

Pioneer Marine Inc. Announces Second Quarter 2015 Results

MAJURO -- (Marketwired – August 10, 2015) – Pioneer Marine Inc. and its subsidiaries (OSLO-OTC: PNRM) ("Pioneer Marine," or the "Company") a leading shipowner and global drybulk handysize transportation service provider announced its financial and operating results for the second quarter ended June 30, 2015.

Recent events:

- On August 5, 2015, Pioneer Marine Inc. completed a private placement with the sale and issue of 7,142,857 of common shares at a price of \$3.50 per share and raised gross proceeds of \$25 million.

Highlights:

- Net loss of \$6.5 million, or \$0.28 basic and diluted loss per share for the second quarter of 2015 and a net loss of \$10.8 million, or \$0.47 basic and diluted loss per share for the six month period ended June 30, 2015
- Net Revenue amounted to \$8.6 million for the second quarter of 2015 and \$18.9 million for the six month period ended June 30, 2015.
- During the first semester of 2015 the Company made progress payments to the shipyards of \$8.63 million relating to our vessels under construction.

Pankaj Khanna, Chief Executive Officer, commented, "The second quarter saw a very important milestone for Pioneer as we concluded the financing of all 12 of our newbuildings delivering over the next 12 months. The first six vessels in the series are covered by a Sinasure guarantee that brings with it lower costs and access to additional bank capacity. Closing this facility for all the newbuildings in the worst freight environment in 35 years was indeed a challenge and we thank ABN AMRO, Deutsche Bank and Nord LB for their unwavering support. We would like to remind our shareholders that our Green Dolphin newbuildings are not only eco-design, but also equipped with features to offer substantial commercial flexibility such as hull strengthened to Ice Class 1C notation, fully logs fitted, carriage of various dangerous cargoes, grab fitted, ABB Octopus system to optimize fuel consumption, mass flow meters on the bunker line and more. In addition, we have negotiated extensive extended warranties beyond the typical shipyard guarantee which will lead to lower vessel operating costs in the first five years.

"We thank our shareholders for their continued support as we concluded a \$25 million private placement with some of our existing shareholders. This equity raise positions Pioneer with a long runway awaiting improvement in freight rates or provides a war chest if rates do improve.

"The first half of 2015 will be remembered as one of the most challenging periods for the drybulk market with freight rate levels last seen in the 1980s. The big difference from then is that operating costs were half of what they are today. With the operating platform we have developed we were able to outperform the BHSI by 23% in the second quarter and 15% in the first half. Our current fleet of 13 ships is too small to compare and compete against the

larger operators in the Handy space but we are batting at a much higher average than the size of our fleet and this performance should improve further as we take delivery of our Green Dolphins.

“Commencing in July we have seen the drybulk freight market improve substantially, especially for Capesize vessels as the shipments of iron ore from Brazil have picked up. Some of that upside has trickled down to the smaller sizes but not in any meaningful terms for the Handys. Looking at the supply-demand balance we are cautiously optimistic that the situation will improve further as we move into the fourth quarter.”

Financial Review: Three months ended June 30, 2015

Net Revenue for the second quarter of 2015 amounted to \$8.6 million as compared to \$12.2 million in the second quarter of 2014. Net revenue decreased by \$3.6 million mainly due to the lower average daily hires earned and the off hire days resulted from dry docking in the second quarter of 2015 compared to the same period in 2014.

Time Charter Equivalent ("TCE") revenue (Net Revenue less Voyage Expenses) amounted to \$6.5 million in the second quarter of 2015 compared to \$7.5 million for the second quarter of 2014. TCE per day for the second quarter of 2015 amounted to \$6,004 as compared to \$6,551 per day for the second quarter of 2014.

Vessel Operating Expenses ("OPEX") amounted to \$6.6 million for the second quarter of 2015 as compared to \$6.4 million in the second quarter of 2014. The increase of \$0.2 million is attributable to the increased number of average operating vessels that amounted to 13 vessels in the second quarter of 2015 as compared to 12.77 vessels in the second quarter of 2014. Second quarter 2015 ship days increased to 1,183 as compared to 1,162 days for the second quarter of 2014.

