



## PAN ORIENT ENERGY CORP.

### Press Release

#### 2015 Third Quarter Financial & Operating Results

CALGARY, November 19, 2015

Pan Orient Energy Corp. ("Pan Orient") (POE – TSXV) reports its 2015 third 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.*

The Corporation is today filing its unaudited consolidated financial statements as at and for the nine months ended September 30, 2015 and related management's discussion and analysis with Canadian securities regulatory authorities. Copies of these documents may be obtained online at [www.sedar.com](http://www.sedar.com) or the Corporation's website, [www.panorient.ca](http://www.panorient.ca).

Commenting today on Pan Orient's third quarter 2015 results, President and CEO Jeff Chisholm stated: "We are very pleased with the solid late third quarter and subsequent Thailand production growth that was the result of a number of low cost workovers. The discovery at Akeh-1 in Indonesia was a positive result and work is currently underway towards progressing this discovery through the Government of Indonesia regulatory process with key meetings scheduled to be held in December 2015."

#### **THIRD QUARTER 2015 HIGHLIGHTS**

- The Akeh-1 exploration well at Batu Gajah Production Sharing Contract ("PSC") in Indonesia was drilled during the third quarter and resulted in a natural gas and condensate discovery.
- Three successful workovers at the L53G and L53A fields in Thailand Concession L53 with production from new reservoir zones. Oil sales net to Pan Orient's 50.01% interest in the Thailand Joint Venture increased in the third quarter to 299 BOPD and further increased in October to 455 BOPD as a result of these workovers.
- Pan Orient had farmed-out a 51% participating interest and operatorship of the East Jabung PSC to a subsidiary of Talisman Energy Inc. on June 1, 2015. Planning continues for drilling the first exploration well at the Anggun Prospect, for which the farminee is funding the first USD\$5 million of Pan Orient's share of the exploration well. Pan Orient and the operator have approved the East Jabung PSC 2016 work program and budget that includes the drilling of the Anggun-1 well. We expect an update on the timing of drilling of the well from the operator early in the first quarter of 2016.
- Bitumen production at the Sawn Lake, Alberta steam assisted gravity drainage ("SAGD") demonstration project of Andora Energy Corporation ("Andora") continues to ramp-up and averaged 441 BOPD on a 100% basis (221 BOPD net to Andora) over the past 15 days with a steam-oil ratio ("SOR") of 4.2.
- For the third quarter of 2015, net income attributable to common shareholders was \$2.3 million and corporate funds flow from operations was \$3.4 million.
- Strong financial position as at September 30, 2015 with working capital and non-current deposits of \$81.1 million, which is mainly held as cash deposits in Canada denominated in United States dollars. Pan Orient benefited from the increase in the exchange rate of the United States dollar to the Canadian dollar (increased from 1.25 to 1.34 during the third quarter of 2015). Pan Orient has no long-term debt.
- Repurchased an additional 544,100 common shares under the normal course issuer bid during the third quarter of 2015, resulting in 54.9 million outstanding Pan Orient shares at September 30, 2015.

## 2015 THIRD QUARTER OPERATING RESULTS

*The financial statements reflect that on February 2, 2015 the Company sold a 49.99% equity interest in its subsidiary Pan Orient Energy (Siam) Ltd. and retained a 50.01% equity interest. From February 2, 2015 forward the retained 50.01% equity interest is reclassified as a jointly controlled Joint Venture and Pan Orient's 50.01% equity interest in the working capital, assets, capital expenditures, liabilities and operations of Pan Orient Energy (Siam) Ltd. are recorded as Investment in Thailand Joint Venture.*

