



PAN ORIENT ENERGY CORP.

Press Release

2016 Third Quarter Financial & Operating Results

CALGARY, November 17, 2016

Pan Orient Energy Corp. ("Pan Orient" or the "Company") (POE – TSXV) reports 2016 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 Company is today filing its unaudited consolidated financial statements as at and for the nine months ended September 30, 2016 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 Company's website, www.panorient.ca.

Commenting today on Pan Orient's 2016 third quarter results, President and CEO Jeff Chisholm stated: "We are very pleased with the results of the recently completed Thailand workover program that will ensure internally generated cash flow sufficient to fund 2017 exploration drilling within Thailand Concession L53. At the East Jabung PSC in Indonesia the operator has completed a great deal of technical work that confirms the confidence that I and the Pan Orient Board of Directors have always had in the great potential of this asset. The drilling of the first East Jabung exploration well late in the first quarter of 2017 will be the focal point of one of the most exciting periods that the Company has had since its inception. Meanwhile, we continue to seek new opportunities that have emerged as a result of the current low oil price environment and through which the Company can leverage its strong balance sheet."

HIGHLIGHTS FOR THE FIRST NINE MONTHS OF 2016

Indonesia

- The first exploration well at the Anggun prospect of the East Jabung Production Sharing Contract ("PSC") is planned to commence construction of the five kilometer access road in December 2016, followed late in the first quarter of 2017 with the drilling of the Ayu-1 exploration well.
- The Company is waiting for the decision on an extension application for the Batu Gajah PSC that was submitted in July 2016. Without the granting of a two year extension to the original ten year term of the PSC, it is not certain the Company will elect to proceed with the drilling of an appraisal well at the Akeh discovery, prior to the expiry of the PSC. A decision by the Government of Indonesia is expected prior to year-end.

Thailand

- Oil sales, net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, were 236 BOPD in the first half of 2016, with funds flow from operations of \$0.6 million (\$26.74 per barrel).
- Approval was received on May 10, 2016 from the Government of Thailand for a 215.87 square kilometer "reserved area" for exploration at Concession L53 for a period of up to five years.
- The 2016 exploration and development program has included five workovers and the ANE-A1 exploration well at the "A" North East prospect which failed to encounter hydrocarbons.

Sawn Lake, Canada (Pan Orient's 71.8% subsidiary Andora owns a 50% working interest and is the operator)

- The steam assisted gravity drainage ("SAGD") demonstration project reached a steady state production level in the first two months of 2016 with an average of 615 barrels per day ("BOPD") (307 BOPD net to Andora) with an average instantaneous steam-oil ratio ("ISOR") of 2.1 from the one SAGD wellpair. The demonstration project successfully captured the key data associated with its objectives and was suspended on February 29, 2016.
- The demonstration project established the viability of the SAGD process in the Bluesky formation at Sawn Lake, indicated the productive capability and ISOR, and provided critical information required for well and facility design associated with future commercial development. An application for a potential commercial expansion at Sawn Lake to 3,200 BOPD was submitted on April 29, 2016.
- In Andora's June 30, 2016 Contingent Resources Report based on the demonstration project, estimated unrisks "Best Estimate" contingent resources increased 8% to 231.6 million barrels of recoverable bitumen and the estimated before tax net present value, discounted at 10%, increased 21% to \$568 million, in each case compared to the prior report as at December 31, 2014.

Corporate

- On February 16, 2016, Pan Orient returned \$22.0 million (\$0.40 per common share) to shareholders.
- Corporate funds flow used in operations for the first nine months of 2016 was \$2.6 million with \$2.9 million used in the first half of 2016 and corporate funds flow from operations of \$0.3 million in the third quarter.
- Pan Orient is maintaining a strong financial position for planned exploration activities in Indonesia and Thailand with working capital and non-current deposits at September 30, 2016 of \$49.9 million and no long-term debt.

2016 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. ("POS") 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 POS are recorded as Investment in Thailand Joint Venture.

