



**ANNUAL INFORMATION FORM**  
FOR THE YEAR ENDED DECEMBER 31, 2011

April 30, 2012

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## **PAN ORIENT ENERGY CORP.**

### **ANNUAL INFORMATION FORM**

This is the annual information form of Pan Orient Energy Corp. ("Pan Orient", "the Company" or "the Corporation") for the year ended December 31, 2011. In this annual information form, unless otherwise specified or the context otherwise requires, reference to "Pan Orient", "the Company" or "the Corporation" includes reference to subsidiaries of and interests held by Pan Orient Energy Corp. and its subsidiaries.

Unless otherwise specified or indicated, all dollar amounts are expressed in Canadian dollars and all financial information included in this annual information form is determined using International Financial Reporting Standards ("IFRS").

### **FORWARD LOOKING INFORMATION**

This Annual Information Form contains certain forward-looking information (collectively referred to in this note as "forward-looking statements"), including information related to Pan Orient's future exploration and development activities, projected asset growth, view and outlook toward future commodity prices, future net revenue from petroleum reserves, future production volumes, royalty and tax obligations, future income taxes, and amount of capital expenditures. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "assume", "believe", "can", "could", "estimate", "expect", "forecast", "guidance", "may", "plan", "predict", "project", "should", "will", or similar expressions and statements relating to matters that are not historical facts but potential future outcomes. Such statements constitute "forward-looking information" within the meaning of applicable Canadian securities legislation. In particular, forward-looking information and statements in this Annual Information Form include, but are not limited to, statements with respect to:

- oil reserves and resources volumes;
- future funds flow from operations and expected future production volumes and petroleum prices;
- planned capital programs, sources of funding and estimated expenditures necessary to satisfy outstanding commitments in Thailand and Indonesia;
- estimated timing of future capital activities;
- expectations regarding the ability to continually add to reserves; and
- other expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results of operations or performance.

There is no assurance that forward-looking statements and information concerning anticipated financial performance will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other things contemplated by the forward-looking statements will not occur. Although Pan Orient believes that the expectations represented by such forward-looking statements are reasonable based on information currently available, there can be no assurance that such expectations will prove to be correct. Material factors or assumptions used to develop forward-looking information include potential business prospects, growth strategies, the ability to add production and reserves through development and exploration activities, projected capital costs, government legislation, well performance, the commodity price environment and quality differentials and exchange rates. Some of the assumptions, risks and other factors which could cause results to differ materially from those expressed in the forward-looking statements contained in this Annual Information Form include, but are not limited to:

- uncertainties regarding oil reserves and resource estimates and reserves life;
- the impact of the worldwide economy on commodity prices, foreign currency exchange rates and the financial markets with respect to availability and cost of financing;
- uncertainty of estimates and projections relating to future production volumes, costs and expenses;
- political, fiscal instability or other risks through conducting foreign operations;
- changes in governmental policies or laws including but not limited to tax regimes, environmental requirements and permit requirements; and
- delays in obtaining necessary approvals or permits.

The foregoing list of risk factors is not exhaustive. Additional information on these and other factors which could affect the Company's operations or financial results are included under the heading "Risk Factors and Industry Conditions".

The forward-looking statements contained herein are as of April 30, 2012 and are subject to change after this date. Readers are cautioned that the foregoing list of factors that may affect future results is not exhaustive and as such undue reliance should not be placed on forward-looking statements. Except as required by applicable securities laws, the Corporation undertakes no obligation to update publicly or revise any forward-looking information should circumstances or management's estimates or opinions change. The forward-looking statements contained in this Annual Information Form are expressly qualified by this cautionary statement.

## GLOSSARY OF TERMS AND ABBREVIATIONS

The following is a glossary of certain terms and abbreviations used in this Annual Information Form. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders. In this Annual Information Form, the terms and abbreviations set forth below have the following meanings:

### Terms

“**ABCA**” means the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, together with any amendments thereto and all regulations promulgated thereunder;

“**Andora**” means Andora Energy Corporation;

“**Andora Shares**” means the shares in the capital of Andora;

“**Annual Information Form**” means this annual information form of the Company dated April 30, 2012;

“**COGE Handbook**” means the Canadian Oil and Gas Evaluation Handbook prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum;

“**the Company**” or “**the Corporation**” or “**Pan Orient**” means Pan Orient Energy Corp. and where the context requires, includes its subsidiaries;

“**Concession**” is specific to the Company’s Thailand operations and means an agreement between the parties to a well or property and the Government of Thailand regarding commitments, royalties, income taxes and term;

“**Contingent resources**” are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. There is no certainty that it will be commercially viable to produce any portion of the contingent resources;

“**Crude oil**” or “**oil**” means a mixture, consisting mainly of pentanes and heavier hydrocarbons that may contain sulphur compounds, that is liquid at the conditions under which its volume is measured or estimated, but excluding such liquids obtained from the processing of natural gas;

“**Developed reserves**” are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure to put the reserves on production;

“**Developed producing reserves**” are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in they must have previously been on production and the date of resumption of production must be known with reasonable certainty;

“**Developed non-producing reserves**” are those reserves that either have not been on production, or have previously been on production but are shut-in and the date of resumption of production is unknown;

“**Development costs**” mean costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from reserves;

“**Development well**” means a well drilled inside the established limits of an oil and gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive;

“**Exploration costs**” means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells;

“**Exploration well**” means a well that is not a development well, a service well or a stratigraphic test well;

“**GCA**” means Gaffney, Cline & Associates;

“**GCA Report**” means the report of GCA dated March 20, 2012, evaluating the petroleum and natural gas reserves of the Corporation’s Thailand interests as at December 31, 2011;

“**Gemini**” means Gemini Oil & Gas Limited, a company with a gross overriding royalty on the F sands in certain wells in the Wichian Buri I and Wichian Buri II production licenses of the SW1 Concession in Thailand;

“**Gross acres**” means the total number of acres in which Pan Orient has a working interest;

“**Gross production**” means Pan Orient’s interest in production volumes before the deduction of royalties;

“**Net acres**” means Pan Orient’s working interest owned in gross acres expressed as whole numbers and fractions thereof;

“**Net production**” means Pan Orient’s interest in production volumes after deduction of royalties payable by Pan Orient;

“**NGL**” means natural gas liquids;

“**Probable reserves**” are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than possible reserves.

“**Production Sharing Contract**” or “**PSC**” is specific to the Company’s Indonesia operations and means an agreement between the parties to a well or property and the host country regarding the percentage of production each party will receive after the participating parties have recovered a specified amount of costs and expenses;

“**Proved reserves**” are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations.

“**Reverse Take-Over**” means the acquisition by the Corporation of all of the issued and outstanding common shares of Pan Orient Energy Ltd.;

“**Sawn Lake Property**” means the Corporation’s interest in oilsands leases in the Sawn Lake area in the province of Alberta;

“**Sproule**” means Sproule Unconventional Limited;

“**Sproule Report**” means the report of Sproule dated February 9, 2012, evaluating the contingent resources of Andora as at December 31, 2011 which consisted of a mechanical update of the previous report entitled “Evaluation of the Contingent Bitumen Resources in the Sawn Lake Area of Alberta of Andora Energy Corporation (as at December 31, 2010)” dated January 26, 2011;

“**SRB**” means Special Remuneratory Benefit expense, a tax specific to Thailand;

“**Steam Assisted Gravity Drainage**” or “**SAGD**” means a thermal production method for heavy oil that pairs a high-angle injection well with a nearby production well drilled along a parallel trajectory. Steam is injected into the reservoir through the upper well and as it rises and expands, it heats up the heavy oil, reducing its viscosity and gravity forces the oil to drain into the lower well where it is produced;

“**Thailand DMF**” means Thailand Department of Mineral Fuels;

“**Tiger**” means Tiger Petroleum Inc.;

“**Tiger Shares**” means the common shares in the capital of Tiger;

“**TSXV**” means the TSX Venture Exchange;

“**Undeveloped reserves**” are those reserves expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production; and

“**Working interest**” means the net interest held by the Company in an oil and natural gas property which normally earns its proportionate share of the production and bears its proportionate share of the costs of exploration, development and operations as well as any royalties or other production burdens.

All dollar amounts set forth in this AIF are in Canadian dollars, except where otherwise indicated.

#### **Abbreviations**

“**API**” means the American Petroleum Institute;

“**bbl**” means barrel and “**bbls**” means barrels;

“**Bcf**” means billion cubic feet;

“**BOPD**” means barrels of oil per day net to Pan Orient;

“**Brent**” means Brent Crude Oil sourced from the North Sea which is a major benchmark for internationally traded crude oil;

“**Can\$**” means the Canadian dollar;

“**\$M**” means thousands of dollars;

“**\$MM**” means millions of dollars;

“**Mbbl**” means thousands of barrels;

“**Mcf**” means thousand cubic feet; and “**Mcf/d**” means thousand cubic feet per day;

“**MMbbl**” means million of barrels;

“**p.a.**” means per annum;

“**USD**” means the United States dollar; and

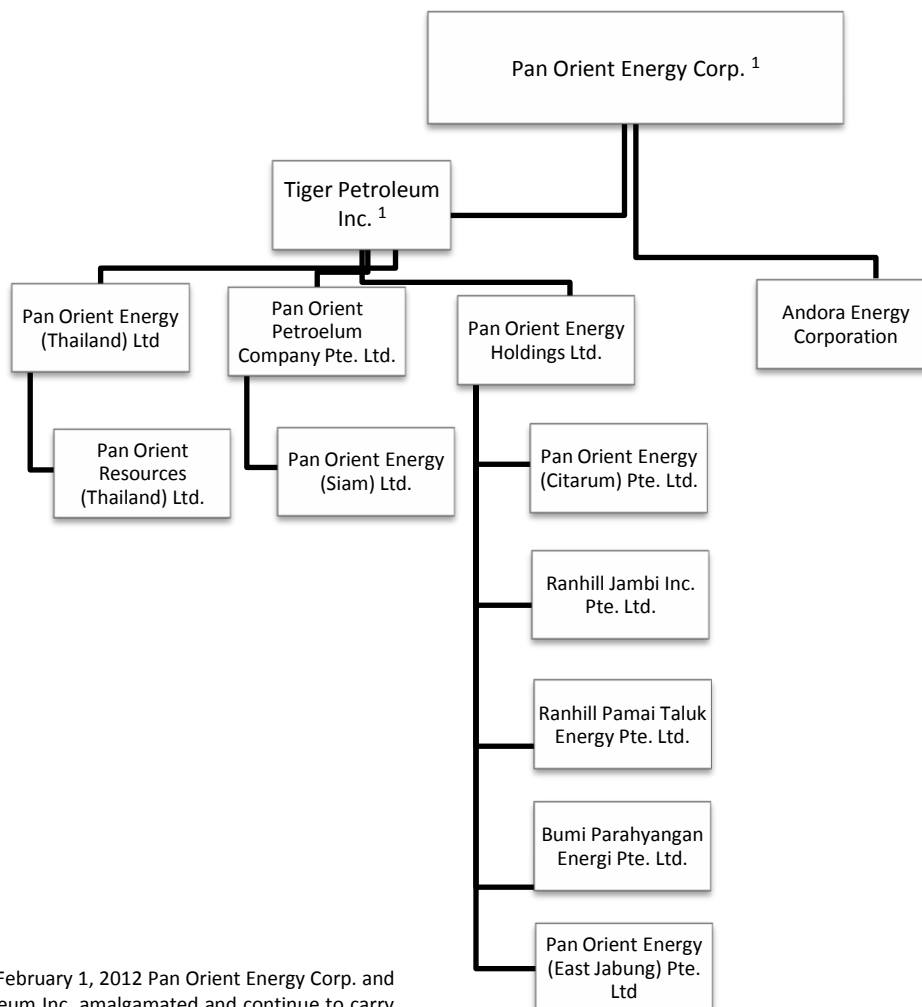
“**WTI**” means West Texas Intermediate crude oil delivered at Cushing, Oklahoma.