- Net income attributable to common shareholders for the third quarter of 2015 of \$2.3 million (\$0.04 per share) primarily due to a foreign exchange gain of \$3.5 million from the increased value of United States dollar holdings. Net income attributable to common shareholders for the first nine months of 2015 of \$33.0 million (\$0.59 per share) largely from the \$38.5 million gain recorded on the sale of a 49.99% equity interest in its subsidiary Pan Orient Energy (Siam) Ltd. during the first quarter of 2015.
- For the third quarter of 2015, the Company recorded total corporate funds flow from operations of \$3.4 million (\$0.06 per share), including the results of the 50.01% interest in the Thailand joint venture. For the nine months ended September 30, 2015, total corporate funds flow from operations was \$2.8 million (\$0.05 per share) and funds flow from sale of the Thailand interest was \$48.9 million (\$0.89 per share).
- Pan Orient reports capital expenditures of \$8.1 million in the third quarter of 2015, with \$7.2 million in Indonesia and \$0.9 million in Canada at the Sawn Lake SAGD demonstration project of Andora. In addition, Pan Orient's share of Thailand joint venture capital expenditures was \$0.1 million, which was recorded in Investment in Thailand Joint Venture. During the first nine months of 2015 capital expenditures were \$8.7 million in Indonesia, \$0.1 million in Thailand prior to February 2, 2015 and \$4.0 million in Canada at the Sawn Lake SAGD demonstration project of Andora. In addition, Pan Orient's share of Thailand joint venture capital expenditures from February 2 to September 30, 2015 was \$3.7 million.
- During the third quarter of 2015, Pan Orient repurchased an additional 544,100 common shares at prices ranging from \$1.14 to \$1.35 per share under its normal course issuer bid. To date, Pan Orient has repurchased 1,874,900 common shares at an average price of \$1.44 per share.
- At September 30, 2015 Pan Orient had \$81.1 million of working capital and non-current deposits. Working capital and non-current deposits were comprised of \$71.8 million cash, \$3.9 million of non-current deposits, \$12.5 million of Canadian taxes receivable, other receivables of \$1.7 million and less accounts payable of \$8.7 million. There is \$1.8 million of equipment inventory at the Batu Gajah PSC in Indonesia for utilization in future drilling operations at the PSC. In addition, Pan Orient's Investment in Thailand Joint Venture includes \$0.9 million of Thailand working capital and non-current deposits and \$2.0 million of equipment inventory to be utilized for future Thailand Joint Venture operations.
- Pan Orient had outstanding capital commitments as at September 30, 2015 of \$2.1 million in Indonesia associated with the Company's 49% participating interest in the East Jabung PSC. In Canada, there were capital commitments of \$0.3 million with respect to contracted natural gas pipeline tie-in and tariff charges associated with the Sawn Lake SAGD demonstration project of Andora.
- Results Net to Pan Orient's 50.01% Interest in the Thailand Joint Venture for Concession L53
  - Average oil sales of 299 BOPD during the third quarter of 2015 and generated \$0.9 million in funds flow from operations, or \$31.56 per barrel. For the first nine months of 2015, average oil sales of 291 BOPD and \$2.6 million in funds flow from operations, or \$32.63 per barrel.
  - Per barrel amounts during the third quarter of 2015 were a realized price for oil sales of \$56.61, transportation expenses of \$1.60, operating expenses of \$13.09, general and administrative expenses of \$6.40 and a royalty to the Thailand government of \$2.80. Oil sales revenue during this period was allocated 39% to expenses for transportation, operating, and general & administrative, 5% to the government of Thailand for royalties, and 56% to the Thailand Joint Venture. No Thailand petroleum income taxes or Special Remuneratory Benefit tax was recorded during the quarter.
  - Oil sales in October 2015 at Concession L53 were 455 BOPD.
  - During the third quarter, Pan Orient completed workovers on two wells at the L53G field and one well at the L53A field to produce from additional reservoir zones. Production from these three wells was approximately 90 BOPD prior to the workovers and current production is 345 BOPD (with an average of 354 BOPD over the past 60 days). The estimated cost of the workover program was \$160,000.
  - The L53-DC1ST1 appraisal well drilled in March 2015 added 8 BOPD in the first quarter, 67 BOPD in the second quarter and 20 BOPD in the third quarter net to Pan Orient. The L53-DEXT1ST2 appraisal well also drilled in March added 12 BOPD in the second quarter and third quarters net to Pan Orient.
  - Capital expenditures were \$0.1 million in Thailand during the third quarter of 2015. The \$3.8 million of Thailand capital expenditures during the first nine months of 2015 at Concession L53, including the 50.01% interest in the Thailand Joint Venture from February 2, 2015 onwards, were comprised of \$3.1 million for the three well drilling program, \$0.6 million for workovers and other capital expenditures and \$0.1 million for capitalized general and administrative expenses.