- Net loss attributable to common shareholders for the third quarter of 2016 of \$0.9 million (\$0.02 loss per share) compared with \$1.6 million (\$0.03 loss per share) in the second quarter of 2016 and \$2.3 million net income (\$0.04 net income per share) in the third quarter of 2015.
- For the third quarter of 2016, the Company recorded total corporate funds flow from operations, which includes the economic results of the 50.01% interest in the Thailand joint venture, of \$0.3 million (\$0.01 per share). This compares with total corporate funds flow used in operations for the second quarter of 2016 of \$0.8 million (\$0.01 loss per share). Compared with corporate funds flow used in operations from the second quarter of 2016, the third quarter of 2016 had:
 - foreign exchange gains in Canada of \$242 thousand (\$84 thousand gain in the second quarter)
 - Indonesia exploration expenses of \$4 thousand (versus \$0.8 million expense in the second quarter)
 - economic funds flow from Thailand operations 10% higher driven by an 8% increase in the realized crude oil price
- Pan Orient had capital expenditures of \$1.5 million in the third quarter of 2016, with \$0.8 million in Indonesia and \$0.2 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 \$0.4 million, which was recorded in Investment in Thailand Joint Venture.
- At September 30, 2016 Pan Orient had \$49.9 million of working capital and non-current deposits. Working capital and non-current deposits were comprised of \$47.0 million cash, \$4.3 million of non-current deposits, other receivables of \$0.4 million and less Canadian taxes payable of \$0.1 million and accounts payable of \$1.6 million. There is \$1.4 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 \$3.0 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, 2016 of \$2.0 million in Indonesia associated with the Company's 49% participating interest in the East Jabung PSC. In Canada, capital commitments are \$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.
- Pan Orient renewed the normal course issuer bid in March 2016 and Pan Orient is authorized to purchase, for cancellation, up to 4,549,963 of its common shares during the period of March 28, 2016 to March 28, 2017. No common shares have been repurchased under the renewed normal course issuer bid.
- Results Net to Pan Orient's 50.01% Interest in the Thailand Joint Venture for Concession L53
 - Average oil sales of 236 BOPD during the third quarter of 2016 and generated \$0.6 million in funds flow from operations, or \$26.74 per barrel. This compares with 238 BOPD in the second quarter of 2016 and \$24.73 per barrel in funds flow from operations (an 8% increase). The average realized sales price per barrel increased to \$50.68 from \$37.07 in the first quarter and \$46.74 in the second quarter.
 - Per barrel amounts during the third quarter of 2016 were a realized price for oil sales of \$50.68, transportation expenses of \$1.52, operating expenses of \$11.51, general and administrative expenses of \$8.42 and a 5% royalty to the Thailand government of \$2.49. Oil sales revenue during this period was allocated 42% to expenses for transportation, operating, and general & administrative, 5% to the government of Thailand for royalties, and 53% to the Thailand Joint Venture. No Thailand petroleum income taxes or Special Remuneratory Benefit tax was recorded during the quarter.
 - Oil sales in October 2016 at Concession L53, net to Pan Orient's 50.01% interest, were 303 BOPD.
- Capital expenditures in Indonesia of \$0.8 million during the third quarter of 2016 comprised of \$0.5 million at the East Jabung PSC accrued for the sub-surface portion of the 2012, 2013 and 2014 Land and Building Tax assessments and \$0.3 million capitalized G&A expenses at the Batu Gajah PSC.