## CORPORATE STRUCTURE

Pan Orient Energy Corp. is incorporated under the ABCA. The registered office of Pan Orient Energy Corp. is 4500, 855-2nd Street S.W., Calgary, Alberta, T2P 4K7 and the head office of the Corporation is 1505, 505 – 3rd Street S.W., Calgary, Alberta, T2P 3E6. The following table provides the material operating subsidiaries owned directly or indirectly by Pan Orient, their jurisdictions of incorporation, location of operations and the percentage of voting securities beneficially owned, controlled or directed by Pan Orient at December 31, 2011:

Name of Subsidiary	Jurisdiction of Incorporation	Location of Operations	Percentage of Voting Securities Owned
Tiger Petroleum Inc.	Quebec	Canada	100%
Pan Orient Energy (Thailand) Ltd.	Bermuda	Thailand	100%
Pan Orient Resources (Thailand) Ltd.	Thailand	Thailand	100%
Pan Orient Petroleum Company Pte. Ltd.	Singapore	Thailand	100%
Pan Orient Energy (Siam) Ltd.	Bermuda	Thailand	100%
Pan Orient Energy Holdings Ltd.	Bermuda	Indonesia	100%
Pan Orient Energy (Citarum) Pte. Ltd.	Singapore	Indonesia	100%
Ranhill Jambi Inc. Pte. Ltd.	Singapore	Indonesia	100%
Ranhill Pamai Taluk Energy Pte. Ltd.	Singapore	Indonesia	100%
Pan Orient Energy (East Jabung) Pte. Ltd.	Singapore	Indonesia	100%
Bumi Parahyangan Energi Pte. Ltd.	Singapore	Indonesia	72.7%
Andora Energy Corporation	Alberta	Canada	53.4%

The organizational structure of the Company is as follows:



Note 1: On February 1, 2012 Pan Orient Energy Corp. and Tiger Petroleum Inc. amalgamated and continue to carry on business as Pan Orient Energy Corp.

## GENERAL DEVELOPMENT OF THE BUSINESS OF THE CORPORATION

### History

Welwyn Energy Ltd. (the predecessor to Pan Orient Energy Corp.) was incorporated under the ABCA on August 26, 1997, focusing on exploration and development of petroleum and natural gas. On May 12, 2000 it acquired an interest in certain oil and gas properties in the Bulwark area of Alberta as well as all of the issued and outstanding shares of 668344 Alberta Ltd. (668344), a private oil and gas company.

On December 31, 2000, Welwyn Energy Ltd. amalgamated with 668344 and continued under the name Welwyn Energy Ltd.

On June 30, 2003, Welwyn Energy Ltd. changed its name to Welwyn Resources Ltd. ("**Welwyn**").

Effective April 8, 2005, by way of reverse take-over (the "**Reverse Take-Over**"), Welwyn acquired all of the issued and outstanding shares of Pan Orient Energy Ltd., a company with interests in oilsands leases in the Sawn Lake area of Alberta. As a result, the former shareholders of Pan Orient Energy Ltd. acquired control of Welwyn, all of the officers and directors of Welwyn resigned, and the officers and directors of Pan Orient Energy Ltd. were appointed to the corresponding positions of Welwyn.

In connection with the Reverse Take-Over, Welwyn completed two financings totaling \$4.5 million: (1) a private placement financing for the issuance of 3,333,334 common shares at \$0.75 per common share; and (2) an issuance of 2,666,667 common shares for \$0.75 per common share.

On June 30, 2005, Welwyn changed its name to Pan Orient Energy Corp.

On October 21, 2005, Pan Orient acquired approximately 92% of the issued and outstanding shares of Tiger, a public company with operated working interests in Concessions L44/43 ("L44"), SW1 and L33/43 ("L33") in Thailand, in exchange for 3,814,023 Pan Orient common shares. The remaining 8% of the Tiger Shares were acquired in the first quarter of 2006, in exchange for 319,163 Pan Orient common shares. The Tiger Shares were de-listed from the TSXV.

On April 28, 2006 Pan Orient completed a private placement involving the issuance of 8.0 million common shares, at a price of \$3.75 per common share, for total gross proceeds of \$30.0 million.

On July 28, 2006, Pan Orient's wholly-owned subsidiary Pan Orient Energy Ltd. transferred its 10% working interest in oil sand leases in the Sawn Lake area of Alberta to Andora Energy Corporation ("**Andora**") for consideration of 10 million common shares of Andora.

On September 20, 2006, Pan Orient acquired 18,396,115 Andora shares; 4,981,481 shares from treasury for \$6.3 million and 13,414,634 shares from existing Andora shareholders for \$21.0 million in cash and the issuance of 4,257,222 Pan Orient common shares. As a result, Pan Orient's total share ownership in Andora increased to 67.0%. As part of the transaction, Pan Orient Energy Ltd. and Andora amalgamated (retaining the name Andora), immediately prior to which time all of Pan Orient Energy Ltd.'s remaining assets were transferred to Andora. In conjunction with the subscription, Pan Orient received warrants to purchase an additional 2,250,000 common shares of Andora for a per share price of \$1.60.

In December 2006, the Company spudded its first exploration well (POE-9) in Thailand, located in the Na Sanun East field of Concession L44.

In January 2007, the Company signed a new concession agreement with the government of Thailand as 100% working interest operator of concession L53/48 ("L53").

On January 15, 2007, Pan Orient announced that its POE-9 well discovered four potential fractured volcanic reservoir zones, prompting a seismic and drilling program which commenced in March of the same year. The success of this program led to 2,320 BOPD of oil production reported in the fourth quarter of the year, all growth related to drilling activities in Na Sanun East. This represented a 221% increase over the third quarter of 2007 and was almost twenty times the production in the fourth quarter of 2006.

On July 13, 2007, the Corporation issued, by way of a non-brokered private placement, 1.5 million common shares at \$4.25 per share for gross proceeds of \$6.4 million.

On September 19, 2007, Andora completed a transaction with Signet Energy Inc. ("**Signet**"), a company with heavy oilsands interests in Sawn Lake, Alberta. The security holders of Signet received 10,741,128 common shares of Andora with an estimated value of \$17.2 million. Certain shareholders exercised their right to dissent to the combination resulting in Andora recording a \$3.6 million provision representing the estimated maximum amount that would be paid to these shareholders. Following the combination Pan Orient owned approximately 53.5% of the issued and outstanding common shares of Andora.

On November 14, 2007, Pan Orient closed a bought-deal private placement for total gross proceeds of \$32.0 million which was comprised of 3.5 million common shares issued at a price of \$9.15 per common share.

On December 30, 2007, Pan Orient exercised its 2,250,000 warrants to acquire common shares of Andora for \$3.6 million, increasing its ownership to 55.4% of the issued and outstanding common shares of Andora.

During 2008 the Company continued with the development of the Na Sanun East Field of Concession L44 in Thailand, drilling 22 (13.2 net) wells at a 68% success rate and reporting annual average production of 4,947 BOPD.

In June of 2008, through the acquisition of three Singapore-registered companies Pan Orient acquired operated working interests in three production sharing contracts (“PSCs”) onshore Indonesia: 1) Batu Gajah (90%); 2) Citarum (69%); and 3) South CPP (90%). Carried interests of 10% for Batu Gajah and South CPP and 11% for Citarum were retained by the vendor. All contract areas as defined by the PSCs were undeveloped with the exception of one existing suspended well on the Citarum block, Pasundan-1, drilled by the previous operator. The Company tested this well in the fourth quarter of 2008 into 2009. A 750 kilometer 2D seismic program was commenced on Citarum in the fourth quarter.

On November 19, 2008 Andora came to an arrangement with the dissenting shareholders of Signet and issued 2,241,558 shares to the dissenting shareholders in lieu of a cash settlement. As a result of common shares issued to dissenting shareholders and common shares issued pursuant to a legal settlement in 2008 Pan Orient's ownership in Andora was reduced to 53.2%.

### **Three-year History**

During the past three years, Pan Orient has developed its business through a combination of exploration, development, and acquisitions as described below.

#### ***Thailand***

##### **2009**

The Company reported production volumes of 6,165 BOPD in the first quarter and shifted its focus to exploration and appraisal targets to add new reserves and new drilling opportunities. Pan Orient drilled 24 (15.2 net) wells in the year resulting in several discoveries, the most significant of which were Bo Rang in Concession L44 (which commenced production in July) and L53-A in Concession L53. The Company's production experienced significant fluctuations during the year and overall volumes declined as a result of the natural production decline in volcanic reservoirs, accelerated drainage of one pool in Na Sanun East, increased water production and reduced production from certain key wells. Average Thailand oil sales in 2009 were 4,496 BOPD. The independent reserves evaluation reflected the Company's drilling success with 36.7 million proved plus probable reserves, an increase of 47% from the previous year.

##### **2010**

The Company drilled 22 (13.6 net) exploration/appraisal wells and three (1.8 net) development wells. Notable results from the capital program included the WBEXT field discovery in the third quarter, further development of the Bo Rang field and the first discovery of hydrocarbons at commercial rates in Concession L33. Production in Concession L53 and Concession L33 commenced in August and November, respectively, although overall production declined from the previous year to 3,884 BOPD as Pan Orient continued to experience significant fluctuations in production levels from volcanic reservoirs which can initially be very prolific before they achieve a stabilized production level and water cut. Independent reserve evaluators assigned 31.9 million barrels of proved plus probable reserves at December 31, 2010, a 13% decrease from the previous year, which included 12.4 million barrels of new oil field discoveries in 2010 and a downward revision of 15.7 million barrels of previously assigned reserves.

