



**PAN ORIENT ENERGY CORP.**  
**Press Release**  
**2015 Year End Financial & Operating Results**

**CALGARY, April 25, 2016**

Pan Orient Energy Corp. ("Pan Orient") (POE – TSXV) reports 2015 year-end and fourth 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 audited consolidated financial statements as at and for the year ended December 31, 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 2015 results, President and CEO Jeff Chisholm stated: "Pan Orient made significant progress advancing projects at Sawn Lake in Canada and East Jabung and Batu Gajah in Indonesia through 2015 while at the same time bringing down costs significantly in the latter part of 2015 and the first quarter of 2016. We are currently in a strong financial position with low work program commitments over the coming year and no long-term debt; this is in stark contrast to many of our peers. Despite the challenges faced in the current low oil price environment, we will be executing projects in 2016 that with any success, and with modest net capital expenditures, have the potential to materially transform the company even in this low oil priced environment."

**2015 HIGHLIGHTS**

- Pan Orient completed the sale on February 2, 2015 of a 50% equity interest in Thailand subsidiary for net proceeds to Pan Orient, after closing adjustments and costs, of \$52.0 million, including a working capital adjustment of \$3.1 million.
- Despite a low oil price environment, Pan Orient's interests in Thailand Concession L53 had average oil sales of 324 BOPD and generated \$3.9 million of funds flow from operations (\$32.92 per barrel) in 2015. The 2016 Thailand capital program is being reviewed on a monthly basis in light of the recent oil price decline, but will likely include the drilling of an exploration well in late 2016 and at least one low cost work-over in the third quarter of 2016.
- Pan Orient completed a farm-out of a 51% participating interest and operatorship of the East Jabung Production Sharing Contract ("PSC") in Indonesia to a subsidiary of Repsol S.A. on June 1, 2015. Pan Orient has been informed by the operator that road and well pad construction for the first exploration well at the Anggun prospect is currently planned to commence in the late third quarter of 2016, followed by drilling in the fourth quarter of 2016. The farminee is funding the first USD\$10 million of the first exploration well.
- The Akeh-1 exploration well at Batu Gajah PSC in Indonesia was drilled during the third quarter of 2015 and resulted in a natural gas and condensate discovery. The Company is currently preparing for the drilling of an additional delineation well and has also been involved in discussions with a number of parties since December 2015 seeking a partner in the Batu Gajah PSC.
- Bitumen production at the Sawn Lake Steam Assisted Gravity Drainage ("SAGD") Demonstration Project in Alberta, in which Pan Orient's 71.8% subsidiary Andora owns a 50% working interest and is the operator, reached a steady state production level in January and February 2016 of 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 has successfully captured the key data associated with the objectives of the demonstration project. Demonstration project operations were suspended at the end of February 2016 and a reactivation of the facility and wellpair would be considered as part of a potential commercial expansion for which an application will be submitted by the end of April.
- On June 16, 2015 a subsidiary of Andora was granted the Canadian patent for Thermal System and Process for Producing Steam from Oilfield Produced Water. The Company believes that this technology could achieve significant benefits in SAGD field development.
- Corporate funds flow from operations in 2015 was \$4.7 million, with \$1.8 million in the fourth quarter of 2015. Net income attributable to common shareholders in 2015 was \$29.1 million, with a \$4.0 million net loss attributable to common shareholders in the fourth quarter of 2015.
- During 2015, Pan Orient increased financial strength, moved forward with exploration and development activities in Indonesia, Thailand and Canada, and reduced work program commitments. The Company had working capital and non-current deposits at December 31, 2015 of \$79.2 million and no long-term debt.
- On February 16, 2016, Pan Orient returned \$22.0 million (\$0.40 per common share) to shareholders as a special distribution. Pan Orient continues to maintain a strong financial position for upcoming potential

exploration activities during 2016 at the Batu Gajah and East Jabung PSCs in Indonesia, and at Concession L53 in Thailand.