- Sawn Lake Alberta Heavy Oil (Operated by Andora, in which Pan Orient has a 71.8% ownership)
 - Capital expenditures for the Sawn Lake demonstration project during the third quarter of 2016 were \$0.2 million and \$1.8 million for the first nine months of 2016. Capital expenditures related to suspension of demonstration project operations at the end of February 2016, costs associated with filing the application for potential commercial expansion at the demonstration project site, capitalization of expenses and revenues of the demonstration project and capitalized G&A. Andora capitalized \$1.0 million of demonstration project expenses less revenues in first nine months of 2016.
 - The demonstration project successfully captured the key data associated with its objectives, which was used to update the Sawn Lake reservoir model and prepare an updated contingent resources report. 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.
 - The June 30, 2016 Contingent Resources Report is a National Instrument 51-101 compliant resources evaluation for Andora's oil sands interests at Sawn Lake Alberta, Canada, as evaluated by Sproule Unconventional Limited ("Sproule"). The evaluation included all of Andora's Oil Sands Leases at Sawn Lake based on exploitation using SAGD. Results of the demonstration project increased unrisks recoverable resources 8%, significantly increased average peak production rates and decreased the requirement for natural gas by 16%. Andora's unrisks "Best Estimate" contingent resources increased 8% to 231.6 million barrels of recoverable bitumen (166.3 million barrels net to Pan Orient's 71.8% interest in Andora). The estimated before tax net present value, discounted at 10%, of Andora's unrisks "Best Estimate" contingent resources increased 21% to \$568 million (\$408 million net to Pan Orient's 71.8% interest in Andora), despite a 15% decrease in the forecast average realized price per barrel for bitumen, given the performance of the demonstration project in terms of peak production rate and cumulative steam-oil ratio ("CSOR"). The estimated after tax net present value, discounted at 10%, of Andora's unrisks "Best Estimate" contingent resources increased 26% to \$374 million (\$268 million net to Pan Orient's 71.8% interest in Andora). The evaluation assigned an 85% chance of development for Sawn Lake, or a 15% development risk, and the risks "Best Estimate" contingent resources for Andora are 196.9 million barrels of bitumen recoverable (141.4 million barrels net to Pan Orient's 71.8% interest in Andora). The risks "Best Estimate" net present value, discounted at 10%, for Andora's interests is \$482 million on a before tax basis and \$318 million on an after tax basis (\$346 million and \$228 million net to Pan Orient's 71.8% interest in Andora respectively).

OUTLOOK

INDONESIA

Batu Gajah, Onshore Sumatra Indonesia (Pan Orient 77% ownership & Operator)

The current 10 year term of the Batu Gajah PSC expires on January 15, 2017 and the Company awaits the decision on a PSC extension application that was submitted in July 2016. Without the granting of a two year extension to the original ten year term of the PSC, it is not certain the Company will elect to proceed with the drilling of an appraisal well at the Akeh discovery, prior to the expiry of the PSC. A decision by the Government of Indonesia on the status of the application is expected prior to year-end.

East Jabung PSC, Onshore Sumatra Indonesia (Pan Orient 49% ownership & Non Operator)

At an East Jabung PSC joint venture partners' meeting at the end of October the operator provided an update on the upcoming exploration drilling program at the Anggun prospect and presented the proposed 2017 Work Program and Budget. The operator has indicated that a topographic survey to the proposed first exploration drilling location has been completed and the procurement of all long lead time items was initiated in September. Construction of an approximately five kilometer access road and drilling pad is expected to start in December followed late in the first quarter of 2017 of the commencement of the drilling of an approximately 1,500 meter well called Ayu-1 (the original Cantik-1 was renamed to Ayu-1 at the request of the Government of Indonesia). The updated timeline comes after a detailed analysis of the alternative options for the access to the location while maximizing the efficiency of the operations. The original plan considered the use of a 70 kilometer stretch of public road that has seriously degraded over the past three years and would have required substantial upgrading.

THAILAND

Concession L53 Onshore (Pan Orient Energy (Siam) Ltd., in which Pan Orient has 50.01% ownership)

Oil production at onshore Concession L53 benefits from having a low cost structure, as demonstrated during the third quarter where the Brent reference price for crude oil averaged US\$45.88 per barrel and the field netback was \$35.16 per barrel and funds flow from operations was \$26.74 per barrel.

The five well workover program completed in October has increased production from 192 BOPD in August to 303 BOPD in October. The ANE-A1 exploration well was drilled to a total measured depth of 1,260 meters and is currently rigging down after failing to encounter commercial hydrocarbons despite the presence of excellent quality sandstones within the main target intervals. The well was drilled at a substantially reduced cost relative to recent wells as a result of substantial reductions to drilling rig and services costs. There still remains significant exploration potential within Concession L53 and plans for future exploration drilling will be detailed to shareholders prior to year-end 2016.

CANADA

Sawn Lake (Operated by Andora, in which Pan Orient has a 71.8% ownership)

Pan Orient continues to move forward with steps which allow for future development at Sawn Lake. It is recognized that higher crude oil prices, and specifically higher Western Canada Select reference prices, will be required for future development.