Dry docking expense for the second quarter of 2015 amounted to \$1.5 million and relates to the completion of dry docking for the vessels MV Paradise Bay, MV Azure Bay and MV Ha Long Bay and the partial dry docking of MV Fortune Bay that took place during this period. No vessels were dry docked during the second quarter of 2014.

General and administration expenses for the second quarter of 2015 increased to \$1.5 million as compared to \$0.9 million in the second quarter of 2014. The increase is mainly attributable to an increase in personnel costs due to an increase in head count, professional fees, directors' fees and various other expenses attributable to the increased operations and planned growth of the Company.

Financial Review: Six months ended June 30, 2015

Net Revenue for the six months ended June 30, 2015 amounted to \$18.9 million as compared to \$18.2 million in the same prior year period. Net revenue increased by \$0.7 million due to the increased number of operating vessels and operating days of the fleet which increased to 2,231 days within the six month period ended June 30, 2015 as compared to 1,712 days in the same prior year period, partly offset by the lower average daily hire earned in the in the six months ended June 30, 2015 compared to the same period in 2014.

Time Charter Equivalent ("TCE") revenue (Net Revenue less Voyage Expenses) amounted to \$12.8 million in the six months ended June 30, 2015 as compared to \$12.3 million in the six months ended June 30, 2014. TCE per day for the year six months ended June 30, 2015 amounted to \$5,740 as compared to \$7,173 per day for the same period in 2014.

Vessel Operating Expenses ("OPEX") amounted to \$12.2 million for the six month period ended June 30, 2015 as compared to \$10.3 million in the six month period ended June 30, 2014. The increase is attributable to the increased number of operating vessels that amounted to an average of 13 vessels during the six month period ended June 30, 2015 as compared to 9.89 average vessels in the same period during 2014. Ship days increased to 2,353 as compared to 1,790 days in the six month period ended June 30, 2014.

Dry docking expense for the six months ended June 30, 2015 amounted to \$1.7 million as compared to \$0.5 million in the same prior year period. Dry dock expense increased by \$1.2 million due to the fact that within the six months ended June 30, 2015 MV Paradise Bay, MV Azure Bay, MV Fortune Bay and MV Ha Long Bay underwent dry dock, whereas in the same prior year period only MV Mykonos Bay underwent dry dock.

Depreciation expense for the six month period ended June 30, 2015 increased to \$5.4 million from \$4.2 million in the same period during 2014 due to the increase in the average number of vessels as discussed above.

General and administration expenses for the six month period ended June 30, 2015 increased to \$2.8 million as compared to \$1.5 million in the same period during 2014. The increase is mainly attributable to an increase in personnel costs due to an increase in head count, professional fees, directors' fees and various other expenses attributable to the increased operations and planned growth of the Company.

Fleet List as of June 30, 2015

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

(1) Estimated year of completion for vessels under construction

(2) Green Dolphin Newbuilding being constructed by Yangzhou Guoyu Shipbuilding Co., LTD (Guoyu)

Summary of Operating Data (unaudited)

(US Dollars (USD) in Thousands, except per share data expressed in USD)

	Three months Ended June 30, 2015	Three months Ended June 30, 2014	Six months Ended June 30, 2015	Six months Ended June 30, 2014
Revenue, net	8,620	12,156	18,924	18,282
Voyage expenses	(2,100)	(4,695)	(6,120)	(6,002)
Time charter equivalent revenue	6,520	7,461	12,804	12,280
Vessel operating expense	(6,648)	(6,414)	(12,230)	(10,279)
Drydock expense	(1,520)	-	(1,748)	(511)
Depreciation expense	(2,719)	(2,654)	(5,412)	(4,165)
General and administration expense	(1,518)	(885)	(2,800)	(1,479)
Interest expense and finance cost	(577)	-	(1,312)	-
Interest income	15	-	33	1
Other taxes and expenses	(8)	(2)	(169)	(4)
Net loss	(6,455)	(2,494)	(10,834)	(4,157)
Net loss per share, basic and diluted	(0.28)	(0.11)	(0.47)	(0.20)

(US Dollars in Thousands)