## 2015 FOURTH 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 fourth quarter of 2015 of \$4.0 million (\$0.07 per share). Net income attributable to common shareholders for 2015 of \$29.1 million (\$0.52 per share) primarily from the \$36.7 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 fourth quarter of 2015, the Company recorded total corporate funds flow from operations of \$1.8 million (\$0.03 per share), including the economic results of the 50.01% interest in the Thailand joint venture. Total corporate funds flow from operations for 2015 was \$4.7 million (\$0.08 per share) and funds flow from sale of the Thailand interest was \$48.9 million (\$0.89 per share). This compares with total corporate funds flow from operations for 2014 of \$13.2 million (\$0.23 per share). The difference from 2014 is primarily due to the 42% decline in the Canadian dollar value of the Brent crude oil reference price and the sale of a 49.99% equity interest in its subsidiary POS during the first quarter of 2015.
- Pan Orient reports capital expenditures of \$4.5 million in the fourth quarter of 2015, with \$3.6 million in Indonesia and \$0.7 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 \$0.2 million, which was recorded in Investment in Thailand Joint Venture. Capital expenditures in 2015 were \$12.3 million in Indonesia, \$0.1 million in Thailand prior to February 2, 2015 and \$4.7 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 December 31, 2015 was \$3.9 million.
- Pan Orient repurchased 1,874,900 common shares during 2015 at an average price of \$1.44 per share under its normal course issuer bid. No common shares were repurchased during the fourth quarter of 2015. The normal course issuer bid was renewed 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.
- At December 31, 2015 Pan Orient had \$79.2 million of working capital and non-current deposits. Working capital and non-current deposits were comprised of \$66.2 million cash, \$4.3 million of non-current deposits, \$12.5 million of Canadian taxes receivable, other receivables of \$1.3 million and less accounts payable of \$5.1 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 \$2.0 million of Thailand working capital and non-current deposits and \$2.1 million of equipment inventory to be utilized for future Thailand Joint Venture operations.
- Pan Orient had outstanding capital commitments as at December 31, 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 421 BOPD during the fourth quarter of 2015 and generated \$1.3 million in funds flow from operations, or \$33.51 per barrel. The increase in oil sales compared with 299 BOPD in the third quarter of 2015 is the result of workovers late in the third quarter on two wells at the L53G field and one well at the L53A field to produce from additional reservoir zones. Oil sales in 2015 averaged 324 BOPD and \$3.9 million in funds flow from operations, or \$32.92 per barrel.
  - Per barrel amounts during the fourth quarter of 2015 were a realized price for oil sales of \$49.61, transportation expenses of \$1.45, operating expenses of \$9.58, general and administrative expenses of \$2.63 and a 5% royalty to the Thailand government of \$2.43. Oil sales revenue during this period was allocated 28% to expenses for transportation, operating, and general & administrative, 5% to the government of Thailand for royalties, and 68% to the Thailand Joint Venture. No Thailand petroleum income taxes or Special Remuneratory Benefit tax was recorded during the quarter.
  - Per barrel amounts for 2015 were a realized price for oil sales of \$57.94, transportation expenses of \$1.57, operating expenses of \$13.75, general and administrative expenses of \$6.57 and a 5% royalty to the Thailand government of \$2.84. Compared with 2014, total oil sales for Concession L53 declined 7% and the Brent reference price in Canadian dollars declined 42%, which was partially offset by a 12% reduction in operating and general & administrative expenses.
  - Oil sales in the first quarter of 2016 at Concession L53 were 269 BOPD.

- Three wells were drilled at Concession L53 in 2015. The L53-ANC1 exploration well drilled in February 2015 failed to encounter commercial hydrocarbons but initial interpretations suggest that potential quality reservoir sands may be expected further east. The L53-DC1ST1 appraisal well drilled in March 2015 added an average of 30 BOPD in 2015 and oil sales in March 2016 averaged 16 BOPD. The L53-DEXT1ST2 appraisal well also drilled in March 2015 averaged 14 BOPD from May 15, 2015 until October 26<sup>th</sup>, at which time it was shut-in.
- Capital expenditures were \$0.2 million in Thailand during the fourth quarter of 2015. The \$4.0 million of Thailand capital expenditures in 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, \$0.7 million for workovers and other capital expenditures and \$0.2 million for capitalized general and administrative expenses.
- The December 31, 2015 independent reserves evaluation for Thailand on-shore Concession L53 was prepared for POS, a 50.01% owned subsidiary of Pan Orient, which is the operator and has a 100% working interest. The evaluation was conducted by Sproule International Limited of Calgary ("Sproule") and was prepared in accordance with Canadian Securities Administrators National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities. Pan Orient has a 50.01% ownership in POS, but does not have any direct interest in, or control over, the crude oil reserves or operations of on-shore Concession L53. The values at December 31, 2015 identified as "Net to Pan Orient's 50.01% Equity Interest in Pan Orient Energy (Siam) Ltd." represent 50.01% of POS reserves and values.