An application for a potential expansion at the demonstration project site to 3,200 BOPD was submitted at the end of April 2016. It is expected that a reactivation of the demonstration project facility and wellpair would be considered as part of a potential commercial expansion to 3,200 BOPD. The expansion application requests the drilling of up to seven additional SAGD wellpairs which are tied into the existing demonstration project facility. The facility would be expanded to generate the additional necessary steam, and it is anticipated that additional steam generation would include the test installation of Andora's proprietary produced water boiler. Andora believes that its produced water boiler could achieve significant benefits for Sawn Lake SAGD field development. An expansion is dependent on regulatory approval, completion of detailed engineering and a higher commodity price environment to support project economics and financing.

Corporate

The Company maintains a strong financial position allowing us to conduct key exploration activities and ensure financial flexibility. Pan Orient continues to review its worldwide exploration and development asset portfolio with the aim of maximizing corporate value and the best allocation of a substantial net cash balance that is in excess of future capital commitments. These activities range from the potential divestment of existing assets to the ongoing screening of new venture opportunities.

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: renewal, extension or termination of oil concessions and production sharing contracts; other regulatory approvals; well drilling programs and drilling plans; estimates of reserves and potentially recoverable resources; information on future production and project start-ups; potential purchases of common shares under the normal course issuer bid; and sufficiency of financial resources. 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 reserves 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 September 30,		Nine Months Ended September 30,		% Change
	2016	2015	2016	2015	
<i>(thousands of Canadian dollars except where indicated)</i>					
FINANCIAL					
Financial Statement Results – Excluding 50% Interest in Thailand Joint Venture from February 2, 2015 onwards (Note 1)					
Net income (loss) attributed to common shareholders	(876)	2,341	(4,688)	33,033	-114%
Per share – basic and diluted	\$ (0.02)	\$ 0.04	\$ (0.09)	\$ 0.59	-114%
Cash flow from operating activities (Note 2)	6,379	4,093	8,538	1,359	528%
Per share – basic and diluted	\$ 0.12	\$ 0.07	\$ 0.16	\$ 0.02	678%
Cash flow from (used in) investing activities (Note 2)	(720)	(5,338)	(5,799)	46,399	-112%
Per share – basic and diluted	\$ (0.01)	\$ (0.10)	\$ (0.11)	\$ 0.83	-113%
Working capital	45,642	77,225	45,642	77,225	-41%
Working capital & non-current deposits	49,945	81,128	49,945	81,128	-38%
Long-term debt	-	-	-	-	-
Shares outstanding (thousands)	54,885	54,885	54,885	54,885	0%
Capital Commitments (Note 3)	2,306	2,352	2,306	2,352	-2%
Contingencies (Note 4)					
Working Capital and Non-current Deposits					
Beginning of period	51,082	86,909	79,160	40,854	94%
Corporate funds flow from (used in) operations (Note 5)	(295)	2,540	(4,029)	530	-860%
Special Distribution (Note 6)	-	-	(21,954)	-	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 7)	(1,011)	(8,074)	(3,474)	(12,754)	-73%
Amounts advanced (to) from Thailand Joint Venture	65	(54)	132	(98)	-234%
Disposal of petroleum and natural gas assets (Note 8)	-	-	105	9,764	-99%
Normal course issuer bid	-	(680)	-	(2,691)	-100%
Foreign operations – unrealized foreign exchange impact	104	487	5	(203)	-102%
End of period	49,945	81,128	49,945	81,128	-38%
Economic Results – Including 50% Interest in Thailand Joint Venture from February 2, 2015 onwards (Note 9)					
Corporate funds flow from (used in) operations (Note 5)	299	3,420	(2,550)	2,839	-190%
Per share – basic and diluted	\$ 0.01	\$ 0.06	\$ (0.05)	\$ 0.05	-193%
Corporate funds flow from (used in) operations by region (Note 5)					
Canada (Note 10)	(140)	3,791	(2,679)	3,159	-185%
Thailand – 100% to February 1, 2015 (Note 1 & 11)	(13)	(12)	(27)	286	-109%
Indonesia	(142)	(1,239)	(1,323)	(2,915)	-55%
Funds flow from (used in) consolidated operations	(295)	2,540	(4,029)	530	-860%
Share of Thailand Joint Venture (Note 9)	594	880	1,479	2,309	-36%
Total corporate funds flow from (used in) operations	299	3,420	(2,550)	2,839	-190%
Funds flow from sale of Thailand interest	-	-	-	48,877	-100%
Petroleum and natural gas properties					
Capital expenditures (Note 7)	1,459	8,199	3,956	16,459	-76%
Disposition (Note 8)	-	-	(105)	(9,764)	-99%
Capital Expenditures (Note 7)					
Canada (Note 10)	248	899	1,804	3,966	-55%
Thailand – 100% to February 1, 2015 (Note 1)	-	-	-	60	-100%
Indonesia	763	7,175	1,670	8,728	-81%
Consolidated capital expenditures	1,011	8,074	3,474	12,754	-73%
Share of Thailand Joint Venture capital expenditures	448	125	482	3,705	-87%
Total capital expenditures	1,459	8,199	3,956	16,459	-76%
Investment in Thailand Joint Venture					
Beginning of period	32,967	36,686	35,088	-	
Investment retained on sale of Thailand interest	-	-	-	38,587	
Net loss from Joint Venture	(365)	(481)	(1,316)	(1,064)	24%
Other comprehensive income (loss) from Joint Venture	779	70	(324)	(1,292)	-75%
Amounts advanced to (from) Joint Venture	(65)	54	(132)	98	-234%
End of period	33,316	36,329	33,316	36,329	-8%