##### **2011**

The Company drilled 19 (12.6 net) exploration/appraisal wells and nine (6.6 net) development wells. Oil production in 2011 averaged 2,030 BOPD, a decline of 48% from the previous year as Pan Orient continued to experience significant fluctuations in production levels from volcanic reservoirs. Independent reserve evaluators assigned 19.0 million barrels of proved plus probable reserves at December 31, 2011, a 40% decrease from the previous year, and which included a downward revision of 12.6 million barrels of previously assigned reserves. For the determination of crude oil reserves at December 31, 2011, no reserves were assigned to the new sandstone reservoir oilfield discovery with the L53-D2 well in Concession L53, which started drilling in December 2011 and started producing oil in January 2012 under a 90 day test period but has not yet been granted a production license.

##### **2012**

On February 1, 2012 Pan Orient and Tiger amalgamated and continue to carry on business under the name “Pan Orient Energy Corp.”

## **Indonesia**

2009

The 2D seismic program on the Citarum Production Sharing Contract (“PSC”) continued in 2009, a 500 kilometer 2D seismic program commenced on Batu Gajah and the abandonment work on Pasundan-1 began.

2010

The Company completed both the Citarum and Batu Gajah seismic programs and immediately followed up with initial field work for the planned three-well drilling program on Batu Gajah.

2011

In the first quarter of 2011, Pan Orient completed transactions which increased its interest in the Batu Gajah PSC to 97%, interest in the Citarum PSC to 77% and interest in the South CPP PSC to 97% through the repurchase of carried interests. At the Batu Gajah PSC, Pan Orient commenced the exploration drilling program in late March 2011. The Tuba Obi Utara-1 (NTO-1) exploration well drilled at the end of the first quarter and into the second quarter encountered 10.5 feet of gas pay within good-quality sand near the top of the Lower Talang Akar formation (“LTAF”). The follow-up NTO-1ST side track well encountered the same LTAF gas sand formation identified at the NTO-1 well, but of lower reservoir quality. At the Citarum PSC, the Cataka-1 exploration well started drilling on December 31, 2011, encountered severe drilling difficulties and the decision was made in February 2012 to junk and abandon the well at a depth of approximately 400 meters TVD (1,500 meters above the primary reservoir objective). In accordance with the Citarum PSC, in October 2011 the Company relinquished 1,539 net square kilometers of the original total contact area but retained the prospective areas identified by the Company. At the South CPP PSC, preparations were underway at the end of 2011 for a 200 kilometer 2D seismic program in 2012. In accordance with the South CPP PSC, Pan Orient relinquished 1,735 net square kilometers of contract area in November 2011 but retained the prospective areas identified by the Company. On November 21, 2011 the Company signed the 6,228 square kilometer East Jabung PSC located on and offshore south Sumatra, obtaining operatorship and a 100% working interest. The firm three year exploration commitment of the PSC includes two wells and 2D seismic acquisition and processing. Capital expenditures in 2011 for Indonesia were \$22.2 million for exploration activities relating to the four PSCs including the commencement of drilling at the Batu Gajah and Citarum PSC’s.

## **Canada**

2009

Andora received Commercial Scheme Approval for a SAGD recovery process under the Oil Sands Conservation Act from the Energy Resources Conservation Board (“ERCB”) and approval from the Government of Alberta under the Environmental Protection and Enhancement Act (“EPEA”). All season access into the site commenced in 2009.

2010

All season access into the site was completed in 2010. During the course of the year 375,000 shares of Andora held in escrow were cancelled and Andora issued 100,000 shares, resulting in an overall increase in Pan Orient’s interest to 53.4% as at December 31, 2010.

2011

Andora initiated a process in the first quarter of 2011 to identify and consider strategic alternatives. No binding proposal has been received to date and Andora is considering various alternatives.

## **Financings**

On March 8, 2011, the Company closed a bought-deal private placement, issuing 7.6 million common shares at \$6.55 per common share for total gross proceeds of \$49.5 million.

## **Significant Acquisitions**

The Andora acquisition of Signet in 2007 was effected by way of a plan of arrangement under the ABCA whereby the security holders of Signet received, in aggregate, 10,741,128 common shares of Andora with an estimated value of \$17.2 million. In connection with the transaction, Andora also issued 310,000 share purchase warrants, to an existing third party Signet warrant holder with an exercise price of \$2.86 per Andora share, expiring November 17, 2008. Following this transaction, Pan Orient owned approximately 53.4% of the issued and outstanding common shares of Andora.

During 2008 the Company acquired all of the issued and outstanding shares of three privately-held companies with interests in Indonesia. Total consideration in the transaction was \$14.7 million cash, the issuance of 378,324 Pan Orient shares valued at \$4.1 million and \$1.1 million in transaction costs. The vendor retained a 10% carried working interest on Batu Gajah and South CPP PSCs and an 11% carried working interest on the Citarum PSC.

In 2011 the Company acquired additional interests in its Indonesian PSCs, increasing its interest in the Citarum PSC from 69% to 77% and its interest in the Batu Gajah and South CPP PSCs from 90% to 97%. Total consideration for the transactions was USD \$1.8 million including the issuance of 50,677 shares in Pan Orient at a deemed market value of \$0.35 million.

## DESCRIPTION OF THE BUSINESS OF THE CORPORATION

### Summary

Pan Orient is a junior oil and natural gas company based in Calgary, Alberta, Canada with two primary areas of focus: 1) exploration and development in Asia, specifically Thailand and Indonesia; and 2) heavy oilsands exploration in Northern Alberta. The Company's average daily petroleum production for the year ended December 31, 2011 was 2,030 BOPD; all of which was attributable to the Company's Thailand interests. Plans for 2012 include further exploration and development in Thailand and exploration wells in Indonesia.

The Corporation believes its success is largely dependent on the performance of its management and key employees, many of whom have specialized knowledge and skills relating to international and heavy oil operations. Management is of the view that the Corporation has adequate personnel with the specialized skills required to successfully carry out its intended exploration and development activities.

Pan Orient's competitors include oil and natural gas companies that have substantially greater financial resources, including major integrated oil and natural gas companies, numerous other independent oil and natural gas companies and individual producers and operators, and state-owned oil companies.

The Company has established social, environmental and corporate policies with respect to its Thailand and Indonesia operations. These policies are communicated to employees, consultants and relevant third parties through the Company's Health, Safety and Environmental Policy and employee handbooks.

### Principal Properties

The Corporation's principal properties are divided into three distinct groups: 1) partially developed concessions located onshore Thailand; 2) undeveloped production sharing contracts onshore Indonesia; and 3) undeveloped oilsands leases in northern Alberta.

#### **Thailand**

The Company has an operated working interest in four on-shore concessions in Thailand: Concession SW1 (SW1); Concession 44/43 (L44); Concession 33/43 (L33); and Concession 53/48 (L53). These concessions have provided 100% of the Company's production of crude oil to date, which is trucked and sold to a refinery owned by the Thai National Oil Company.

Concession SW1 is fully developed and the remaining three concessions are in various stages of on-going development in 2011 and beyond.

As at December 31, 2011 there were 133 employees and 300 contractors in Thailand.

#### **Indonesia**

Currently the Company owns a 97% operated working interest in the Batu Gajah and South CPP PSCs, a 77% operated working interest in the Citarum PSC and a 100% interest in the East Jabung PSC. A 3% carried interest is held by a third party on the Batu Gajah, Citarum and South CPP PSCs. The carried interest represents all rights, entitlements, benefits and financial obligations arising out of the partner's participating interest in the PSC operations and if commercial production is established for a PSC, the amounts previously paid by Pan Orient on behalf of the carried interest partners will be recoverable through the partner's share of crude oil or natural gas produced from that PSC.

All four PSCs are currently undeveloped with the first Pan Orient well spudded on the Batu Gajah PSC in March 2011, the second well on Batu Gajah PSC in June 2011, and the first well on the Citarum PSC spudded in December 2011. The Company plans to drill six wells in Indonesia in 2012 with three wells on Citarum PSC, two wells on the Batu Gajah PSC and one well at the East Jabung PSC. A 2 D seismic program is planned on the South CPP in 2012.

As at December 31, 2011 there were 20 employees and 5 contractors in Indonesia.

#### **Canada**

Through its 53.4% ownership of the privately-held Andora Energy Corporation (Andora), Pan Orient has interests in heavy oilsands leases in Sawm Lake, within the central Alberta Peace River Oil Sands area.

The property is in the pre-production stage with commercial scheme approval for a steam assisted gravity drainage (SAGD) recovery process from the Energy Resources Conservation Board (ERCB) and the Environmental Protection and Enhancement Act (EPEA). All season access into the site was completed in December 2009 and timing of equipment procurement, construction of the project facility and drilling of the well pair has yet to be determined.

As at December 31, 2011 there were six employees at Pan Orient's head office and one individual employed by Andora.

## **Risk Factors and Industry Conditions**

### **Exploration, Development and Production**

There are several risks and uncertainties involved with an investment in Pan Orient due to the nature of the Company's involvement in the exploration for, and the acquisition, development, production and marketing of, oil and natural gas in foreign countries, as well as the current stage of the Company's development.

The long-term success of Pan Orient will depend on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Oil and natural gas exploration involves a high degree of risk and there is no assurance that Pan Orient will be able to locate satisfactory properties for acquisition or participation or that the Corporation's expenditures on future exploration will result in new discoveries of oil or natural gas in commercial quantities. The Company's oil and natural gas operations may be subject to several risks associated with such operations, including premature decline of reservoirs and the invasion of water into producing formations, the inherent uncertainties of drilling in unknown formations, cost overruns associated with encountering various drilling conditions, collapse of wellbore, tools lost in the hole and changes in drilling plans and locations.

Future oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion, infrastructure and operating costs. In addition, drilling hazards and/or environmental damage could greatly increase the costs of operations and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals, consents or permits, shut-in of wells resulting from extreme weather conditions or natural disasters, insufficient transportation capacity or other geological and mechanical conditions. Production delays and declines from normal field operating conditions may adversely affect revenue and cash flow levels to varying degrees.

The nature of oil and gas operations exposes Pan Orient to risks inherent in the operation and development of oil and natural gas properties, including encountering unexpected formations or pressures, blow-outs, craterings and fires, all of which could result in personal injuries, loss of life and damage to the property of the Corporation and others. The Corporation has both safety and environmental policies in place to protect its operators and employees, as well as to meet the regulatory requirements in those areas where it operates. In addition, the Corporation has liability insurance policies in place, in such amounts as it considers adequate. However, the Corporation will not be fully insured against all of these risks, nor are all such risks insurable.

The Company's foreign operations also expose it to risks that are unique to the specific countries it has current or future operations in. Some of the areas that Pan Orient has operations in may be considered politically and economically unstable. Exploration or development activities in such countries may require protracted negotiations with host governments, national oil companies and third parties and may be subject to economic and political considerations such as taxation, nationalization, expropriation, inflation, currency fluctuations, increased regulation and approval requirements, corruption, disruptions or violence related to political factors and the risk of actions by terrorist or insurgent groups, any of which could adversely affect the economics of exploration or development projects. The current political situation in Thailand has not affected Pan Orient's operations in any way to date and it is the belief of management that it is unlikely to affect operations in the future.