Net to Pan Orient's 50.01% equity interest in POS, proved plus probable crude oil reserves of 598,500 barrels at December 31, 2015 from conventional sandstone reservoirs, increased 3% compared with the prior year. Net to Pan Orient's 50.01% equity interest in POS, net present value (after tax) of Thailand proved plus probable crude oil reserves at December 31, 2015, using forecast prices and costs discounted at 10% per year, of Cdn\$13.1 million, or \$0.24 per Pan Orient share based on the current 54.9 million Pan Orient shares outstanding.

- The original nine year exploration period for Concession L53 expired in January 2016. An application to the Government of Thailand ("GOT") was submitted in November 2015 for a 215 square kilometer "reserve area" that encompasses all of the remaining defined prospects within Concession L53 based on full coverage 3D seismic data. GOT approval has been delayed and the Company expects the approval letter from the GOT for the reserve area shortly.

#### ➤ Indonesia

- Capital expenditures in Indonesia were \$12.3 million during 2015. Capital expenditures of \$12.0 million at the Batu Gajah PSC were \$10.2 million for drilling of the Akeh-1 exploration well and \$1.8 million for capitalized G&A and other exploration expenditures. 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.
- Batu Gajah, Onshore Sumatra Indonesia (Pan Orient 77% & Operator)
  - The Akeh-1 exploration well at Batu Gajah PSC in Indonesia was drilled during the third quarter of 2015 and resulted in a natural gas and condensate discovery. The oil and gas regulator of the Government of Indonesia ("GOI") has informed the Company that an additional appraisal well of the Akeh discovery is required prior to granting of "Release from Exploration Status" as a "conclusive discovery" and moving forward to prepare a Plan of Development to determine the likelihood of the commerciality of the Akeh-1 discovery. Preparations are currently underway towards the drilling of the Akeh-2 deviated appraisal well from the existing Akeh-1 well pad.
  - The Batu Gajah PSC 10 year exploration phase expires in January of 2017 and the Company intends to submit an application for a two year extension in June 2016, the earliest date for an application allowed under oil and gas regulations. The two year extension would allow the time required to finish drilling the Akeh-2 appraisal well, obtain the "Release from Exploration Status" and submit a completed Plan of Development. The GOI may require Pan Orient to have drilled the Akeh-2 well prior to granting an extension.
  - Pan Orient has also been involved in discussions with a number of parties since December 2015 seeking a partner in the Batu Gajah PSC.
- East Jabung PSC, Onshore Sumatra Indonesia (Pan Orient 49% & Non Operator)
  - Pan Orient has been informed by the operator that significant progress has been made towards a road access agreement to the first proposed exploration drilling location at the East Jabung PSC. Successful conclusion of this agreement will result in a substantially reduced length of new build road, from the originally proposed 24 kilometers, to approximately three kilometers. This would result in a substantially reduced well cost estimate, making it likely that the first East Jabung exploration well will be drilled within the US\$10 million limit for Pan Orient's carried interest.

- Further, Pan Orient was informed by the operator that road and well pad construction is currently planned to commence in the late third quarter of 2016, followed by drilling in the fourth quarter of 2016.
- Pan Orient is pleased with the progress that the operator has made to date towards the shorter and less costly well location access route and even more encouraged by the additional technical work that the operator has completed on the first East Jabung drilling prospect that was focused on assessing various technical risks and the overall chance of success. Pan Orient is very encouraged by the prospective resource volumes that were estimated for the first prospect as part of the operator's additional in-house technical work.
- On October 6, 2015 the Citarum PSC (onshore Java Indonesia in which Pan Orient was Operator with a 97% interest) expired and \$0.5 million was recorded as an exploration expense in 2015.
- Sawn Lake Alberta Heavy Oil (Operated by Andora, in which Pan Orient has a 71.8% ownership)
  - Andora is the operator and holds a 50% working interest in 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 2015 were \$4.7 million, with \$0.7 million in the fourth quarter of 2015. Capital expenditures in 2015 were related to final construction of the SAGD facility, installation of additional equipment for processing and treating the bitumen production at site, replacement of an electrical submersible pump, purchase of inventory and capitalization of expenses and revenues of the demonstration project. Andora capitalized \$2.8 million of demonstration project expenses less revenues in 2015.
  - Bitumen production at the Sawn Lake Demonstration Project reached a steady state production level during January and February 2016 of 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. Bitumen production, on a 100% basis, averaged 603 BOPD with an ISOR of 2.2 in January and 629 BOPD with an ISOR of 2.1 in February. 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 demonstration project commenced bitumen production in September 2014 and has successfully captured the key data associated with the objectives of the demonstration project. The demonstration project has demonstrated that the SAGD process works in the Bluesky formation at Sawn Lake, established characteristics of ramp up through stabilization of SAGD performance, indicated the productive capability and ISOR, and provided critical information required for well and facility design associated with future commercial development.
  - Given the current low price environment for bitumen, Sawn Lake Demonstration Project operations were suspended at the end of February 2016. This decision considered the expectation that extremely low bitumen prices may continue for some time and the estimated time required for approval of the 3,200 BOPD expansion application at the demonstration project site, which will be submitted by 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. An expansion is dependent on regulatory approval, completion of detailed engineering and a higher commodity price environment to support project economics and financing.

