day production test and has been assigned proved reserves of 19,000 barrels and proved plus probable reserves of 43,000 barrels at December 31, 2020.
- Proved plus probable reserves increases from positive technical revisions and infill drilling (net of negative economic factors associated with lower forecast prices) reported for the six existing L53/48 fields were 1,924,000 barrels (52% of December 31, 2019 proved plus probable reserves).
- Net present value (after tax) of Thailand proved plus probable oil reserves at December 31, 2020, using forecast prices and costs discounted at 10% per year, of Cdn\$77.8 million. The 11% decrease in the net present value (after tax) of Thailand proved plus probable oil reserves from \$87.4 million at December 31, 2019 is the result of the 30% increase in proved plus probable reserves (primarily at the L53-DD field) more than offset by a 17% decrease in average oil sales prices.
- After the L53DD oil discovery in 2018, the Company requested the inclusion of possible oil reserves at December 31, 2018, December 31, 2019 and December 31, 2020 in order to better define the potential upside of the field. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves. Possible oil reserves decreased 47% to 2,091,000 barrels at December 31, 2020 from 3,909,000 barrels at December 31, 2019 as possible reserves were moved into proved and probable reserves. Total proved plus probable plus possible oil reserves ("3P") are 6,844,000 barrels at December 31, 2020 with a net present value (after tax) using forecast prices and costs discounted at 10% per year, of Cdn\$103.4 million.
- Thailand Concession L53/48 reserves are from conventional sandstone reservoirs.
- Net to Pan Orient's 50.01% equity interest in POS:
  - Pan Orient does not have any direct interest in, or control over, the crude oil reserves or operations of on-shore Concession L53/48. The values at December 31, 2020 identified as "Net to Pan Orient's 50.01% Equity Interest in Pan Orient Energy (Siam) Ltd." represent 50.01% of POS reserves and values.
  - Net to Pan Orient's 50.01% equity interest in POS, proved plus probable crude oil reserves of 2,377,000 barrels at December 31, 2020. Net to Pan Orient's 50.01% equity interest in POS, net present value (after tax) of Thailand proved plus probable crude oil reserves at December 31, 2020, using forecast prices and costs discounted at 10% per year, of Cdn\$38.9 million, or \$0.75 per Pan Orient share based on the 51.7 million Pan Orient shares outstanding at December 31, 2020.
  - Net to Pan Orient's 50.01% equity interest in POS, proved plus probable plus possible crude oil reserves of 3,423,000 barrels at December 31, 2020. Net to Pan Orient's 50.01% equity interest in POS, net present value (after tax) of Thailand proved plus probable plus possible crude oil reserves at December 31, 2020, using forecast prices and costs discounted at 10% per year, of Cdn\$51.7 million, or \$1.00 per Pan Orient share based on the 51.7 million Pan Orient shares outstanding at December 31, 2020.

Summary of Thailand Crude Oil Reserves as of December 31, 2020, as provided by Sproule  
**Net to Pan Orient's 50.01% Interest in Pan Orient Energy (Siam) Ltd.**

Marketable Reserves – Company Gross (thousands of barrels)	Light and Medium Oil		Total
	Light and Medium Oil	Heavy Oil	
Proved	1,112	305	1,418
Probable	715	244	959
Total Proved plus Probable	1,828	549	2,377
Possible	742	304	1,046
Total Proved, Probable & Possible	2,570	853	3,423

Summary of Thailand Net Present Values as of December 31, 2020, as provided by Sproule (After Income Tax)  
**Net to Pan Orient's 50.01% Interest in Pan Orient Energy (Siam) Ltd.**

Present Value - After Tax (Cdn\$ million)	Undiscounted	5%	10%	15%
Proved	31	28	25	23
Probable	23	17	14	11
Total Proved plus Probable	54	45	39	34
Possible	27	18	13	10
Total Proved, Probable & Possible	81	63	52	44
Per Pan Orient share - Proved & Probable <sup>Note</sup>	\$ 1.04	\$ 0.87	\$ 0.75	\$ 0.66
Per Pan Orient share - Proved & Probable & Possible <sup>Note</sup>	\$ 1.57	\$ 1.22	\$ 1.00	\$ 0.85

Note: Per share values were calculated based on 51,744,007 Pan Orient shares outstanding at December 31, 2020

Summary of Thailand Crude Oil Reserves as of December 31, 2020, as provided by Sproule  
**Pan Orient Energy (Siam) Ltd. (with a 100% working interest in Concession L53/48)**

Marketable Reserves – Company Gross (thousands of barrels)	Light and Medium Oil			Total
	Light and Medium Oil	Heavy Oil		
Proved	2,224	611		2,836
Probable	1,431	487		1,917
Total Proved plus Probable	3,655	1,098		4,753
Possible	1,483	608		2,091
Total Proved, Probable & Possible	5,138	1,706		6,844

