

Pioneer Marine Inc Announces Second Quarter 2014 Results

MAJURO -- (Marketwired – August 29, 2014) – Pioneer Marine Inc. (OSLO-OTC: PNRM) ("Pioneer Marine," or the "Company") a leading shipowner and global drybulk handysize transportation service provider announced its unaudited financial and operating results for the second quarter ended June 30, 2014.

Second Quarter 2014 Financial Highlights :

- For the second quarter 2014, the Company reported a net loss of \$2.5 million, or \$0.11 basic and diluted loss per share, as compared to a loss of \$1.7 million or \$0.09 basic and diluted loss per share for the first quarter of 2014.

Recent Events

- **\$72 Million Loan Facility** : On June 16, 2014, the Company signed a loan agreement with DVB Group Merchant Bank (Asia) Ltd. and ABN AMRO Bank BV for \$72 million secured by eight Handysize vessels. The loan bears interest at LIBOR plus a margin with 5 year tenor. The facility was fully drawn down on July 2, 2014.
- **\$47 Million Loan Facility**: On August 11, 2014, the Company signed a loan agreement with CIT Finance LLC for \$47.4 million secured by four Handysize vessels and one Handymax vessel. The loan bears interest at LIBOR plus a margin with 5 year tenor. The facility was fully drawn down on August 18, 2014.

Pankaj Khanna, Chief Executive Officer, commented, "We are pleased with the competitive financing concluded for the on-water fleet with strong support from the banking relationships we have built over the years. Pioneer has now a modern fleet of thirteen ships on the water with an average age of 6.5 years and fourteen newbuildings for delivery in 2015 and Q1 2016.

"The drybulk freight market in the second quarter was quite challenging due to certain one off factors. The ban on Indonesian exports of unprocessed minerals, the slower pace of Argentinian grain exports and the turmoil in Ukraine have adversely impacted demand for shipping minor bulk cargoes in the first half of 2014. This situation continued into the third quarter but in August we have started to see a recovery in the market with demand improving in all regions. Given our strategy to focus on spot fixtures, we believe Pioneer is well positioned to benefit from the expected increase in freight rates."

Financial Review: Second quarter of 2014

Net revenue increased by \$6.0 million or 98.4% in the three month ended June 30, 2014 to \$ 12.1 million as compared to \$6.1 million in the three months period ended March 31, 2014. The increase is mainly attributable to delivery of additional Handysize vessels which occurred at the end of the first quarter of 2014. As a result the number of operating days in the second quarter of 2014 increased to 1,138.8 days as compared to 573.5 days in the first quarter of 2014.

Time Charter Equivalent ("TCE") revenue (Net Revenue less Voyage Expenses) increased to \$7.5 million in the three month period ended June 30, 2014 as compared to \$4.8 million in the three month period ended March 31, 2014. TCE per day decreased to \$6,551 for the three month period ended June 30, 2014 as compared to \$8,403 in the three month period ended March 31, 2014.

Vessel Operating Expenses ("OPEX") increased by \$2.5 million for the three month period ended June 30, 2014 to \$6.4 million as compared to \$3.9 million in the three month period ended March 31, 2014. The increase is attributable to the vessels acquired within the second quarter of 2014 since the average number of vessels on the water increased to 12.7 vessels as compared to 7.0 vessels for the first quarter of 2014.

Drydock expenses of \$0.5 million relate to the drydock of M/V Mykonos Bay completed within the first quarter 2014. This drydock cost is expensed as part of OPEX.

Depreciation Expenses increased by \$1.2 million for the three month period ended June 30, 2014 to \$2.7 million as compared to \$1.5 million in the three month period ended March 31, 2014. The increase is attributable to the full quarter effect of vessels acquired at the end of the first quarter of 2014 as mentioned in the discussion above.

General and Administration Expenses increased by \$0.3 million for the three month period ended June 30, 2014 to \$0.9 million as compared to \$0.6 million in the three month period ended March 31, 2014.