## OUTLOOK

### INDONESIA

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

Pan Orient has received GOI approval for, and is currently preparing for the drilling of the Akeh-2 deviated appraisal well from the existing Akeh-1 well pad to further delineate the Akeh prospect as required to apply for “Release from Exploration Status”.

The Company intends to submit an application for a two year extension in June 2016. A two year extension would allow the time required to finish drilling the Akeh-2 appraisal well, apply for “Release from Exploration Status” and move forward to prepare a Plan of Development to determine the likelihood of the commerciality of the Akeh-1 discovery. The GOI may require Pan Orient to have drilled the Akeh-2 well prior to granting an extension.

Pan Orient has also been involved in discussions with a number of parties since December 2015 seeking a partner in the Batu Gajah PSC.

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

The operator has advised Pan Orient the first exploration well at the Anggun prospect in the East Jabung PSC is scheduled to be drilled in the fourth quarter of 2016. The Anggun prospect is a relatively shallow, onshore, high impact target adjacent to existing infrastructure and possesses some of the best fiscal terms in Indonesia. Success at Anggun would have the potential to materially transform Pan Orient within a framework of manageable appraisal and development costs and in the context of Pan Orient's available financial resources.

#### **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. The 2016 Thailand capital program is being reviewed but will likely include the drilling of an exploration well in late 2016 and at least one low cost work-over in the third quarter of 2016.

#### **CANADA**

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

Pan Orient is pleased with the results of the Sawn Lake SAGD demonstration project and is moving 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.

The Sawn Lake reservoir model and contingent resource report are being updated to incorporate the results of the demonstration project and Andora is starting through the regulatory approval process for approval for commercial expansion to 3,200 BOPD at the demonstration project site. The regulatory approval process is expected to take approximately 1½ years and any expansion is dependent on regulatory approval, completion of detailed engineering and a higher commodity price environment to support project economics and financing.

##### Corporate

Pan Orient is focused on demonstrating the value of its exploration prospects in Indonesia, Thailand and Canada. Pan Orient continues to maintain a strong financial position to conduct key exploration activities and ensure financial flexibility.

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; the benefits of patented technology; estimates of reserves and potentially recoverable resources, information on future production and project start-ups, and negotiation, agreement, closing and financing and other terms of farmout and other transactions; 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 reserve estimates and estimates of recoverable quantities of oil, changes in project schedules, operating and reservoir performance, the effects of weather and climate change, the results of exploration and development drilling and related activities, demand for oil and gas, commercial negotiations, other technical and economic factors or revisions and other factors, many of which are beyond the control of Pan Orient. Although Pan Orient believes that the expectations reflected in its forward-looking statements are reasonable, it can give no assurances that the expectations of any forward-looking statements will prove to be correct.*