### **Reserves**

There are numerous uncertainties inherent in estimating quantities of oil and natural gas, reserves and cash flows to be derived therefrom, including many factors beyond the Corporation's control. In general, estimates of economically recoverable oil and natural gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and natural gas, royalty rates, future operating costs and the assumed effects of government regulations including production sharing and taxation, all of which may vary from actual results. All such estimates are to some degree speculative, and classifications of reserves are only attempts to define the degree of speculation involved. For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues expected therefrom prepared by different engineers, or by the same engineers at different times, may vary. The Corporation's actual production, revenues and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

Estimates of proved reserves that may be developed and produced in the future can be based upon volumetric calculations and analogy to similar types of reserves rather than actual production history. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in variations in the estimated reserves and such variations could result in material reserve revisions.

The Corporation's actual future net cash flows as estimated by independent reserve engineers will be affected by many factors which include, but are not limited to: actual production levels; supply and demand for oil and natural gas, curtailments or changes in governmental regulation, taxation changes, the value of the Canadian dollar relative to the Corporation's functional currencies and the impact of inflation on costs.

### **Oil and Natural Gas Prices**

The price of oil and natural gas will fluctuate based on factors beyond the Corporation's control. Factors which will influence future prices include demand for oil and natural gas, market fluctuations, the proximity and capacity of oil and natural gas transportation and processing equipment as well as government regulations, including regulations relating to environmental protection, allowable production, pricing, importing and exporting of oil and natural gas. Fluctuations in price will have a positive or negative effect on the revenue to be received by the Company. The marketability of commodities discovered in the countries in which the Company operates may be affected by additional factors which are beyond the control of Pan Orient. The Company is paid for its petroleum production in Thai Baht therefore its revenue is affected by the exchange rate between the Baht and the US dollar. The price received by the Company is net of a discount for the paraffin content of its oil.

### **Foreign Activities**

The Corporation's business operates in a number of foreign countries where there are added risks and uncertainties due to the different economic, cultural and political environments. Potential risks include but are not limited to, risk of war, risk of terrorist activities, border disputes, expropriation, renegotiations or modification of existing contracts, freezing of bank accounts and other assets, restrictions on repatriation of funds to Canada, import, export and transportation regulations and tariffs, exchange controls, currency fluctuations, labour disputes, sudden changes in laws, including those related to royalties and taxation, government control over domestic oil and gas pricing and uncertainties in perfecting mineral titles. In the event of a dispute arising from disagreement with Pan Orient involving foreign operations the Company may be subject to the exclusive jurisdiction of foreign courts, the risks of which include unfamiliarity with the legal system and potential language barriers.

Infrastructure development and access to quality drilling and related equipment in the countries in which the Company operates are limited. These factors may affect the Company's ability to explore and develop its properties, including the cost and timing of its projects and transportation of any production.

In Indonesia the Company does not have title to the assets used in its exploration and development activities. As a result, the Company would not have any salvage value in the event its PSCs were terminated. Furthermore, the required tender process in Indonesia greatly reduces the control the Company has with respect to choice of service providers for its exploration activities.

The majority of the Company's revenues and expenses are denominated in the U.S. dollar and Thai baht and as such the Company is exposed to fluctuations in foreign exchange rates when Canadian dollars must be converted to U.S. dollars to fund foreign expenditures as well as on translation of the financial statements of the foreign operations to Canadian dollars. In order to reduce risk with respect to cash held in foreign countries and to minimize exposure to foreign currency exchange fluctuations, Pan Orient aims to hold an optimal amount of funds within Canada, denominated in Canadian dollars. This strategy involves maintaining an appropriate cushion of baht in Thailand to satisfy payments in that currency as they come due, the most significant of which are the Company's SRB and taxes.

### **Credit Risk**

Pan Orient is or may be exposed to third party credit risk through the sale of its production, contractual arrangements with its current or future joint venture partners and other parties.

Currently 100% of the Company's production in Thailand is sold to a refinery owned by the Thai National Oil Company. Pan Orient is paid for its production on a monthly basis, typically within a week of the end of the month. The Company has assessed the risk of non-collection from the Thai government as minimal but failure of the Thai National Oil Company to meet its contractual obligations to Pan Orient would have a material adverse effect on the Company and its cash flows.

### **Pursuit of New Technology**

Capital projects, such as Andora's Sawn Lake project, that rely largely or partly on new technologies present additional exploration and development risks and the success of projects incorporating new technologies cannot be assured.

Current SAGD technologies for in-situ recovery of heavy oil are energy intensive, requiring significant consumption of natural gas and other fuels in producing steam that is used in the recovery process. The amount of steam required in the production process can vary, affecting costs. The performance of the reservoir can also affect the timing and levels of production using this technology. Additional risk may include but are not limited to: the ability to obtain necessary environmental and other regulatory approvals; risks relating to schedule, resources and costs, including the availability and cost of materials, equipment and qualified personnel; the impact of general economic, business and market conditions; the impact of weather conditions; the Company's ability to finance growth if commodity prices decline and stay at low levels for an extended period; and the effect of changing government regulations and public expectations in relation to the impact of oil sand development on the environment. Furthermore, costs estimates for major projects involve uncertainties related to the long-term nature of the project as many circumstances can change from the beginning of the project to the end. Accordingly, actual costs can vary significantly from estimates. A significant increase in recovery costs could have a negative effect on Pan Orient's results of operations.

**Permits and Licenses**

The operations of the Corporation require licenses and permits from various governmental authorities in several foreign jurisdictions. There can be no assurance that the Corporation will be able to obtain all necessary licenses and permits that may be required to carry out exploration and development at its projects. Furthermore, there is no guarantee that such permission will be granted within the timeframes expected by Pan Orient. The result can be a significant delay in timing of capital projects, potentially increasing costs and affecting outstanding commitments.

**Substantial Capital Requirements and Liquidity**

The Corporation anticipates that it will make substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. Based on the Company's forecasted cash and capital requirements for 2012 Pan Orient expects that its funds from operations and cash on hand will be sufficient to meet most of its working capital requirements and planned capital expenditures. However, Pan Orient's revenues or reserves may decline, funds flow from operations may be lower than expected, capital costs for planned projects may exceed current estimates, the Company may incur major unanticipated expenses related to development or maintenance. As a result the Corporation may have limited ability to expend the capital necessary to undertake or complete future drilling programs and there can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet the Company's requirements or, if debt or equity financing is available, that it will be on terms acceptable to the Corporation. Moreover, future activities may require the Corporation to alter its capitalization significantly. The inability of the Corporation to access sufficient capital for its operations could have a material adverse effect on the Corporation's financial condition, results of operations or prospects.

Furthermore, the Company's inability to meet any future work obligations may result in relinquishment of land or termination of exploration and development rights. Every year the Company submits a work program for each PSC to the Government of Indonesia ("GOI") and along with it, a request to roll forward any incomplete commitments from the previous year. Although this request is a departure from the original contract, it is considered standard practice in Indonesia. In the past, such applications on behalf of Pan Orient have been approved by the GOI and management has no reason to believe that future requests will not be granted approval however there is no guarantee. Cost overruns with respect to the budget approved by the GOI each year will affect the petroleum profit share calculation, specifically with respect to the amount of recoverable costs.

**Additional Funding Requirements**

The Corporation's cash flow from its reserves may not be sufficient to fund its ongoing activities at all times. From time to time, the Corporation may require additional financing in order to carry out its oil and natural gas acquisition, exploration and development activities. Failure to obtain such financing on a timely basis could cause the Corporation to forfeit its interest in certain properties, miss certain acquisition opportunities, reduce or terminate its operations or fail to fulfill its work commitments. If the Corporation's revenues from its reserves decrease as a result of production declines, lower oil and natural gas prices or otherwise, it will affect the Corporation's ability to expend the necessary capital to replace its reserves or to maintain its production. If the Corporation's cash flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available or available on favourable terms.

**Reliance on Key Employees**

The success of the Corporation is largely dependent upon the performance of its management and key employees. The Corporation has no key-man insurance policies, and therefore is at risk that the death or departure of any member of management or any key employee could have a material adverse effect on the Corporation.

**Management of Growth**

Any significant expansion of the Corporation's business may place a significant strain on its financial, operational and managerial resources and there can be no assurance that the Corporation will be able to implement and subsequently improve its operations and financial systems successfully and in a timely manner in order to manage rapid growth successfully. Any inability of the Corporation to manage growth successfully could have a material adverse effect on the Corporation's business, financial condition and results of operations.

**Government Regulations**

Pan Orient is subject to various laws, regulations, regulatory actions and court decisions that can have negative effects on the Corporation. Changes in the regulatory environment imposed upon Pan Orient could adversely affect the ability of the Corporation to attain its corporate objectives.

The Corporation's operations will be subject to a variety of federal and provincial laws and regulations, including income tax laws and laws and regulations relating to the protection of the environment. The Corporation's operations may require licenses from various governmental authorities and there can be no assurance that the Corporation will be able to obtain all necessary licenses and permits that may be required to carry out planned exploration and development projects.

### **Title to Properties**

Although title reviews will be performed according to industry standards prior to the purchase of most oil and natural gas producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat the claim of Pan Orient which could result in a reduction of the Corporation's revenue.

In Canada the Crown or, to a lesser extent, private land owners own oil and gas rights and lease those rights to corporations which are responsible for the development of such rights within the time frames described in the leases. This practice differs distinctly in some foreign countries in which Pan Orient does business. In these countries, the state grants interests in large tracts of lands and maintains control over the development of the oil and gas rights, in some cases through equity participation in the exploration and development of the rights. Depending on the country, this can impose certain obligations on Pan Orient to use certain service providers and complete minimum work within specified time frames. Transfers of interests typically require a state approval, which may delay or otherwise impede transfers. In addition, if a dispute arises in Pan Orient's foreign operations, the Company may be subject to the exclusive jurisdiction of foreign arbitration tribunals or foreign courts. The jurisdictions in which Pan Orient operates may have less developed legal systems than jurisdictions with more established economies. In addition, several source documents relative to the Company's operations are not in English and as a result Pan Orient's understanding of such is reliant on proper translation and guidance from advisors in its countries of operations.

### **Taxes**

Calculations for required filings in Thailand, Indonesia and Canada are based on interpretation of complex laws and regulations and are subject to reassessment by the applicable taxation authorities. The Corporation is currently subject to Thai income tax as well as SRB on profits from its production in Thailand. A successful reassessment of the Corporation's tax filings or any change in regulations may have a significant impact on current and future taxes payable.

Thai income tax and SRB are subject to several variables, primarily production levels, cash flows, capital expenditures and changes in government legislation but also changes in Thailand's consumer price index, wholesale price index, cumulative meters drilled on the concession and for certain concessions, changes in the exchange rate between the baht and the USD. These factors, some of which are beyond the Company's control, may have a material effect on the company's tax expense.