	Three Months Ended September 30,		Nine Months Ended September 30,		Change
	2016	2015	2016	2015	
<i>(thousands of Canadian dollars except where indicated)</i>					
Thailand Operations					
Economic Results – Including 50.01% Interest in Thailand Joint Venture from February 2, 2015 onwards (Note 9)					
Oil sales (bbls)	21,724	27,506	67,838	79,529	-15%
Average daily oil sales (BOPD) by Concession L53	236	299	248	291	-15%
Average oil sales price, before transportation (CDN\$/bbl)	\$ 50.68	\$ 56.61	\$ 44.52	\$ 62.00	-28%
Reference Price (volume weighted) and differential					
Crude oil (Brent \$US/bbl)	\$ 45.88	\$ 49.66	\$ 41.30	\$ 55.24	-25%
Exchange Rate \$US/\$Cdn	1.33	1.30	1.34	1.26	7%
Crude oil (Brent \$Cdn/bbl)	\$ 60.97	\$ 64.53	\$ 55.42	\$ 69.56	-20%
Sale price / Brent reference price	83%	88%	80%	89%	-10%
Funds flow from (used in) operations (Note 5)					
Crude oil sales	1,101	1,557	3,020	4,931	-39%
Government royalty	(54)	(77)	(149)	(242)	-38%
Transportation expense	(33)	(44)	(102)	(130)	-22%
Operating expense	(250)	(360)	(768)	(1,255)	-39%
Field netback	764	1,076	2,001	3,304	-39%
General and administrative expense (Note 12)	(183)	(176)	(554)	(675)	-18%
Interest income	-	1	6	7	-14%
Foreign exchange loss	-	(33)	-	(41)	-100%
Current income tax	-	-	(1)	-	100%
Thailand - Funds flow from operations	581	868	1,452	2,595	-44%
Funds flow from (used in) operations / barrel (CDN\$/bbl) (Note 5)					
Crude oil sales	\$ 50.68	\$ 56.61	\$ 44.52	\$ 62.00	-28%
Government royalty	(2.49)	(2.80)	(2.20)	(3.04)	-28%
Transportation expense	(1.52)	(1.60)	(1.50)	(1.63)	-8%
Operating expense	(11.51)	(13.09)	(11.32)	(15.78)	-28%
Field netback	\$ 35.16	39.12	\$ 29.50	\$ 41.55	-29%
General and administrative expense (Note 12)	(8.42)	(6.40)	(8.17)	(8.49)	-4%
Interest Income	-	0.04	0.09	0.09	0%
Foreign exchange loss	-	(1.20)	-	(0.52)	-100%
Current income tax	-	-	(0.01)	-	100%
Thailand - Funds flow from operations	\$ 26.74	\$ 31.56	\$ 21.41	\$ 32.63	-34%
Government royalty as percentage of crude oil sales	5%	5%	5%	5%	
Income tax & SRB as percentage of crude oil sales	-	-	-	-	
As percentage of crude oil sales					
Expenses - transportation, operating, G&A and other	42%	39%	47%	42%	4%
Government royalty, SRB and income tax	5%	5%	5%	5%	0%
Funds flow from operations, before interest income	53%	56%	48%	53%	-5%
Wells drilled					
Gross	-	-	-	3	-100%
Net	-	-	-	1.5	-100%
Financial Statement Presentation					
Results – Excluding 50.01% Interest in Thailand Joint Venture from February 2, 2015 onwards (Note 1)					
Crude oil sales	-	-	-	809	-100%
Government royalty	-	-	-	(38)	-100%
Transportation expense	-	-	-	(24)	-100%
Operating expense	-	-	-	(257)	-100%
Field netback	-	-	-	490	-100%
General and administrative expense (Note 11 & 12)	(13)	(12)	(27)	(197)	-86%
Interest income	-	-	-	1	-100%
Foreign exchange loss	-	-	-	(8)	-100%
Funds flow from (used in) consolidated operations	(13)	(12)	(27)	286	-109%
Fund Flow Included in Investment in Thailand Joint Venture					
Net loss from Thailand Joint Venture	(365)	(481)	(1,316)	(1,064)	24%
Add back non-cash items in net loss	959	1,361	2,795	3,373	-17%
Funds flow from Thailand Joint Venture	594	880	1,479	2,309	-36%
Thailand – Economic funds flow from operations (Note 9)	581	868	1,452	2,595	-44%