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	Three Months Ended December 31,		Year Ended December 31,		% Change
	2015	2014	2015	2014	
<i>(thousands of Canadian dollars except where indicated)</i>					
<b>FINANCIAL</b>					
<b>Financial Statement Results – Excluding 50% Interest in Thailand Joint Venture from February 2, 2015 onwards (Note 1)</b>					
Net income (loss) attributed to common shareholders	(3,980)	(1,793)	29,053	(2,488)	-1268%
Per share – basic and diluted	\$ (0.07)	\$ (0.03)	\$ 0.52	\$ (0.04)	-1290%
Cash flow from (used in) operating activities (Note 2)	80	(302)	1,439	12,362	-88%
Per share – basic and diluted	\$ 0.00	\$ (0.01)	\$ 0.03	\$ 0.22	-88%
Cash flow from (used in) investing activities (Note 2)	(6,057)	(4,600)	40,342	(27,156)	-249%
Per share – basic and diluted	\$ (0.11)	\$ (0.08)	\$ 0.72	\$ (0.48)	-251%
Working capital	74,901	36,227	74,901	36,227	107%
Working capital & non-current deposits	79,160	40,854	79,160	40,854	94%
Long-term debt	-	-	-	-	-
Shares outstanding (thousands)	54,885	56,760	54,885	56,760	-3%
<b>Working Capital and Non-current Deposits</b>					
Beginning of period	81,128	44,573	40,854	47,889	-15%
Corporate funds flow from operations (Note 4)	558	543	1,088	13,231	-92%
Proceeds from 2012 sale of Thailand interest	-	(152)	-	22	-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)	(4,301)	(4,254)	(17,055)	(22,609)	-25%
Amounts received from Thailand Joint Venture	1,391	-	1,293	-	100%
Disposal of petroleum and natural gas assets (Note 7)	-	-	9,764	2,698	262%
Settlement of Decommissioning liabilities	-	-	-	(225)	-100%
Normal course issuer bid	-	-	(2,691)	-	100%
Foreign operations - unrealized foreign exchange impact	384	144	181	(152)	-219%
End of period	79,160	40,854	79,160	40,854	94%
<b>Economic Results – Including 50% Interest in Thailand Joint Venture from February 2, 2015 onwards (Note 3)</b>					
Total corporate funds flow from operations (Note 4)	1,837	543	4,676	13,231	-65%
Per share – basic and diluted	\$ 0.03	\$ 0.01	\$ 0.08	\$ 0.23	-64%
<b>Corporate funds flow from (used in) operations by region (Note 4)</b>					
Canada (Note 5)	1,063	(206)	4,222	(888)	-575%
Thailand – 100% to February 1, 2015 (Note 1)	19	1,447	305	16,162	-98%
Indonesia	(524)	(698)	(3,439)	(2,043)	68%
Funds flow from consolidated operations	558	543	1,088	13,231	-92%
Share of Thailand Joint Venture (Note 3)	1,279	-	3,588	-	100%
Total corporate funds flow from operations	1,837	543	4,676	13,231	-65%
<b>Funds flow from sale of Thailand interest</b>					
Sales proceeds	-	-	53,456	-	100%
Transaction costs	-	-	(1,428)	-	100%
Working capital and non-current deposits in Thailand interest sold	-	-	(3,151)	-	100%
Total funds flow from disposition of Thailand interest	-	-	48,877	-	100%
<b>Petroleum and natural gas properties</b>					
Capital expenditures (Note 6)	4,538	4,254	20,997	22,609	-7%
Dispositions – excluding sale of Thailand interest (Note 7)	-	-	(9,764)	(2,698)	262%
<b>Capital Expenditures (Note 6)</b>					
Canada (Note 5)	703	2,666	4,669	11,265	-59%
Thailand – 100% to February 1, 2015 (Note 1)	-	864	60	4,780	-99%
Indonesia	3,598	724	12,326	6,564	88%
Consolidated capital expenditures	4,301	4,254	17,055	22,609	-25%
Share of Thailand Joint Venture capital expenditures	237	-	3,942	-	100%
Total capital expenditures	4,538	4,254	20,997	22,609	-7%



(thousands of Canadian dollars except where indicated)