	Three months Ended June 30, 2015	Three months Ended June 30, 2014	Six months Ended June 30, 2015	Six months Ended June 30, 2014
Net loss	(6,455)	(2,494)	(10,834)	(4,157)
Add: Depreciation expense	2,719	2,654	5,412	4,165
Add: Drydocking expense	1,520	-	1,748	511
Add: Interest expense and finance cost	577	-	1,312	-
Add: Other taxes	1	-	33	-
Less: Interest income	(15)	-	(33)	(1)
Adjusted EBITDA ⁽¹⁾	(1,638)	160	(2,362)	518

- (1) Adjusted EBITDA represents net loss before interest, other taxes, depreciation and amortization and drydocking expense and is used as a supplemental financial measure by management to assess our financial and operating performance. We believe that Adjusted EBITDA assists our management and investors by increasing the comparability of our performance from period to period. We believe that including Adjusted EBITDA as a financial and operating measure benefits investors in selecting between investing in us and other investment alternatives. Adjusted 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

Vessel Utilization:	Three months Ended June 30, 2015	Three months Ended June 30, 2014	Six months Ended June 30, 2015	Six months Ended June 30, 2014
Ship days (2)	1,183	1,162.3	2,353	1,789.6
Off-hire days	24.71	23.5	39.91	52.43
Off-hire days due to dry-dock	72.35	-	82.13	24.9
Operating days (3)	1,085.9	1,138.8	2,230.96	1,712.27
Fleet Utilization (4)	91.8%	98%	94.8%	95.7%
TCE per day- \$ (1)	6,004	6,551	5,740	7,173
Opex per day- \$	5,620	5,519	5,198	5,744
Vessels at period end	13	13	13	13
Average number of vessels during the period (5)	13	12.77	13	9.89

- (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 for undergoing 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.
- (4) Fleet utilization is defined as the ratio of operating days to ship days.
- (5) Average number of vessels is the number of vessels that constituted our fleet for the relevant period, as measured by the sum of the number of ship days divided by the number of calendar days in that period.

Condensed Consolidated Balance Sheets (Unaudited)
(US Dollars in Thousands)

As at	June 30, 2015	December 31, 2014
ASSETS		
Cash & cash equivalents and restricted cash (current and noncurrent)	70,580	105,005
Other current assets	5,481	5,489
Vessels, net	213,877	219,264
Advances for vessel acquisition and vessels under construction	59,613	48,775
Other non-current assets	3,042	222
Total assets	352,593	378,755
LIABILITIES AND EQUITY		
Accounts payable and accrued liabilities	5,949	5,042
Deferred revenue	465	1,286
Total debt, net of deferred finance costs	98,493	113,227
Other non-current liabilities	-	680
Total liabilities	104,907	120,235
Shareholders' equity	247,686	258,520
Total liabilities and shareholders' equity	352,593	378,755

Condensed Consolidated Statement of Cash Flows (Unaudited)

(US Dollars in Thousands)

	Six months Ended June 30, 2014	Six months Ended June 30, 2014
Cash flows from operating activities		
Net Loss	(10,834)	(4,157)
Adjustments to reconcile net loss to net cash (used in)/provided by operating activities:		
Depreciation	5,412	4,165
Amortization of deferred finance fees	390	-
Changes in operating assets and liabilities	(554)	675
Net cash (used in)/provided by operating activities	(5,586)	683
Cash flows from investing activities		
Acquisition of vessels	-	(155,594)
Payments for vessel acquisition and vessels under construction	(10,838)	(8,828)
Purchase of other fixed assets	(58)	(63)
Restricted cash	835	-
Net cash used in investing activities	(10,060)	(164,485)
Cash flows from financing activities		
Payment of deferred finance fees	(2,643)	-
Loan repayments	(15,300)	-
Cash contributions and proceeds from sale of shares	-	186,527
Net cash (used in)/provided by financing activities	(17,943)	186,527
Net (decrease)/increase in cash and cash equivalents	(33,589)	22,725
Cash and cash equivalents at the beginning of the period	98,829	1,358
Cash and cash equivalents at year end	65,240	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 12 Handysize newbuildings on order for delivery through 2016. 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.

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