### **Competition**

The industry is highly competitive in the acquisition of exploration prospects, the development of new sources of production and the marketing of commodities. Pan Orient's competitors include oil and natural gas companies that have substantially greater financial resources, including major integrated oil and natural gas companies, numerous other independent oil and natural gas companies, individual producers and operators and state-owned oil companies. The Corporation's ability to increase reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling.

### **Social and Environmental Policies**

The Corporation's operations are subject to Canadian and foreign legislation with respect to safety and environmental matters, the regulations for which can vary greatly by country and region. Pan Orient has implemented policies and procedures to ensure that the Corporation meets or exceeds the requirements of the applicable laws and requirements in both Canada and in the foreign jurisdictions in which it operates. A breach of such legislation may result in the imposition of fines or issuance of clean-up orders in respect of the Corporation or the properties.

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulations pursuant to a variety of international conventions and federal, provincial, state and municipal laws and regulations. Environmental legislation provides for, among other things, restriction and prohibitions on spills, releases or emissions of various substances produced in association with oil and gas operations. Certain legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to third parties and may require the Corporation to incur costs to remedy such discharge. No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities.

Pan Orient conducts its operations in a manner consistent with environmental regulations as stipulated in legislation. The Corporation is committed to meeting its responsibilities to protect the environment wherever it operates and anticipates making expenditures of both a capital and expense nature to ensure full compliance with laws relating to protection of the environment. The Corporation does not anticipate that the expenditures relating to compliance with its environmental requirements, as a percentage of cash flow, will be greater than those expected, on average, by other industry operators. The Corporation maintains environmental insurance coverage, the limits and terms of which are determined by availability and the estimated risk versus cost. The Corporation's environmental policies apply equally to all employees, consultants, subsidiaries and contractors.

**Greenhouse Gas Emissions**

Canada is a signatory to the United Nations Framework Convention on Climate Change and has committed to reducing nation-wide emissions of carbon dioxide, methane, nitrous oxide and other so-called "greenhouse gasses" ("GHG"). It is premature to predict what impact this might have on Andora's prospective SAGD operations in Sawn Lake but it is likely that any mandated reduction in GHG emissions will increase forecasted costs. Over time these regulations may become even more onerous with public demands to further reduce the emission of greenhouse gases.

**Insurance**

The Corporation's involvement in the exploration for and development of oil and natural gas properties may result in the Corporation or its subsidiaries, as the case may be, becoming subject to liability for pollution, blow-outs, property damage, personal injury or other hazards. Prior to drilling, the Corporation or its subsidiaries, will obtain insurance in accordance with industry standards to address certain of these risks. However, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not in all circumstances be insurable or, in certain circumstances, the Corporation or service providers, as the case may be, may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The occurrence of a significant event that the Corporation may not be fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Corporation's financial position.

**Litigation**

From time to time, Pan Orient may be the subject of litigation arising out of the Company's operations.

**Conflicts of Interest**

The directors and executive officers of the Corporation may be or may become engaged in different areas of the oil and gas exploration and production industries, both on their own behalf and on behalf of other companies, and situations may arise where the directors and officers may be in direct competition with the Corporation. Conflicts of interest, if any, which arise will be subject to and governed by the procedures prescribed by the ABCA. The provisions of the ABCA require a director or officer of a corporation who is a party to, or is a director or an officer of or has a material interest in any person who is a party to, a material contract or proposed material contract with the Corporation to disclose his interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the ABCA.

## STATEMENT OF RESERVE DATA AND OTHER OIL AND GAS INFORMATION

### RESERVES DATA DECEMBER 31, 2011 – THAILAND & PAN ORIENT TOTAL

**PART 1 REVELANT DATE**

**Item 1.1 Statement Date:** April 30, 2012

**Item 1.2 Effective Date:** The effective date of the reserves estimates and revenue projections in this statement is December 31, 2011.

**Item 1.3 Preparation Date:** The preparation date for the report of the reserves in Thailand is March 20, 2012. As of the preparation date, Pan Orient and its independent reserves evaluator, GCA of Singapore is not aware of any new information which could materially impact this evaluation.

**PART 2 DISCLOSURES OF RESERVES DATA – IN AGGREGATE FOR THAILAND & PAN ORIENT TOTAL**

**Item 2.1 Reserves Data (Forecast Prices and Costs)**

<b>Summary of Reserves in Thailand as of December 31, 2011 (Forecast Prices &amp; Costs)</b>								
Reserves Category	Light and Medium Oil		Heavy Oil		Natural Gas		Natural Gas Liquids	
	Gross (Note1) (Mbbbl)	Net (Note2) (Mbbbl)	Gross (Note1) (Mbbbl)	Net (Note2) (Mbbbl)	Gross (Note1) (MMcf)	Net (Note2) (MMcf)	Gross (Note1) (Mbbbl)	Net (Note2) (Mbbbl)
Proved								
Developed Producing	2,240	2,128	-	-	-	-	-	-
Developed Non-Producing	-	-	-	-	-	-	-	-
Undeveloped	3,753	3,551	-	-	-	-	-	-
<b>Total Proved</b>	<b>5,993</b>	<b>5,679</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Probable	13,005	12,144	-	-	-	-	-	-
<b>Total Proved Plus Probable</b>	<b>18,998</b>	<b>17,823</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Notes:

- (1) Company Gross Reserves: These are working interest owner's share of gross reserves before the deduction of royalties. Royalty interest share of reserves is included in this category. (Mbbbl = thousands of barrels).
- (2) Company Net Reserves: These are working interest owner's share of gross reserves after the deduction of royalties. Royalty interest share of reserves is not included in this category.
- (3) Numbers may not add exactly due to rounding.

**Summary of Net Present Values of Future Net Revenue in Thailand as of December 31, 2011  
(Forecast Prices & Costs)**

Reserves Category	Before Income Taxes Discounted at (% per year) (Note 2)					After Income Taxes Discounted at (% per year)					Unit Value Before Tax Discounted at 10% Can\$/bbl (Note 3)
	Can\$ MM	Can\$ MM	Can\$ MM	Can\$ MM	Can\$ MM	Can\$ MM	Can\$ MM	Can\$ MM	Can\$ MM	Can\$ MM	
	0%	5%	10%	15%	20%	0%	5%	10%	15%	20%	
Proved											
Developed											
Producing	109	96	87	79	74	67	59	53	49	45	\$ 41
Developed Non-Producing	-	-	-	-	-	-	-	-	-	-	-
Undeveloped	262	199	160	133	113	132	100	80	66	56	\$ 45
Total Proved	371	295	246	212	187	199	159	133	115	102	\$ 43
Probable	804	574	430	335	268	405	288	216	168	134	\$ 35
Total Proved Plus Probable	1,175	869	676	547	456	604	447	349	283	236	\$ 38

Notes:

- (1) Gemini Overriding Royalty (GORR) of 8% on the F sands on Wichian Buri I and Wichian Buri II production licenses of the SW1 Concession have been accounted for in above result.
- (2) Future net revenue, before income tax, of reserves in Thailand is after the deduction of Special Remuneratory Benefit (SRB).
- (3) Volumes used in the Unit Value calculation are Company Net Reserves.
- (4) Totals may not add exactly due to rounding.

**Summary of Future Net Revenue in Thailand (Undiscounted) as of December 31, 2011  
(Forecast Prices & Costs)**

Reserves Category	Revenue	Royalties	Operating Costs	Development Costs	Well Abandonment and Reclamation Costs	SRB (Note 1)	Future Net Revenue Before Income Tax	Future Income Taxes	Future Net Revenue After Future Income Taxes
	Can\$ MM	Can\$ MM	Can\$ MM	Can\$ MM	Can\$ MM	Can\$ MM	Can\$ MM	Can\$ MM	Can\$ MM
Proved Reserves	547	29	116	27	-	4	371	172	199
Proved Plus Probable Reserves	1,738	108	243	91	-	123	1,175	571	604

Notes:

- (1) Special Remuneratory Benefit (SRB) applicable to Thailand concessions.
- (2) Royalties include the Gemini Overriding Royalty of 8% on the F sands on Wichian Buri I and Wichian Buri II production licenses of the SW1 Concession.
- (3) Numbers may not add exactly due to rounding.

**Summary of Future Net Revenue in Thailand (10% Discount) as of December 31, 2011  
(Forecast Prices & Costs)**

Reserves Category	Revenue	Royalties	Operating Costs	Development Costs	Well Abandonment and Reclamation Costs	SRB (Note 1)	Future Net Revenue Before Income Tax	Future Income Taxes	Future Net Revenue After Future Income Taxes
	Can\$ MM	Can\$ MM	Can\$ MM	Can\$ MM	Can\$ MM	Can\$ MM	Can\$ MM	Can\$ MM	Can\$ MM
Proved Reserves	365	20	70	25	-	4	246	113	133
Proved Plus Probable Reserves	1,050	68	138	77	-	92	676	327	349

Notes:

- (1) Special Remuneratory Benefit (SRB) applicable to Thailand concessions.
- (2) Royalties include the Gemini Overriding Royalty of 8% on the F sands on Wichian Buri I and Wichian Buri II production licenses of the SW1 Concession.
- (3) Numbers may not add exactly due to rounding.

**Future Net Revenue before tax in Thailand (Discounted at 10%)  
By Production Group as of December 31, 2011  
(Forecast Prices & Costs)**

Reserves Category	Production Group	Future Net Revenue Before Income Taxes	
		Discounted @10%/year Can\$ MM	Unit Value (Company Net Reserves) Can\$/bbl
Proved Reserves	Light and Medium Crude Oil	246	\$43
	Heavy Oil	-	-
	Natural Gas and Natural Gas Liquids	-	-
	Total	246	\$35
Proved Plus Probable Reserves	Light and Medium Crude Oil	676	\$38
	Heavy Oil	-	-
	Natural Gas and Natural Gas Liquids	-	-
	Total	676	\$33

**Item 2.3 Reserves of Subsidiaries**

Interests in Thailand are held through wholly-owned operating subsidiaries incorporated in the jurisdictions of Thailand and Bermuda. Those entities and their interests in Thailand are included in the audited consolidated financial statements of Pan Orient as at December 31, 2011 and this statement of reserves.

**PART 3 PRICING ASSUMPTIONS**

**Forecast Prices Used in Estimates**

<b>Thailand – Light and Medium Oil Summary of Pricing and Inflation Rate Assumptions as of December 31, 2011 (Forecast Prices and Costs)</b>						
Year	Brent Can\$/bbl	Wichian Buri Can\$/bbl (1)	Na Sanun East Can\$/bbl (2)	L53/48 Can\$/bbl (3)	Costs Inflation Rate / year	Exchange Rate Can\$/US\$
2011 Actual	112.30	98.70	97.64	98.70		1.00
Forecast						
2012	104.37	91.35	91.64	91.81	0%	0.99
2013	100.17	87.15	87.45	87.61	2%	0.99
2014	96.08	83.06	83.36	83.52	2%	0.99
2015	96.27	83.25	83.54	83.71	2%	0.99
2016	100.23	87.21	87.50	87.67	2%	0.99
2017	102.15	89.13	89.43	89.59	2%	0.99
Thereafter	Escalated 2.0%/year	Can \$13.02 discount to Brent	Can \$12.73 discount to Brent	Can \$12.56 discount to Brent	Escalated 2%/year	0.99

Notes:

- (1) Wichian Buri crude is for the crude oil produced from SW1 Concession.
- (2) Na Sanun East crude is for the crude oil produced from L44/43 and L33/43 Concessions.
- (3) L53/48 crude is for the crude oil production from L53/48 Concession.
- (4) Price forecast of GCA

**PART 4 RECONCILIATION OF CHANGES IN RESERVES**

The reconciliation of the light and medium oil reserves from December 31, 2010 to December 31, 2011 pertaining to the SW1, L44/43, L33/43 and L53/48 Concessions in Thailand is shown below.