	Three Months Ended December 31,		Year Ended December 31,		Change
	2015	2014	2015	2014	
<b>Investment in Thailand Joint Venture</b>					
Beginning of period	36,328	-	-	-	-
Investment retained on sale of Thailand interest	-	-	38,587	-	100%
Net loss from Joint Venture	(928)	-	(1,992)	-	100%
Other comprehensive loss (gain) from Joint Venture	1,078	-	(214)	-	100%
Amounts received from Joint Venture	(1,391)	-	(1,293)	-	100%
End of period	35,088	-	35,088	-	100%
<b>Thailand Operations</b>					
<b>Economic Results – Including 50% Interest in Thailand Joint Venture from February 2, 2015 onwards (Note 3)</b>					
Oil sales (bbls)	38,740	47,118	118,269	239,453	-51%
Average daily oil sales (BOPD) by Concession L53	421	512	324	656	-51%
Average oil sales price, before transportation (CDN\$/bbl)	\$ 49.61	\$ 78.70	\$ 57.94	\$ 98.49	-41%
Reference Price (volume weighted) and differential					
Crude oil (Brent \$US/bbl)	\$ 44.02	\$ 77.09	\$ 50.84	\$ 100.98	-50%
Exchange Rate \$US/\$Cdn	1.35	1.14	1.28	1.11	15%
Crude oil (Brent \$Cdn/bbl)	\$ 59.34	\$ 87.67	\$ 65.23	\$ 112.36	-42%
Sale price / Brent reference price	84%	90%	89%	88%	1%
Funds flow from (used in) operations (Note 4)					
Crude oil sales	1,922	3,708	6,853	23,583	-71%
Government royalty	(94)	(182)	(336)	(1,161)	-71%
Transportation expense	(56)	(79)	(186)	(394)	-53%
Operating expense	(371)	(925)	(1,626)	(3,613)	-55%
Field netback	1,401	2,522	4,705	18,415	-74%
General and administrative expense (Note 8)	(102)	(739)	(777)	(1,932)	-60%
Interest income	2	24	9	40	-78%
Foreign exchange loss	(3)	-	(44)	-	100%
Current income tax	-	(1)	-	(2)	-100%
Funds flow from operations – Concession L53	1,298	1,806	3,893	16,521	-76%
Exploration expense – Concession L45	-	(359)	-	(359)	-100%
Funds flow from operations - Thailand	1,298	1,447	3,893	16,162	-76%
Funds flow from (used in) operations / barrel (CDN\$/bbl) (Note 4)					
Crude oil sales	\$ 49.61	\$ 78.70	\$ 57.94	\$ 98.49	-41%
Government royalty	(2.43)	(3.86)	(2.84)	(4.85)	-41%
Transportation expense	(1.45)	(1.68)	(1.57)	(1.65)	-4%
Operating expense	(9.58)	(19.63)	(13.75)	(15.09)	-9%
Field netback	\$ 36.16	\$ 53.53	\$ 39.78	\$ 76.90	-48%
General and administrative expense (Note 8)	(2.63)	(15.68)	(6.57)	(8.07)	-19%
Interest Income	0.05	0.51	0.08	0.17	-54%
Foreign exchange loss	(0.08)	-	(0.37)	-	100%
Current income tax	-	(0.02)	-	(0.01)	-100%
Funds flow from operations – Concession L53	\$ 33.51	\$ 38.34	\$ 32.92	\$ 68.99	-52%
Exploration expense – Concession L45	-	(7.62)	-	(1.50)	-100%
Funds flow from operations - Thailand	\$ 33.51	\$ 30.72	\$ 32.92	\$ 67.49	-51%
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	28%	47%	38%	25%	13%
Government royalty, SRB and income tax	5%	5%	5%	5%	-
Funds flow from operations, before interest income	68%	48%	57%	70%	-13%
Wells drilled (wells were drilled after February 1, 2015)					
Gross	-	-	3	1	200%
Net	-	-	1.5	1.0	50%

	Three Months Ended December 31,		Year Ended December 31,		Change
	2015	2014	2015	2014	
<i>(thousands of Canadian dollars except where indicated)</i>					
<b>Thailand Operations, continued</b>					
<b>Financial Statement Presentation Results – Excluding 50% Interest in Thailand Joint Venture from February 2, 2015 onwards (Note 1)</b>					
Crude oil sales	-	3,708	809	23,583	-97%
Government royalty	-	(182)	(38)	(1,161)	-97%
Transportation expense	-	(79)	(24)	(394)	-94%
Operating expense	-	(925)	(257)	(3,613)	-93%
Field netback	-	2,522	490	18,415	-97%
General and administrative expense (Note 8)	(2)	(739)	(199)	(1,932)	-90%
Interest income	-	24	1	40	-98%
Foreign exchange loss	21	-	13	-	100%
Exploration expense	-	(359)	-	(359)	100%
Current income tax	-	(1)	-	(2)	-100%
Funds flow from consolidated operations	19	1,447	305	16,162	-98%
Funds flow included in Investment in Thailand Joint Venture					
Net loss from Thailand Joint Venture	(928)	-	(1,992)	-	100%
Add back non-cash items in net loss	2,207	-	5,580	-	100%
Funds flow from Thailand Joint Venture	1,279	-	3,588	-	100%
Thailand – Economic funds flow from operations	1,298	1,447	3,893	16,162	-76%
<b>Canada Operations (Note 5)</b>					
Interest income	32	35	149	241	-38%
General and administrative expenses (Note 8)	(604)	(268)	(2,425)	(1,803)	34%
Foreign exchange gain	1,635	27	6,498	674	864%
Canada – Funds flow from (used in) operations	1,063	(206)	4,222	(888)	-575%
<b>Indonesia Operations</b>					
General and administrative expense (Note 8)	(430)	(615)	(1,678)	(1,547)	8%
Exploration expense (Note 9)	(58)	(47)	(464)	(362)	28%
Foreign exchange loss	(76)	(36)	(881)	(134)	557%
Current income tax	40	-	(416)	-	100%
Indonesia – Funds flow used in operations	(524)	(698)	(3,439)	(2,043)	68%
Wells drilled					
Gross	-	-	1	-	100%
Net	-	-	0.8	-	100%