- Indonesia
  - Capital expenditures in Indonesia were \$8.7 million during the first nine months of 2015. Capital expenditures of \$0.3 million at the East Jabung PSC were for permits and fees at the Anggun Prospect prior to the farming-out of interests, engineering fees and capitalized G&A. Capital expenditures \$8.4 million at the Batu Gajah PSC were \$7.0 million for drilling of the Akeh-1 exploration well and \$1.4 million for capitalized G&A.
  - The Akeh-1 exploration well at Batu Gajah PSC was drilled during the third quarter and resulted in a natural gas and condensate discovery. The cost of the Akeh-1 exploration well to September 30<sup>th</sup> was \$7.0 million and an estimated additional \$2.6 million has been incurred in the fourth quarter to complete drilling and testing of the well. Testing was completed in the third week of October.
  - On October 6, 2015 the Citarum PSC expired.
- Canada
  - Andora is the operator and holds a 50% working interest the Sawn Lake, Alberta SAGD demonstration project. Andora is a 71.8% owned subsidiary of Pan Orient and is consolidated with Pan Orient for reporting purposes.
  - Capital expenditures for the Sawn Lake demonstration project during the first nine months of 2015 have been \$4.0 million. Capital expenditures are related to final construction of the SAGD facility, installation of additional equipment for processing and treating the bitumen production at site, replacement of the electrical submersible pump, purchase of inventory and capitalization of expenses and revenues of the demonstration project. For the first nine months of 2015, Andora has capitalized \$2.2 million of demonstration project expenses less revenues.
  - The SAGD producing well continues in its ramp-up phase. The steam chamber reached the top of the Bluesky formation sandstone reservoir in October. During the first quarter of 2015, bitumen production averaged 290 BOPD (145 BOPD net to Andora) with an SOR of 5.6. During the second quarter of 2015, bitumen production averaged 306 BOPD (153 BOPD net to Andora) with an SOR of 5.6 despite being shut-in from April 11<sup>th</sup> to April 30<sup>th</sup> due to a problem with the electrical submersible pump. During the third quarter of 2015 there was a temporary shutdown for inspection of pressure vessels and installation of additional meters, and bitumen production averaged 367 BOPD (184 BOPD net to Andora) with an SOR of 4.6.
  - Production results to date are not necessarily indicative of long-term performance or of ultimate recovery and the Sawn Lake demonstration project has not yet proven that it is commercially viable. All related costs and revenues are being capitalized as exploration and evaluation assets until commercial viability is achieved.

## OUTLOOK

- Indonesia
  - Technical data obtained in the drilling and testing of the Akeh-1 exploration well is being used to update our understanding of the Akeh prospect and prepare regulatory filings. The next step will be holding discussions with the Government of Indonesia in relation to having the Akeh structure "Released from Exploration Status" as a "conclusive discovery". A successful release would allow the commencement of a "Pre-Plan of Development" study to determine the likelihood of the commerciality of the Akeh-1 discovery, which would be followed (if commerciality is deemed likely) by the compilation and submission of a Plan of Development. Readers are cautioned that test results are not necessarily indicative of long-term performance or of ultimate recovery
  - At the East Jabung PSC, Pan Orient and the operator have approved the 2016 work program and budget which includes the drilling of the Anggun-1 exploration well. The time lines for drilling of the Anggun-1 exploration well will be firmed up early in the first quarter of 2016, by which time all approvals should be in place and the access route selected.
- Thailand
  - Pan Orient is evaluating the success of the 2015 workover program at Concession L53 to determine the workover and drilling program for 2016.
- Canada - Sawn Lake (Operated by Andora, in which Pan Orient has a 71.8% ownership)
  - The demonstration project continues to confirm that the SAGD process works in the Bluesky formation reservoir, indicates the productivity of the reservoir and indicates the amount of steam injection required to produce the bitumen. These are key components in assessing the potential for commercial SAGD development at Sawn Lake. The Sawn Lake demonstration project is expected to reach its maximum sustained production level in December 2015.

- A regulatory application is being prepared for a potential expansion at the demonstration project site which would increase the operation to eight SAGD wellpairs and associated facilities. The application is expected to be submitted by the end of January 2016 and approval is expected to take approximately a year and a half. There is no certainty that it will be economically viable to proceed with commercial development. The decision to proceed with an expansion will be considered in the context of a higher commodity price environment after regulatory approval is obtained.