<b>Reconciliation of Changes in Thailand Reserves – Light and Medium Oil</b>	<b>Gross Proved</b> (Mbbbl)	<b>Gross Probable</b> (Mbbbl)	<b>Gross Proved Plus Probable</b> (Mbbbl)
31 <sup>st</sup> December, 2010	7,363	24,572	31,935
Extensions	-	-	-
Improved Recovery	-	-	-
Technical Revision	(769)	(11,808)	(12,577)
Discoveries (Note 3)	139	241	380
Acquisitions	-	-	-
Dispositions	-	-	-
Economic Factors	-	-	-
Production	(741)	-	(741)
31 <sup>st</sup> December, 2011	5,993	13,005	18,998

Notes:

- (1) Gross reserves numbers represent Company Gross Reserves (Mbbbl = thousands of barrels).
- (2) Pan Orient's WI in SW1, L44/43 and L33/43 Concessions are 60%; while 100% WI in L53/48 Concession
- (3) Discovery made by well WBEXT 1F penetrating a deep "D" sand in a new fault compartment.
- (4) Totals may not add exactly due to rounding.

## Other Assumptions & Information – Thailand Reserves

The SW1, L44/43, L33/43 and L53/48 Concessions are under the Thailand III Fiscal Regimes, which terms are summarized below:

- Royalty is tax deductible and as follows:

Volume of petroleum sold during the month	%
Less than or equal to 60,000 bbl	5.00
Portion between 60,000 to 150,000 bbl	6.25
Portion between 150,000 to 300,000 bbl	10.00
Portion between 300,000 to 600,000 bbl	12.50
Portion exceeding 600,000 bbl	15.00

- Special Remuneratory Benefit (SRB) – between 0 to 75% based on Revenue divided by the summation of the total depth wells drilled plus a constant. As prescribed by the contract, the constants used for L44/43, L33/43 and L53/48 is 300,000, while the constant for SW1 Concession is 150,000. SRB is tax deductible.
- Indexes used for calculating SRB
  - Future exchange rate is based on the exchange rate of Thailand Baht to U.S. Dollar in year 2011 which is 30.28 Thailand Baht for 1 U.S. Dollar. The exchange rate used is based on the public domain data from oanda.com.
  - Future Consumer Price Index (CPI) for calculating SRB rate is derived from the 2011 index and escalated 3% p.a. from year 2012 onward. The CPI as of 31<sup>st</sup> December, 2011 as agreed with Thai Department of Mineral Fuels (DMF) is 112.1. The number has been used for the whole year 2012 and has been escalated 3% p.a. in year 2013 onward. The 3% p.a. escalation is an approximation from the last 5 year inflation rate in Thailand (year 2007 to year 2011).
  - Future Wholesale Price Index (WPI) for calculating SRB rate is derived from the 2011 index and escalated 3% p.a. from year 2012 onward. The WPI as of 31<sup>st</sup> December, 2011 as agreed with Thai Department of Mineral Fuels (DMF) is 137.9. The number has been used for the whole year 2012 and has been escalated 3% p.a. in year 2013 onward. The 3% p.a. escalation is an approximation from the last 5 year inflation rate in Thailand (year 2007 to year 2011). In year 2011, the Thai Government changed the base year for WPI index from year 2000 to year 2005. The changes have affected the changes in the WPI at award year and WPI in year 2011 as the basis for the SRB calculation.
  - Indices at award year for the SW1 Concession - CPI of 66.7, WPI of 79.4 and exchange rate from U.S. dollar to Baht of 25.5.
  - Indices at award year for the L44/43 and L33/43 Concessions – CPI of 87.1, WPI of 86 and no currency adjustment required.
  - Indices at award year for the L53/48 Concession – CPI of 99, WPI of 108.4 and no currency adjustment required.
  - Cumulative meters drilled as of 31<sup>st</sup> December, 2011 for SW1, L44/43, L33/43 and L53/48 Concessions are 47,753 meters, 125,793 meters, 9,677 meters and 15,665 meters, respectively.
- For SRB payment, loss carried forward as of 31<sup>st</sup> December, 2011 for SW1, L33/43 and L53/48 Concessions are US\$0.4 million, US\$6.4 million, and US\$23.8 million, respectively. No loss carried forward for SRB payment is reported on L44/43 Concession.
- Unamortized capital as of 31<sup>st</sup> December 31, 2011 for SW1, L44/43, L33/43 and L53/48 Concessions are US\$8.2 million, US\$25.6 million, US\$3.1 million, and US\$13.2 million, respectively.
- Thai tax rate applicable under Thai III Concession Terms is 50%.
- No abandonment costs are assumed for this evaluation since there is no abandonment obligation under the current Thailand concessionary system.
- Gemini Overriding royalty of 8% is applied to production from the 'F sand' on the Wichian Buri I and Wichian Buri II production licenses of the SW1 Concession.

**PART 5 ADDITIONAL INFORMATION RELATING TO RESERVES DATA – THAILAND & PAN ORIENT TOTAL**

**Item 5.1 Undeveloped Reserves**

At December 31, 2011, 63% of Pan Orient's total proved reserves (gross), 100% of Pan Orient's total probable reserves (gross) and 88% of total proved plus probable reserves (gross) in Thailand were undeveloped. The following table provides the volume of first attributed gross reserves of light & medium oil for proved undeveloped and probable undeveloped reserves at December 31 for each of the most recent three financial years:

<b>Undeveloped Reserves First Attributed in Thailand</b>							
Light and Medium Oil –Company Gross Reserves							
(Forecast Prices & Costs)			1st Attributed (Mbbl)	Adjustments (Mbbl)	Dispositions (Mbbl)	Developed (Mbbl)	Booked (Mbbl)
<b>Proved</b>							
<b>Undeveloped</b>							
Prior to 2009			4,311	(216)	-	(2,260)	1,835
2009			5,226	1,580	-	(1,641)	7,000
2010			1,655	(782)	-	(1,418)	6,455
2011			139	(2,100)	-	(741)	3,753
			<u>11,331</u>	<u>(1,518)</u>	-	<u>(6,060)</u>	<u>3,753</u>
<b>Probable Undeveloped</b>							
Prior to 2009			16,661	2,723	-	-	19,384
2009			14,775	(6,999)	-	-	27,160
2010			10,324	(12,912)	-	-	24,572
2011			241	(11,808)	-	-	13,005
			<u>42,001</u>	<u>(28,996)</u>	-	-	<u>13,005</u>

The oil fields comprising the undeveloped proved and probable reserves at December 31, 2011 are in the early stages of development and it is expected that development will be partially completed in the next two years, but full development will extend beyond the two years. The undeveloped proven reserves as at December 31, 2011 will generally be developed within a two year period. The undeveloped probable reserves as at December 31, 2011 will generally be developed over a four year period as indicated in the expected timing of future capital.

The exploration and development program established each year for Thailand considers a number of factors, including:

- the goal to expand reserves, production and future drilling inventory through drilling of exploratory and development wells;
- recognizing that Pan Orient has a significant drilling inventory of exploration and development drilling prospects;
- set out drilling programs which satisfy stated drilling commitments in the Concession agreements;
- exploration drilling needs to be completed within the exploration period set out in the Concession agreement (including the potential to apply for a renewal period in addition to the initial six year exploration period and the potential to apply for a further five year reserved area on 12.5% of the original exploration block);
- establish new production license areas through exploration drilling in areas where reserves have not been attributed at December 31, 2011 to expand the acreage granted under production licenses, which has a primary term of 20 years (plus a further 10 year extension can be applied for) after the expiry of the exploration period; and
- coordinate the level of capital programs in Thailand with after tax cash flow generated in Thailand through oil production, which generally funds Thailand capital programs.

**Item 5.2 Significant Factors or Uncertainties**

Note that for the determination of crude oil reserves at December 31, 2011, no reserves were assigned to the new oilfield discovery with the L53-D2 well in Concession L53, which started drilling in December 2011 and started producing oil in January 2012 under a 90 day test period but has not yet been granted a production license.

The oil fields in Thailand comprising the proved and probable reserves at December 31, 2011 are at a relatively early stage of development and 88% of total proved plus probable reserves (gross) were undeveloped. The extent of the crude oil accumulations and associated production levels in each of the oil reservoirs contained in the appraisal of reserves at December 31, 2011 will ultimately reflect additional appraisal drilling, production testing and history, and defining the oil / water contacts and the oil / gas contacts.

A number of other factors in Thailand which are beyond the Company's control can significantly affect the reserves, including product pricing, royalty and tax regimes, changing operating and capital costs, surface lease issues, receipt of regulatory approvals, availability of services and processing facilities and technical issues affecting well performance. **See "Risk Factors and Industry Conditions"**

**Item 5.3 Future Development Costs in Thailand**

The following table sets forth the development costs deducted in the estimation of future net revenue attributable for proved and proved plus probable undeveloped reserves contained in the GCA Report:

Future Development Costs in Thailand (Can\$MM) Using Forecast Prices & Costs (undiscounted)		
	Proved Reserves	Proved Plus Probable Reserves
2012	21	21
2013	4	33
2014	2	28
2015	-	7
2016	-	1
Remainder	-	-
Total	27	91

Future Development Costs shown are associated with booked reserves and do not necessarily represent the full exploration and development budget.

Capital programs in Thailand are generally funded with after tax cash flow generated in Thailand through oil production. The production volumes indicated in the GCA Report are sufficient to fund the future development costs in Thailand.

**PART 6 OTHER OIL AND GAS INFORMATION**

**Item 6.1 Oil and Gas Properties and Wells**

*Please refer to information on a country by country basis (Part 6A – Other Oil and Gas Information – Thailand, Part 6B – Other Oil and Gas Information – Canada, Part 6C – Other Oil and Gas Information – Indonesia)*

**Item 6.2 Properties With No Attributed Reserves**

*Please refer to information on a country by country basis – Thailand Item 6A.2, Canada Item 6B.2 and Indonesia Item 6C.2*

**Item 6.3 Forward Contracts**

Pan Orient has no forward contracts, directly or indirectly, under which it may be precluded from fully realizing future market prices for oil or gas other than the domestic market obligation terms of the Production Sharing Contracts in Indonesia (***please refer to Part 6C – Other Oil and Gas Information – Indonesia***).