	Year Ended December 31,		
	2015	2014	Change
<i>(thousands of Canadian dollars except where indicated)</i>			
<b>RESERVES AND CONTINGENT RESOURCES</b>			
Onshore Thailand – Concession L53 (50.01% economic interest) (Note 1)	(Note 10)	(Note 11)	
Proved oil reserves (thousands of barrels)	253	218	16%
Proved plus probable oil reserves (thousands of barrels)	599	583	3%
Net present value of proved + probable reserves, after tax discounted at 10%	13,051	16,550	-21%
Per Pan Orient share – basic (Note 12)	\$ 0.24	\$ 0.29	-17%
Canada (Pan Orient's 71.8% share of the oil sands leases of Andora at Sawn Lake, Alberta)	(Note 13)	(Note 14)	

#### INTERNATIONAL INTERESTS AT DECEMBER 31, 2015

<i>All amounts reflect Pan Orient's economic interest</i>	Status	Net Square Kilometers	December 31, 2015 Financial Commitments (Cdn thousands)	2015 Avg. Production (BOPD)	P+P Reserves (thousands of barrels)
<u>Onshore Thailand Concession (Recorded in Investment in Joint Venture)</u>					
L53/48 (Pan Orient 50.01% ownership as at December 31, 2015) (Note 1 & 15)	Partially developed	488	\$ 42 to January 2016 (Note 15)	324	599
<u>Onshore Indonesia PSCs (Consolidated subsidiaries)</u>					
Batu Gajah PSC, South Sumatra (77% interest & operator) (Note 16 & 17)	Undeveloped	610	Commitments to date have been completed		
East Jabung PSC, South Sumatra (49% interest & non-operator) (Note 18 & 19)	Undeveloped	1,445	\$ 2,144 to November 2016		
		2,055	\$ 2,144		

- (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 Joint Venture.
- (2) As set out in the Consolidated Statements of Cash Flows in the 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, and reclamation costs 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) 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.
- (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) Thailand reserves as at December 31, 2015 as evaluated by Sproule International Limited of Calgary assessed at forecast crude oil reference prices and costs. The US\$ reference price for crude oil per barrel (US\$ UK Brent per barrel) in the evaluation is \$45.00 for