Fleet List as of June 30, 2014

	Type	DWT	Year Built	Delivery Date (1)
Current fleet:				
Reunion Bay	Handysize	32,354	2006	Nov 1, 2013
Paradise Bay	Handymax	46,232	2003	Nov 11, 2013
Eden Bay	Handysize	28,342	2008	Dec 2, 2013
Fortune Bay	Handysize	28,671	2006	Mar 4, 2014
Mykonos Bay	Handysize	32,411	2009	Dec 2, 2013
Emerald Bay	Handysize	32,258	2008	Jan 27, 2014
Azure Bay	Handysize	31,700	2005	Mar 10, 2014
Teal Bay	Handysize	32,327	2007	Jan 17, 2014
Calm Bay	Handysize	37,534	2006	Mar 4, 2014
Ha Long Bay	Handysize	32,311	2007	Feb 14, 2014
Jupiter Bay	Handysize	29,997	2012	Apr 22, 2014
Venus Bay	Handysize	30,003	2012	Mar 31, 2014
Orion Bay	Handysize	30,009	2012	Mar 25, 2014
Vessels under construction:				
GY311	Handysize	38,800	-	2015
GY312	Handysize	38,800	-	2015
GY313	Handysize	38,800	-	2015
GY314	Handysize	38,800	-	2015
GY315	Handysize	38,800	-	2015
GY316	Handysize	38,800	-	2015
GY317	Handysize	38,800	-	2015
GY318	Handysize	38,800	-	2015
GY319	Handysize	38,800	-	2015
GY320	Handysize	38,800	-	2015
GY321	Handysize	38,800	-	2016
GY322	Handysize	38,800	-	2016
SF130111	Handysize	38,000	-	2016
SF130112	Handysize	38,000	-	2016

(1) Estimated year of completion for vessels under construction

Summary of Operating Data (unaudited)

(Dollars in Thousands, Except Per Day and number of days data)

	Three Months Ended June 30, 2014	Three Months Ended March 31, 2014
Revenue, net	12,156	6,126
Voyage expenses	(4,695)	(1,307)
Time charter equivalent revenue	7,461	4,819
Vessel operating expense	(6,414)	(3,865)
Drydock expense	-	(511)
Depreciation expense	(2,654)	(1,511)
General and administration expense	(885)	(594)
Other expenses, net	(2)	(1)
Net loss	(2,494)	(1,663)
Vessel Utilization:		
Ship days(2)	1,162.3	627.3
Off-hire days	23.5	28.9
Off-hire days due to drydock		24.9
Operating days (3)	1,138.8	573.5
TCE per day (1)	6,551	8,403
Opex per day	5,519	6,163

(1) Time Charter Equivalent, or TCE revenue, are non-GAAP measures. Our method of computing TCE revenue is determined by voyage revenues less voyage expenses (including bunkers and port charges). Such TCE revenue, divided by the number of our operating days during the period, is TCE per day, which is consistent with industry standards. TCE revenue is included because it is a standard shipping industry performance measure used primarily to compare period-to-period changes in a shipping company's performance irrespective of changes in the mix of charter types (i.e., spot charters and time charters), and it provides useful information to investors and management.

(2) Ship days: We define ship days as the aggregate number of days in a period during which each vessel in our fleet has been owned by us. Ship days are an indicator of the size of our fleet over a period and affect both the amount of revenues and the amount of expenses that we record during a period.

(3) Operating days: We define operating days as the number of our ship days in a period less days required to prepare vessels acquired for their initial voyage and off-hire days associated with off-hire while a vessel is employed, scheduled repairs, drydockings or special surveys. The Company

uses operating days to measure the number of days in a relevant period during which vessels should be capable of generating revenues.

Pioneer Marine Inc and Subsidiaries Financial Results for the First Half 2014

Consolidated Statement of Operations (Unaudited)

(Dollars in Thousands, except per share amounts)

	Six Months Ended June 30, 2014
Voyage revenue	18,282
Voyage expense	(6,002)
Vessel operating expense	(10,279)
Drydock expense	(511)
Depreciation expense	(4,165)
General & administration expense	(1,479)
Total operating expenses	(22,436)
Operating profit / (loss)	(4,154)
Other expenses	(3)
Net Loss	(4,157)
Net loss per share, basic and diluted	(0.20)
Weighted number of shares, basic and diluted	20,557,667

The following table reconciles net loss to EBITDA:

(Dollars in Thousands)

Three Months Ended	June 30, 2014	March 31, 2014
Net loss	(2,494)	(1,663)
Add: Depreciation expense	2,654	1,511
EBITDA (1)	160	(152)