**Item 6.4 Additional Information Concerning Abandonment and Reclamation Costs**

*Please refer to information on a country by country basis – Thailand Item 6A.4, Canada Item 6B.4 and Indonesia Item 6C.4*

**Item 6.5 Tax Horizon**

*Please refer to information on a country by country basis – Thailand Item 6A.5, Canada Item 6B.5 and Indonesia Item 6C.5*

**Item 6.6****Costs Incurred**

The following table summarizes capital expenditures made by the Company for acquisition, exploration and development activities for the year ended December 31, 2011:

**2011 Capital Expenditures**

(Can\$M)	Property Acquisition Costs		Exploration Costs	Development Costs	Other Costs	Total
	Proved Properties	Unproved Properties				
Thailand	-	-	27,839	20,263	197	48,299
Canada	-	-	285	-	93	378
Indonesia	-	1,761	22,197	-	21	23,979
Total	-	1,761	50,321	20,263	311	72,656

**Item 6.7****Exploration and Development Activities****a) 2011 Drilling**

2011 drilling by Pan Orient included 28 gross (19.2 net) wells in Thailand and three gross (2.8 net) in Indonesia. **Please refer to Part 6A – Other Oil and Gas Information – Thailand and Part 6C – Other Oil and Gas Information – Indonesia**

**b) Current and Likely Exploration and Development Activity**

Pan Orient's total capital program budget for 2012 is estimated to be \$77.5 million. This capital program is expected to be funded through cash flow generated from the Thailand operations, an additional \$11.7 million of equipment inventory on hand at the beginning of 2012, and will utilize to the extent necessary a portion of the \$51.6 million of working capital and non-current deposits at December 31, 2011.

- **Thailand** – 2012 Thailand capital program of \$37 million that includes the drilling of up to 33 wells at Concessions L44, L53 and SW1 and a 3D seismic program in Concession L53. The exact well breakdown between concessions in Thailand will be heavily influenced by Concession L53 exploration drilling results and timing of regulatory approvals.
- **Indonesia** – 2012 Indonesia capital program of \$40 million that includes six exploration wells (Cataka-1 & 1A, Jatayu-1 & Geulis-1 in the Citarum PSC, two wells in Batu Gajah PSC and one well in East Jabung PSC), a 2D seismic program in South CPP, and a 3D seismic program in Batu Gajah).
- **Canada** – Canadian operations are allocated an additional \$0.5 million. Andora Energy Corporation initiated a process in the first quarter of 2011 to identify and consider strategic alternatives. No binding proposal has been received to date and Andora is considering various alternatives for moving ahead with the pilot program.

**Item 6.8****Production Estimates for 2012**

*Thailand is the only country with a production estimate for 2012. Please refer to Part 6A.8 for Thailand Production Estimates for 2012 and also refer to additional information on properties on a country by country basis.*

**Item 6.6****Production History**

*The only country with production to December 31, 2011 is Thailand. Please refer to Part 6A.9 for Thailand Production History and also refer to additional information on properties on a country by country basis.*

## OTHER OIL AND GAS INFORMATION – THAILAND

### PART 6A

### OTHER OIL AND GAS INFORMATION – THAILAND

#### Item 6A.1

#### Oil and Gas Properties and Wells

The Company has interests in four on-shore concessions in Thailand: Concession SW1 (SW1); Concession 44/43 (L44); Concession 33/43 (L33); and Concession 53/48 (L53). Pan Orient is the operator of all four Thailand concessions with a 60% working interest in the first three and a 100% working interest in the fourth. SW1, L44 and L33 are located approximately 240 kilometers north and L53 approximately 60 kilometers west of Bangkok. Currently all of the Company's production is crude oil and is trucked and sold to a refinery owned by the Thai National Oil Company. As such the Company's facilities in Thailand consist only of pump jacks and tanks.

The Corporation's concession agreements with the Thai government provide the following:

- a) A primary exploration term as specified under the contract (generally six years for Pan Orient's onshore concessions).
- b) Fulfillment of work obligations throughout each phase of the contract related to exploration activities as specified in the concession agreement. Work obligations typically include geological studies, seismic work and drilling of wells.
- c) Relinquishments of a portion of the contract area as follows, specific area as determined by Pan Orient:
  - At the end of fourth year from the date of commencement of the petroleum exploration period, the concessionaire shall be obliged to relinquish fifty percent of the area of that exploration block.
  - At the end of the petroleum exploration period and such exploration period is not renewed, the concessionaire shall be obliged to relinquish the entire area remaining.
  - At the end of the petroleum exploration period and such exploration period has been renewed, the concessionaire shall relinquish a further twenty-five per cent of the area of that exploration block.
  - At the end of the petroleum exploration period which has been renewed, the concessionaire shall be obliged to relinquish all the remaining area.
- d) Royalty payable on a sliding scale with rates varying from 5% to 15% based on monthly production in barrels of oil equivalent.
- e) An additional profits tax (Special Remuneratory Benefit) on petroleum profits. SRB is a tax at sliding scale rates of 0 - 75% applied on a concession-by-concession basis to petroleum profits as defined in Thai tax legislation which includes deductions for expenses and capital spent. The rate is principally determined by production and pricing but is subject to other adjustments such as changes in Thailand's consumer and wholesale price indices and cumulative meters drilled on the concession. In 2010 the Company paid SRB only on its L44 Concession and in 2011 none of the concessions paid SRB. For oil sales in 2011 at Concessions SW1, L33 and L53 there were SRB loss carry forward deductions to shelter future SRB taxes.
- f) Income tax of 50% on taxable income of Thailand operations for the company owning interests in the concession. Taxable income is calculated as funds flow from operations less capital expenditures (deductible at varying rates), SRB and other permitted deductions. For the calculation of Thailand income tax, exploratory expenses for producing concessions are fully deductible, other capital expenditures in the field are deducted as tax depletion based on the amount of production compared to the reserve base, and additions to the inventory of capital items are not deductible until used in field operations base.
- g) Assets remain the property of Pan Orient until the end of the petroleum production period when title passes to the government free of charge. Upon expiry of the concession all assets which are not usable must be removed by Pan Orient within three months of receiving such instructions.

At December 31, 2011 the Company had the following oil wells in Thailand:

Onshore Thailand Interests December 31, 2011		
	Gross	Net
Producing wells	50	32.0
Non-producing wells	84	51.6
<b>Total</b>	<b>134</b>	<b>83.6</b>

Item 6A.2

Properties With No Attributed Reserves

Onshore Thailand Interests December 31, 2011					
		Gross Acres	Acres without Attributed Reserves (gross)	Working Interest	Acres without Attributed Reserves (net)
Concession SW1	Notes 1,2 & 3	3,573	2,520	60%	1,512
Concession L44/43	Notes 1,2 & 4	229,086	223,397	60%	134,038
Concession L33/43	Notes 1,2 & 5	229,544	228,435	60%	137,061
Concession L53/48	Notes 1,2,6 & 7	484,675	484,374	100%	484,374
<b>Total</b>		<b>946,878</b>	<b>938,726</b>		<b>756,985</b>

Note 1	The exploration period in the concession agreements has a primary term of six years. The concessionaire may apply for a single renewal of up to three years at least six months prior to the expiry date subject to a negotiated work program. A renewal may be granted provided the initial exploration period was granted more than three years and that the concessionaire has fulfilled its exploration obligations. Additionally, the concessionaire may apply to retain a "reserved area" of up to 12.5% of the original area of the exploration block for a period of up to five years with the payment of a surface reservation fee.
Note 2	A production license is applied for when a concessionaire establishes commercial production. The area of the production license is determined based on the area of petroleum drainage capable of producing petroleum from one or more wells in a field. A production license has a primary term of 20 years from the end of the exploration period. These production licenses have an expiry date of the primary production license term in 2016. A single renewal of up to 10 years may be granted upon prior notice by the concessionaire of at least six months.
Note 3	Concession SW1 – All acreage is held through production licenses. There are no commitments related to this concession.
Note 4	Concession L44 – Concession L44/43 in Thailand consists of 47 net square kilometers of lands held through production licenses (with a 20 year primary term plus an additional 10 year renewal period that can be applied for) and 509 net square kilometers of exploration lands. The exploration lands expire in July 2012 and the Company has applied to reserve 294 net square kilometers of exploration lands for an additional 5 year period. Commitments for study and training fund by July 2012 are an estimated cost, net to Pan Orient, are \$18,000.
Note 5	Concession L33 - Concession L33/43 in Thailand consists of 7 net square kilometers of lands held through production licenses (with a 20 year primary term plus an additional 10 year renewal period that can be applied for) and 550 net square kilometers of exploration lands. The exploration lands expire in July 2012 and the Company has applied to reserve 295 net square kilometers of exploration lands for an additional 5 year period. Commitments for study and training fund and geological studies by July 2012 with an estimated cost, net to Pan Orient, are \$49,000.
Note 6	Concession L53 - Commitments for one exploration well, geological studies, and study and training fund by January 2013 with an estimated cost, net to Pan Orient, are \$0.3 million.
Note 7	Concession L53 – Note that for the determination of crude oil reserves at December 31, 2011, no reserves were assigned to the new oilfield discovery with the L53-D2 well in Concession L53, which started drilling in December 2011 and started producing oil in January 2012 under a 90 day test period but has not yet been granted a production license.
Note 8	Refer to Note 15 – Commitments in Pan Orient's audited consolidated financial statements as at and for the year ended December 31, 2011 for additional information on commitments.

**Item 6A.4 Additional Information Concerning Abandonment and Reclamation Costs**

Pan Orient's estimated abandonment and reclamation costs for surface leases and wells in Thailand as at December 31, 2011 were based on internal estimates of timing and costs required to abandon its properties in accordance with government regulations.

<b>Thailand Abandonment &amp; Reclamation Costs</b>	Number of Wells (net)	Undiscounted (Can\$MM)	Discounted at 10% (Can\$M)
	83.6	14.2	4.6

The Company does not expect to incur any abandonment and reclamation costs in Thailand within the next three fiscal years. Future net revenue as provided in the 2011 GCA reserve report does not include any estimated costs for abandonment and reclamation activities.

**Item 6A.5 Tax Horizon**

In 2011 the Company paid income tax on its Thailand operations.