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, required government approvals, 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, changes in demand for oil and gas, the results of commercial negotiations, the timing and outcome of applications for government approvals, 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.*

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

**FOR FURTHER INFORMATION, PLEASE CONTACT:**

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**Financial and Operating Summary**
*(thousands of Canadian dollars except where indicated)*

	Three Months Ended September 30,		Nine months Ended September 30,		% Change
	2015	2014	2015	2014	
<b>FINANCIAL</b>					
<b>Financial Statement Results – Excluding 50.01% Interest in Thailand Joint Venture from February 2, 2015 onwards (Note 1)</b>					
Net income (loss) attributed to common shareholders	2,341	(363)	33,033	(695)	
Per share – basic and diluted	\$ 0.04	\$ (0.00)	\$ 0.59	\$ (0.01)	
Cash flow from operating activities (Note 2)	4,093	4,184	1,359	12,664	-89%
Per share – basic and diluted	\$ 0.07	\$ 0.07	\$ 0.02	\$ 0.22	-89%
Cash flow from (used in) investing activities (Note 2)	(5,338)	(79)	46,399	(22,556)	-306%
Per share – basic and diluted	\$ (0.10)	\$ (0.00)	\$ 0.83	\$ (0.40)	-309%
Working capital	77,225	43,633	77,225	43,633	77%
Working capital & non-current deposits	81,128	44,573	81,128	44,573	82%
Long-term debt	-	-	-	-	0%
Shares outstanding (thousands)	54,885	56,760	54,885	56,760	-3%
<b>Working Capital and Non-current Deposits</b>					
Beginning of period	86,909	43,789	40,854	47,889	-15%
Corporate funds flow from operations (Note 4)	2,540	3,721	530	12,688	-96%
Proceeds from 2012 sale of Thailand interest	-	-	-	174	-100%
Funds flow from sale of Thailand interest	-	-	48,877	-	100%
Working capital and non-current deposits derecognized on sale of Thailand interest and recorded in Investment in Joint Venture	-	-	(3,151)	-	100%
Consolidated capital expenditures (Note 6)	(8,074)	(3,163)	(12,754)	(18,355)	-31%
Funds flow used in investment in Thailand Joint Venture	(54)	-	(98)	-	100%
Disposal of petroleum and natural gas assets (Note 7)	-	-	9,764	2,698	262%
Settlement of Decommissioning liabilities	-	(127)	-	(225)	-100%
Normal course issuer bid	(680)	-	(2,691)	-	100%
Foreign operations - unrealized foreign exchange impact	487	353	(203)	(296)	-31%
End of period	81,128	44,573	81,128	44,573	82%
<b>Economic Results – Including 50.01% Interest in Thailand Joint Venture from February 2, 2015 onwards (Note 3)</b>					
Total corporate funds flow from operations (Note 4)	3,420	3,721	2,839	12,688	-78%
Per share – basic and diluted	\$ 0.06	\$ 0.07	\$ 0.05	\$ 0.22	-77%
<b>Corporate funds flow from (used in) operations by region (Note 4)</b>					
Canada	3,791	(173)	3,159	(682)	-563%
Thailand – 100% to February 1, 2015 (Note 1)	(12)	4,311	286	14,715	-98%
Indonesia	(1,239)	(417)	(2,915)	(1,345)	117%
Funds flow from consolidated operations	2,540	3,721	530	12,688	-96%
Share of Thailand Joint Venture (Note 3)	880	-	2,309	-	100%
Total corporate funds flow from operations	3,420	3,721	2,839	12,688	-78%
<b>Funds flow from sale of Thailand interest</b>					
Sales proceeds	-	-	53,456	-	
Transaction costs	-	-	(1,428)	-	
Working capital and non-current deposits in Thailand interest sold	-	-	(3,151)	-	
Total funds flow from disposition of Thailand interest	-	-	48,877	-	
<b>Petroleum and natural gas properties</b>					
Capital expenditures (Note 6)	8,199	3,163	16,459	18,355	-10%
Dispositions – excluding sale of Thailand interest (Note 7)	-	-	(9,764)	(2,698)	262%
<b>Capital Expenditures (Note 6)</b>					
Canada (Note 5)	899	1,877	3,966	8,599	-54%
Thailand – 100% to February 1, 2015 (Note 1)	-	483	60	3,916	-98%
Indonesia	7,175	803	8,728	5,840	49%
Consolidated capital expenditures	8,074	3,163	12,754	18,355	-31%
Share of Thailand Joint Venture capital expenditures	125	-	3,705	-	100%
Total capital expenditures	8,199	3,163	16,459	18,355	-10%
<b>Investment in Thailand Joint Venture</b>					
Beginning of period	36,686	-	-	-	
Investment retained on sale of Thailand interest	-	-	38,587	-	
Net loss from Joint Venture	(481)	-	(1,064)	-	
Other comprehensive loss (gain) from Joint Venture	70	-	(1,292)	-	
Amounts advanced to Joint Venture	54	-	98	-	
End of period	36,329	-	36,329	-	