(1) EBITDA represents net income/(loss) before interest, taxes, depreciation and amortization and is used as a supplemental financial measure by management to assess our financial and operating performance. We believe that EBITDA assists our management and investors by increasing the comparability of our performance from period to period. This increased comparability is achieved by excluding the potentially disparate effects between periods of and depreciation and amortization expense, which items may be affected by various and possibly changing financing methods, capital structure and historical cost basis and which items may significantly affect net income between periods. We believe that including adjusted EBITDA as a financial and operating

measure benefits investors in selecting between investing in us and other investment alternatives EBITDA does not represent and should not be considered as an alternative to net income/(loss) or cash flow from operations, as determined by United States generally accepted accounting principles, or U.S. GAAP, and our calculation of EBITDA may not be comparable to that reported by other companies.

Consolidated Balance Sheets (Unaudited)

(Dollars in Thousands)

As at	June 30, 2014	December 31, 2013
ASSETS		
Current assets		
Cash & cash equivalents	24,083	1,358
Trade accounts receivable & accrued income	5,327	586
Inventories	2,726	1,072
Other receivables	310	423
Total current assets	32,446	3,439
Non-current assets		
Vessels, net	224,650	68,170
Other fixed assets	101	75
Advances for vessel acquisition and vessels under construction	17,434	13,621
Deferred financing costs	141	-
Total non-current assets	242,326	81,866
Total assets	274,772	85,305
LIABILITIES AND EQUITY		
Current liabilities		
Shareholders'/ owners' equity	7,734	637
	267,038	84,668
Total liabilities and shareholders' equity	274,772	85,305

Consolidated Statement of Cash Flows (Unaudited)

(Dollars in Thousands)

Six Months ended
June 30, 2014

Cash flows from operating activities	
Net Loss	(4,157)
Adjustments to reconcile loss to net cash provided by operating activities:	
Depreciation	4,165
Changes in operating assets and liabilities:	
Trade accounts receivable & accrued revenue	(4,741)
Inventories	(1,654)
Other receivables	114
Accounts payable	6,956
Net cash provided by operating activities	683
Cash flows from investing activities	
Purchase of vessels	(155,594)
Advances for vessel acquisitions and vessels under construction	(8,828)
Purchase of other fixed assets	(63)
Net cash used in investing activities	(164,485)
Cash flows from financing activities	
Cash contributions	186,527
Net cash provided by financing activities	186,527
Net increase in cash and cash equivalents	22,725
Cash and cash equivalents at the beginning of the period	1,358
Cash and cash equivalents at the end of the period	24,083

About Pioneer Marine Inc.

Pioneer Marine Inc. is a leading shipowner and global drybulk handysize transportation service provider. Pioneer Marine currently owns twelve Handysize and one Handymax drybulk carriers with an additional 14 Handysize newbuildings on order for delivery in 2015. The Handysize Green Dolphins newbuildings are 'Eco' vessels designed by SDARI.

Forward-Looking Statements

Matters discussed in this press release may constitute forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides safe harbor protections for forward-looking statements in order to encourage companies to provide prospective information about their business. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The Company desires to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and is including this cautionary statement in connection with this safe harbor legislation. The words "believe," "anticipate," "intends," "estimate," "forecast," "project," "plan," "potential," "may," "should," "expect," "pending" and similar expressions identify forward-looking statements.

The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, our management's examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections.

In addition to these important factors, other important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include the failure of counterparties to fully perform their contracts with us, the strength of world economies and currencies, general market conditions, including fluctuations in charter rates and vessel values, changes in demand for dry bulk vessel capacity, changes in our operating expenses, including bunker prices, drydocking and insurance costs, the market for our vessels, availability of financing and refinancing, charter counterparty performance, ability to obtain financing and comply with covenants in such financing arrangements, changes in governmental rules and regulations or actions taken by regulatory authorities,

potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents or political events, vessels breakdowns and instances of off-hires and other factors.

Contact:

Pioneer Marine Inc.

Pankaj Khanna, President and CEO

admin@pioneermarine.com

Investor Relations / Media

Capital Link, Inc.

Paul Lampoutis

+212 661 7566

pioneermarine@capitallink.com