	Three Months Ended September 30,		Nine Months Ended September 30,		Change
	2016	2015	2016	2015	
<i>(thousands of Canadian dollars except where indicated)</i>					
Canada Operations (Note 10)					
Interest income	51	31	127	117	9%
General and administrative expenses (Note 12)	(565)	(387)	(1,666)	(1,821)	-9%
Foreign exchange gain (loss)	242	4,147	(861)	4,863	-118%
Current income tax	132	-	(279)	-	100%
Canada – Funds flow from (used in) operations	(140)	3,791	(2,679)	3,159	-185%
Indonesia Operations					
General and administrative expense (Note 12)	(143)	(462)	(406)	(1,248)	-67%
Exploration expense (Note 13)	(4)	(112)	(932)	(406)	130%
Foreign exchange gain (loss)	5	(665)	15	(805)	-102%
Current income tax	-	-	-	(456)	-100%
Indonesia – Funds flow used in operations	(142)	(1,239)	(1,323)	(2,915)	-55%
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) Refer to Commitments in Note 11 of the September 30, 2016 and September 30, 2015 Notes to the Interim Condensed Consolidated Financial Statements.
- (4) Refer to Contingencies in Note 12 of the September 30, 2016 and September 30, 2015 Notes to the Interim Condensed Consolidated Financial Statements.
- (5) Corporate funds flow from operations is cash flow from operating activities prior to changes in non-cash working capital and reclamation costs plus the corresponding amount from the Thailand operations which is recorded 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.
- (6) On February 16, 2016, the Company paid a return of capital special distribution of \$0.40 per share to common shareholders.
- (7) Cost of capital expenditures, excluding decommissioning provision and the impact of changes in foreign exchange rates.
- (8) In 2016, the joint venture partners in Andora's Sawn Lake SAGD demonstration project purchased the SAGD reservoir data. In 2015, the disposition related to the farmout of 51% interest of the East Jabung PSC in Indonesia.
- (9) 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).
- (10) The 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 until commercial viability is achieved.
- (11) The small amount of G&A shown in 2016 for Thailand operations relates to G&A of the consolidated holding company of Pan Orient Energy (Siam) Ltd.
- (12) General & administrative expenses, excluding non-cash accretion on decommissioning provision and stock-based payments.
- (13) Exploration expense relates to exploration costs associated with the Citarum and South CPP PSCs in Indonesia.
- (14) Tables may not add due to rounding.