	Three Months Ended September 30,		Nine months Ended September 30,		Change
	2015	2014	2015	2014	
<i>(thousands of Canadian dollars except where indicated)</i>					
<b>Thailand Operations</b>					
<b>Economic Results – Including 50.01% Interest in Thailand Joint Venture from February 2, 2015 onwards (Note 3)</b>					
Oil sales (bbls)	27,506	58,202	79,529	192,335	-59%
Average daily oil sales (BOPD) by Concession L53	299	633	291	705	-59%
Average oil sales price, before transportation (CDN\$/bbl)	\$ 56.61	\$ 100.34	\$ 62.00	\$ 103.34	-40%
Reference Price (volume weighted) and differential					
Crude oil (Brent \$US/bbl)	\$ 49.66	\$ 101.92	\$ 55.24	\$ 106.83	-48%
Exchange Rate \$US/\$Cdn	1.30	1.10	1.26	1.11	14%
Crude oil (Brent \$Cdn/bbl)	\$ 64.53	\$ 112.56	\$ 69.56	\$ 118.39	-41%
Sale price / Brent reference price	88%	89%	89%	87%	2%
Funds flow from (used in) operations (Note 4)					
Crude oil sales	1,557	5,840	4,931	19,875	-75%
Government royalty	(77)	(286)	(242)	(979)	-75%
Transportation expense	(44)	(95)	(130)	(315)	-59%
Operating expense	(360)	(766)	(1,255)	(2,688)	-53%
Field netback	1,076	4,693	3,304	15,893	-79%
General and administrative expense (Note 8)	(176)	(384)	(675)	(1,193)	-43%
Interest income	1	2	7	16	-56%
Foreign exchange loss	(33)	-	(41)	-	100%
Current income tax	-	-	-	(1)	-100%
Funds flow from operations	868	4,311	2,595	14,715	-82%
Funds flow from operations / barrel (CDN\$/bbl) (Note 4)					
Crude oil sales	\$ 56.61	\$ 100.34	\$ 62.00	\$ 103.34	-40%
Government royalty	(2.80)	(4.91)	(3.04)	(5.09)	-40%
Transportation expense	(1.60)	(1.63)	(1.63)	(1.64)	0%
Operating expense	(13.09)	(13.16)	(15.78)	(13.98)	13%
Field netback	39.12	80.64	\$ 41.55	\$ 82.63	-50%
General and administrative expense (Note 8)	(6.40)	(6.60)	(8.49)	(6.20)	37%
Interest Income	0.04	0.03	0.09	0.08	6%
Foreign exchange loss	(1.20)	-	(0.52)	-	100%
Current income tax	-	-	-	(0.01)	-100%
Thailand - Funds flow from operations	\$ 31.56	\$ 74.07	\$ 32.63	\$ 76.50	-57%
Government royalty as percentage of crude oil sales	5%	5%	5%	5%	0%
Income tax & SRB as percentage of crude oil sales	-	-	-	-	0%
As percentage of crude oil sales					
Expenses - transportation, operating, G&A and other	39%	21%	42%	21%	21%
Government royalty, SRB and income tax	5%	5%	5%	5%	0%
Funds flow from operations, before interest income	56%	74%	53%	74%	-21%
Wells drilled (wells were drilled after February 1, 2015)					
Gross	-	-	3	1	200%
Net	-	-	1.5	1.0	50%
<b>Financial Statement Presentation</b>					
<b>Results – Excluding 50.01% Interest in Thailand Joint Venture from February 2, 2015 onwards (Note 1)</b>					
Crude oil sales	-	5,840	809	19,875	-96%
Government royalty	-	(286)	(38)	(979)	-96%
Transportation expense	-	(95)	(24)	(315)	-92%
Operating expense	-	(766)	(257)	(2,688)	-90%
Field netback	-	4,693	490	15,893	-97%
General and administrative expense (Note 8)	(12)	(384)	(197)	(1,193)	-83%
Interest income	-	2	1	16	-94%
Foreign exchange loss	-	-	(8)	-	-
Current income tax	-	-	-	(1)	-100%
Funds flow from (used in) consolidated operations	(12)	4,311	286	14,715	-98%
Included in Investment in Thailand Joint Venture					
Net loss from Thailand Joint Venture	(481)	-	(1,064)	-	-
Add back non-cash items in net loss	1,361	-	3,373	-	-
Funds flow from Thailand Joint Venture	880	-	2,309	-	-
Thailand – Economic funds flow from operations	868	4,311	2,595	14,715	-82%