Summary of Thailand Crude Oil Reserves as of December 31, 2020, by Major Field as provided by Sproule – Company Gross (thousands of barrels)

**Pan Orient Energy (Siam) Ltd. (with a 100% working interest in Concession L53/48)**

Concession L53/48 (by Major Field)	Proved	Probable	Proved plus Probable	Possible	Proved, Probable & Possible
L53A Field	152	91	243	101	344
L53B Field	95	99	194	257	451
L53D Field	209	174	383	128	511
L53G Field	171	82	253	82	335
L53DD Field	2,132	1,336	3,468	1,270	4,738
L53AA South Field	58	111	169	229	398
L53AA Field	19	24	43	24	67
	2,836	1,917	4,753	2,091	6,844

Reconciliation of Changes in Thailand Crude Oil Proved plus Probable Reserves as of December 31, 2020, as provided by Sproule – Company Gross (Light and Medium Oil and Heavy Oil)

**Pan Orient Energy (Siam) Ltd. (with a 100% working interest in Concession L53/48)**

(thousands of barrels)	Proved	Probable	Proved plus Probable
December 31, 2019	1,235	2,433	3,668
Product Type Transfer	-	-	-
Discoveries	1,346	24	49
Extensions	16	-	-
Infill Drilling	306	188	494
Improved Recovery	-	-	-
Acquisitions	-	-	-
Dispositions	-	-	-
Economic Factors	(14)	(55)	(69)
Technical Revision	834	(673)	1,499
Production	(888)	-	(888)
December 31, 2020	2,836	1,917	4,753

Note: Technical Revisions also include changes in reserves associated with changes in operating costs, capital costs and commodity price offsets. Discoveries include proved reserves added to previously booked stand alone probable locations in the DD Area. The probable locations were initially booked when the DD Area was discovered in 2018.

Summary of Thailand Net Present Values as of December 31, 2020, as provided by Sproule (After Income Tax) **Pan Orient Energy (Siam) Ltd. (with a 100% working interest in Concession L53/48)**

Present Value - After Tax (Cdn\$ million)	Undiscounted	5%	10%	15%
Proved	62	55	50	46
Probable	46	35	27	22
Total Proved plus Probable	108	90	78	68
Possible	55	36	26	20
Total Proved, Probable & Possible	163	126	103	88

Thailand Concession L53/48 Reserves Evaluation as of December 31, 2020, as provided by Sproule  
**Pan Orient Energy (Siam) Ltd. (with a 100% working interest in Concession L53/48)**

Notes:

- 1) Pan Orient Energy (Siam) Ltd. is the operator and 100% working interest owner of Concession L53/48. Pan Orient holds a 50.01% equity interest in Pan Orient Energy (Siam) Ltd. Thailand reserves and values at December 31, 2020 shown as "100% working interest of Pan Orient Energy (Siam) Ltd." represent a 100% working interest in Concession L53/48.
- 2) Reserves volumes reported above are "Company Gross Reserves", a classification of reserves used in the evaluation which represents production and reserves before deduction of royalties.
- 3) The tables shown have assessed reserves at forecast crude oil reference prices & costs.
- 4) The US\$ reference price for crude oil per barrel (US\$ UK Brent per barrel) is \$48.00 for 2021, \$50.00 for 2022, \$55.00 for 2023, \$56.10 for 2024, \$57.22 for 2025, and prices increase at 2.0% per year thereafter.
- 5) Oil revenue for these reserves is based on 95% of the forecast crude oil Brent reference price.
- 6) Tables show assessed reserves with a foreign exchange rate of Cdn\$1=US\$0.77.
- 7) The capital cost and operating expense inflation rate is 0% per year in 2021, 1% per year in 2022 and 2.0% per year starting in 2023.
- 8) Estimated future undiscounted development costs, in dollars, at December 31, 2020 were Cdn\$15.1 million for proved reserves, Cdn\$19.8 million for proved plus probable reserves and Cdn\$19.8 million for proved plus probable plus possible reserves.
- 9) Net present values after income tax are after deduction of the SRB (Special Remuneratory Benefit tax) and income tax in Thailand. SRB tax rate is forecast to be zero percent per year based on the forecast oil rates and prices.
- 10) Well abandonment and reclamation costs of Cdn\$5.2 million for the proved plus probable case were included in this report and include abandonment and reclamation costs for all existing and future wells. Well abandonment and reclamation costs of Cdn\$6.0 million were included for the proved plus probable plus possible case. No allowances for salvage values were made.
- 11) The net present values disclosed may not represent fair market value.
- 12) Totals may not add exactly due to rounding.

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: estimates of reserves and the net present value of those reserves, anticipated future production performance, estimates of future crude oil reference prices and the percentage of those prices received by Pan Orient, and estimates of development costs, foreign exchange rates, inflation rates, taxes and well abandonment and disconnect costs. 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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