- 2016, \$60.00 for 2017, \$70.00 for 2018, \$80.00 for 2019, \$81.20 for 2020, \$82.42 for 2021 and prices increase at 1.5% per year thereafter. Foreign exchange rate used of Cdn\$1=US\$0.75 for 2016, Cdn\$1=US\$0.80 for 2017, Cdn\$1=US\$0.83 for 2018 and Cdn\$1=US\$0.85 thereafter. The engineered values disclosed may not represent fair market value.
- (11) Thailand reserves as at December 31, 2014 as evaluated by Sproule International Limited of Calgary assessed at forecast crude oil reference prices and costs. The US\$ reference price for crude oil per barrel (US\$ UK Brent per barrel) in the evaluation is \$68.00 for 2015, \$83.00 for 2016, \$93.00 for 2017, \$94.40 for 2018, \$95.81 for 2019, \$97.25 for 2020 and prices increase at 1.5% per year thereafter. Foreign exchange rate used of Cdn\$1=US\$0.85 for 2015 and Cdn\$1=US\$0.87 thereafter. The engineered values disclosed may not represent fair market value.
  - (12) Per share values calculated based on 54,885,407 Pan Orient Shares outstanding at December 31, 2015 and 56,760,307 shares outstanding at December 31, 2014.
  - (13) Bitumen production at the Sawn Lake Demonstration Project reached a steady state production level in January and February 2016 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. 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 demonstration project has successfully captured the key data associated with the objectives of the demonstration project. The demonstration project has demonstrated that the SAGD process works in the Bluesky formation at Sawn Lake, established characteristics of ramp up through stabilization of SAGD performance, indicated the productive capability and ISOR, and provided critical information required for well and facility design associated with future commercial development. An updated reservoir model and contingent resource report will be prepared which incorporates the results of the Sawn Lake demonstration project. As such, a contingent resource report has not been prepared for December 31, 2015.
  - (14) Pan Orient's 71.8% share as at December 31, 2014 of the "Best Case" contingent resources of Andora, a private company as evaluated by Sproule Unconventional Limited assessed at forecast crude oil reference prices and costs. The "Best Case" company gross contingent resources at Sawn Lake were 214 million barrels of bitumen recoverable attributed to Andora's working interest, which is 154 million barrels attributed to the 71.8% ownership interest of Pan Orient in Andora. The reference prices for crude oil per barrel (Western Canada Select WCS 20.5 API in Canadian dollars) is \$60.50 for 2015, \$75.13 for 2016, \$84.52 for 2017, \$85.79 for 2018, \$87.07 for 2019, \$89.31 for 2020 and prices for the reference price (WCS) increase at 1.5% per year thereafter. Undiscounted future capital expenditures for Pan Orient's 71.8% share are estimated at \$1,578 million. The engineered values disclosed may not represent fair market value and there is no certainty that it will be commercially viable to produce any portion of the resources.
  - (15) At December 31, 2015 Concession L53/48 in Thailand consisted of 975 square kilometers of lands of which 20.26 square kilometers associated with the L53-A, L53-D and L53-G fields are held through production licenses (with a 20 year primary term plus an additional 10 year renewal period that can be applied for) and 955.74 square kilometers of exploration lands. The original term of the exploration lands ended on January 7, 2013 and the Company renewed the exploration period for a further three years to January 7, 2016. Additionally, Pan Orient as concessionaire submitted an application to the Government of Thailand in November 2015 for a 215 square kilometer reserve area for a period of up to five years with the payment of a surface reservation fee, which is reimbursable through work program expenditures. The surface reservation fee is at a rate of 100,000 Thai Baht per square kilometer of the reserve area per year up to 5 years (equivalent to Cdn \$3,886 per square kilometer when translated at the year-end exchange rate). The reserve area encompasses all of the remaining prospects defined within Concession L53 and based on full coverage 3D seismic data. The Company expects the approval letter from the Government of Thailand for the reserve area shortly. The original area of the Concession L53/48 exploration block was 3,997 square kilometers.
  - (16) Pan Orient's share of commitments in Indonesia reflect amounts to be paid by Pan Orient in respect of a Production Sharing Contract ("PSC"), including the share of carried interest partners (23% for Batu Gajah). Commitments in Indonesia include the completion of a work program as well as the Company's estimated amount of the expenditure. Financial commitments as provided above represent management's assessment of the costs of the work program required under the initial 3-year firm commitment exploration period of the PSC. The work program commitment is based on the original contract and timing is subject to Government of Indonesia ("GOI") approval. With respect to the East Jabung PSC, the extension of this initial exploration period has been agreed to with the GOI to the date indicated above. If Pan Orient exercises its options to continue beyond the initial exploration period, additional commitments will be determined on a year-by-year basis through submission of a work program and approval from the GOI. Although extension of the exploration period is a departure from the original contract, it is considered standard practice in Indonesia.
  - (17) Pan Orient has a 77% interest in the Batu Gajah PSC, which has an area of 791.71 square kilometers.
  - (18) In the fourth quarter of 2014 the Company entered into a farmin agreement for the transfer of a 51% direct working interest and operatorship of the East Jabung PSC. The agreement includes a firm commitment by the farminee to fund the first USD \$10.0 million towards the first exploration well and a contingent commitment to fund the first USD \$5.0 million towards an appraisal well, if justified. The transaction closed on June 1, 2015 and the Company transferred the operatorship of the PSC to the farminee and reduced its interest to 49%. The commitment provided above represents the Company's 49% interest in the second exploration well and its share of the outstanding geological studies.
  - (19) The Company relinquished the East Jabung PSC's offshore area of 3,279.96 square kilometers in 2013, and this relinquishment was finalized in 2014. The result of the relinquishment does not impact the PSC's onshore exploration activities. As at December 31, 2015 Pan Orient had a 49% interest in the East Jabung PSC, which had an area of 2,947.76 square kilometers.
  - (20) Tables may not add due to rounding.