	Three Months Ended September 30,		Nine months Ended September 30,		Change
	2015	2014	2015	2014	
<i>(thousands of Canadian dollars except where indicated)</i>					
<b>Canada Operations (Note 5)</b>					
Interest income	31	57	117	206	-43%
General and administrative expenses (Note 8)	(387)	(309)	(1,821)	(1,535)	19%
Foreign exchange gain	4,147	79	4,863	647	652%
Canada – Funds flow from (used in) operations	3,791	(173)	3,159	(682)	-563%
<b>Indonesia Operations</b>					
General and administrative expense (Note 8)	(462)	(380)	(1,248)	(932)	34%
Exploration expense (Note 9)	(112)	(21)	(406)	(315)	29%
Foreign exchange loss	(665)	(16)	(805)	(98)	721%
Current income tax	-	-	(456)	-	100%
Indonesia – Funds flow used in operations	(1,239)	(417)	(2,915)	(1,345)	117%
Wells drilled					
Gross	1	-	1	-	100%
Net	0.8	-	0.8	-	100%

- (1) On February 2, 2015 the Company sold a 49.99% equity interest in its subsidiary Pan Orient Energy (Siam) Ltd. and retained a 50.01% equity interest in the company. The transaction resulted in Pan Orient Energy (Siam) Ltd. changing from a wholly-owned and controlled subsidiary to a joint arrangement where the Company shares joint control with the purchaser of the 49.99% equity interest. The resulting joint arrangement is classified as a Joint Venture under IFRS 11 and is required to be accounted for using the equity method of accounting rather than consolidated as it had previously been when Pan Orient Energy (Siam) Ltd. was a controlled subsidiary. The change in accounting from consolidation to the equity method has resulted in the accounts of Pan Orient Energy (Siam) Ltd. being derecognized from the consolidated financial statements and a net investment related to the portion of the interest retained being recognized at its estimated fair value upon initial recognition. Pan Orient's 50.01% equity interest in the assets, liabilities, working capital, operations and capital expenditures of Pan Orient Energy (Siam) Ltd. from February 2, 2015 forward are recorded in Investment in Thailand Joint Venture.
- (2) As set out in the Consolidated Statements of Cash Flows in the unaudited Consolidated Financial Statements of Pan Orient Energy Corp.
- (3) For the purpose of providing more meaningful economic results from operations for Thailand, and for comparison to previous period, the amounts presented consist of:
  - (a) Company's share of Thailand funds flow from operation at 100% from January 1, 2015 to February 1, 2015 (being the beginning of the year to the last date before the equity interest was completed as discussed in note 1)
  - (b) Company's share of Thailand funds flow from operating at 50.01% subsequent to February 2, 2015 (when the Company completed the equity sale transaction).
- (4) Corporate funds flow from operations is cash flow from operating activities prior to changes in non-cash working capital, reclamation costs and excluding the recovery of prior year income taxes plus the corresponding amount from the Thailand operations which is recorded in Investment in Joint Venture for financial statement purposes. This measure 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.
- (5) Funds flow from (used in) operations in the Canadian region includes the Canadian corporate office and Andora. Andora's Sawn Lake Demonstration Project in Alberta has not yet proven that it is commercially viable and all related costs and revenues are being capitalized as exploration and evaluation assets.
- (6) Cost of capital expenditures, excluding decommissioning provision and the impact of changes in foreign exchange rates.
- (7) During the second quarter of 2015 the Company completed a farmout of a 51% interest of the East Jabung PSC in Indonesia and received an upfront cash payment of USD \$8.0 million, less 5% withheld for transfer taxes, plus USD \$181 thousand reimbursed for G&A, which has been recorded as a disposal of E&E assets with no gain or loss recorded on the transaction. In 2014 the joint venture partners in Andora's Sawn Lake SAGD demonstration project repurchased the 3% gross overriding royalty on a portion of the non-owned working interests in 36.5 sections for \$2.7 million.
- (8) General & administrative expenses, excluding non-cash accretion on decommissioning provision and stock-based payments.
- (9) Exploration expense relates to exploration costs associated with the Citarum and South CPP PSCs in Indonesia.
- (10) Tables may not add due to rounding.