**Item 6A.6 Costs Incurred**

The following table summarizes capital expenditures made by the Company for acquisition, exploration and development activities in Thailand for the year ended December 31, 2011 (excluding any asset retirement obligation and excluding the impact of changes in foreign exchange rates):

<b>Thailand (Can\$M)</b>	<b>Property Acquisition Costs</b>			<b>Exploration Costs</b>	<b>Development Costs &amp; Other</b>	<b>Total</b>
	<b>Proved Properties</b>	<b>Unproved Properties</b>				
2011 Capital Expenditures	-	-		27,839	20,460	48,299

**Item 6A.7 Exploration and Development Activities****2011 Drilling - Thailand**

Wells	Exploratory / Appraisal Wells		Development Wells	
	Gross	Net	Gross	Net
Completed as				
Oil wells	7	5.0	8	6.0
Gas wells	-	-	-	-
Service Wells	-	-	-	-
Dry holes	12	7.6	1	0.6
Total	19	12.6	9	6.6

**Item 6A.8 Production Estimates for 2012**

GCA Report as at December 31, 2011 Estimated 2012 Oil Production (Mbbbls) Using Forecast Prices & Costs (undiscounted)		
By Field (for fields representing more than 20% of total)	Proved Reserves	Proved Plus Probable Reserves
Na Sanun East (L44)	320	360
Bo Rang North (L44)	225	249
WBEXT (L44)	200	408
Concession L33	27	29
Concession L53	127	136
Other fields	76	90
Total	975	1,272

**Item 6A.9**

**Production History for 2011**

Crude oil production from Pan Orient's Thailand properties represented 100% of the Company's production, for the periods indicated below:

<b>Thailand Operations for 2011</b>	<b>Three Months Ended</b>			
	<b>March</b>	<b>June</b>	<b>September</b>	<b>December</b>
<b>Daily Average Oil Sales (bbls/d)</b>	<b>31</b>	<b>30</b>	<b>30</b>	<b>31</b>
Na Sanun East field (incl. NSE-F1)(L44)	480	497	395	582
Bo Rang North field (L44)	555	441	334	284
WBEXT field (L44)	465	351	432	251
Concession L33	210	155	117	69
Concession L53	414	505	501	396
Other Fields	215	164	146	124
<b>Total</b>	<b>2,246</b>	<b>2,052</b>	<b>2,000</b>	<b>1,826</b>
<b>Per Barrel (Can\$/bbl)</b>				
Realized price	91.26	99.19	96.10	104.29
Royalties	(4.95)	(5.17)	(5.09)	(5.56)
Operating & transportation expenses	(12.89)	(15.02)	(14.17)	(19.69)
Field Netback	73.41	78.99	76.84	79.04
General and administrative expenses <sup>(1)</sup>	(4.90)	(3.39)	(4.60)	(9.02)
Interest	0.08	0.22	0.11	0.15
SRB	(0.11)	0.12	-	-
Income tax	(4.87)	(3.67)	(3.44)	(24.29)
<b>Funds flow from operations, after tax</b>	<b>63.61</b>	<b>72.27</b>	<b>68.91</b>	<b>45.87</b>

(1) Excluding non-cash accretion on decommissioning provision

(2) Foreign exchange included in the Canada operations

## OTHER OIL AND GAS INFORMATION – CANADA

### PART 6B

#### OTHER OIL AND GAS INFORMATION – CANADA

The information presented is for Andora Energy Corporation and this consolidated statement of information includes 100% of the operations of Andora unless otherwise stated. Pan Orient owned 53.4% of Andora at December 31, 2011.

#### Item 6B.1 Oil and Gas Properties and Wells

Andora does not have any producing wells and has not yet drilled any SAGD well pairs. At December 31, 2011 Andora had interests in nine gross (6.2 net) non-producing oil wells at Sawn Lake, Alberta.

#### Item 6B.2 Properties With No Attributed Reserves

No proven or probable reserves were assigned at December 31, 2010 or December 31, 2011.

At December 31, 2011 Andora held interests in 56,320 gross undeveloped acres (23,104 undeveloped acres net to Andora) of heavy oilsands leases in Sawn Lake, within the central Alberta Peace River Oil Sands area as shown below:

	Oil Sands Leases without Attributed Reserves (gross acres)	Working Interest	Oil Sands Leases without Attributed Reserves (net acres)	Additional Interest
South Block (Andora operated)	10,240	100%	10,240	
Central Block (Andora operated)	7,680	50%	3,840	3% GORR on 40% working interest
North Block (Andora operated)	5,760	100%	5,760	
North Block	32,640	10%	3,264	3% GORR on portions of 80% working interest
	56,320		23,104	

- Andora had no oilsands leases for which Andora expects its rights to explore, develop and exploit to expire by December 31, 2012. There are no work commitments associated with any of these leases
- Andora received Commercial Scheme Approval for a Steam Assisted Gravity Drainage (SAGD) recovery process under the Oil Sands Conservation Act from the Energy Resources Conservation Board (ERCB) and approval from the Government of Alberta under the Environmental Protection and Enhancement Act (EPEA) in 2009. The pilot project location is on Andora 100% owned acreage within the South Block of its Sawn Lake Property in the Peace River Oil Sands Region. All season access into the facility site was completed in 2010.
- In February 2011, Andora entered into an agreement with a private Alberta Company to acquire an additional 10% working interest in the Sawn Lake Central (12 sections) and North Blocks (51 sections) in consideration for the issuance to the vendor of 4,433,031 non-voting special warrants of Andora. Each special warrant entitled the holder thereof to receive one common share of Andora, at no additional consideration and without any further action, upon the happening of a liquidity event involving Andora, including a sale of the corporation, a merger or other business combination, a farmin or farmout, an acquisition or disposition of assets, among other alternatives. If a liquidity event was not completed within 270 days of closing (subject to extension by the parties), the acquired interests would be reconveyed to the vendor. A liquidity event was not completed and the interests were reconveyed to the vendor in the fourth quarter of 2011.

#### Estimate of Contingent Resources at December 31, 2011

The oilsands project at Sawn Lake Alberta was evaluated Sproule Unconventional Limited (Sproule) as at December 31, 2011. The Sproule evaluation at December 31, 2011 consisted of a mechanical update of the previous report entitled "Evaluation of the Contingent Bitumen Resources in the Sawn Lake Area of Alberta of Andora Energy Corporation (as of December 31, 2010)" dated January 26, 2011 and there was no change in the assigned contingent resource volumes to the property. The Sproule evaluations at December 31, 2010 and December 31, 2011 assigned contingent resource volumes to the property. The contingent resource volumes estimated in the Sproule Report at December 31, 2011 are considered contingent until such time as commercial recovery has been demonstrated, regulatory approvals have been obtained for a commercial SAGD development and the company has committed to proceed with commercial development. Contingent resources are further classified as "High", "Best" and "Low" in accordance with the level of certainty.

Statement Date: April 30, 2012

Effective Date: The effective date of the reserves estimates and revenue projections in this statement is December 31, 2011.

Preparation Date: The preparation date for the report of the contingent resources in Canada of Andora is February 9, 2012. Pan Orient owned 53.4% of Andora at December 31, 2011 and December 31, 2010 and this consolidated statement of information includes 100% of the reserves of Andora unless otherwise stated. As of the preparation date, Pan Orient and its independent reserves evaluator, Sproule are not aware of any new information which could materially impact this evaluation.

Significant Factors or Uncertainties:

- The Sproule evaluation at December 31, 2011 consisted of a mechanical update of the previous report dated January 26, 2011 incorporating new forecasted prices for natural gas and crude oil, and revised estimates of operating expenses and capital expenditures. The most significant changes are a reduction in natural gas prices and an increase in crude oil prices. There was no change in the assigned contingent resource volumes.
- The property is in the pre-production stage and the objective of the intended pilot program is to demonstrate the feasibility of producing bitumen from the Bluesky Zone at economic rates and the technical feasibility of the SAGD thermal recovery process. Estimation of reserves will be impacted by the degree of success of the pilot project, delineation drilling, establishment of a firm commercial development plan and obtaining funding for commercial development.
- A number of other factors which are beyond Andora's control can significantly affect the reserves, including product pricing, royalty and tax regimes, changing operating and capital costs, surface lease issues, receipt of regulatory approvals, availability of services and processing facilities and technical issues affecting well performance.
- *There is no certainty that it will be commercially viable to produce any portion of the contingent resources.*
- **See "Risk Factors and Industry Conditions"**

Summary of Canada Contingent Bitumen Resources as of December 31, 2011, as provided by Sproule

Marketable Bitumen Resources Company Gross (million barrels)	Andora	Pan Orient 53.4%
Contingent - Low Estimate "1C"	194.5	103.9
Contingent - Best Estimate "2C"	214.2	114.4
Contingent - High Estimate "3C"	250.8	133.9

<b>Summary of Net Present Values of Future Net Revenue in Canada of Contingent Resources</b>										
<b>As at December 31, 2011 (Forecast Prices &amp; Costs)</b>										
<b>Andora 100%</b>										
<i>Contingent Resources Category</i>	Before Income Taxes Discounted at (% per year)					After Income Taxes Discounted at (% per year)				
	Can\$M M	Can\$M M	Can\$M M	Can\$M M	Can\$M M	Can\$M M	Can\$M M	Can\$M M	Can\$M M	Can\$M M
	0%	5%	10%	15%	20%	0%	5%	10%	15%	20%
Low Estimate "1C"	3,812	1,286	408	67	(74)	2,858	914	241	(16)	(119)
Best Estimate "2C"	4,995	1,704	612	193	14	3,746	1,231	400	85	(47)
High Estimate "3C"	7,064	2,471	968	386	132	5,297	1,808	670	233	45
<b>Notes:</b>										
1	Resources assessed at forecast crude oil reference prices and costs.									
2	The reference price for crude oil per barrel (Western Canada Select WCS 20.5 API adjusted for quality and transportation in Canadian dollars) is \$82.34 for 2012, \$79.69 for 2013, \$77.25 for 2014, \$81.80 for 2015, \$83.44 for 2016, and prices for the reference price (WCS) increase at 2% per year thereafter.									
3	Oil revenue for these resources is equal to ~73% of the forecast crude oil reference price.									
4	Future development costs for Contingent Resources which have been deducted in calculating NPV: <ul style="list-style-type: none"> <li>▪ Low Estimate – CDN\$2,000 million with the drilling of 390 gross well pairs and building facilities</li> <li>▪ Best Estimate – CDN\$1,976 million with the drilling of 390 gross well pairs and building facilities</li> <li>▪ High Estimate – CDN\$2,020 million with the drilling of 390 gross well pairs and building facilities</li> </ul>									
5	The engineered values disclosed may not represent fair market value.									

<b>Summary of Net Present Values of Future Net Revenue in Canada of Contingent Resources</b>										
<b>As at December 31, 2011 (Forecast Prices &amp; Costs)</b>										
<b>Pan Orient's 53.4% Interest in Andora</b>										
<i>Contingent Resources Category</i>	Before Income Taxes Discounted at (% per year)					After Income Taxes Discounted at (% per year)				
	Can\$M M	Can\$M M	Can\$M M	Can\$M M	Can\$M M	Can\$M M	Can\$M M	Can\$M M	Can\$M M	Can\$M M
	0%	5%	10%	15%	20%	0%	5%	10%	15%	20%
Low Estimate "1C"	2,036	687	218	36	(40)	1,526	488	129	(9)	(64)
Best Estimate "2C"	2,667	910	327	103	7	2,000	657	214	45	(25)
High Estimate "3C"	3,772	1,320	517	206	70	2,829	965	358	124	24
Notes:										
1	Resources assessed at forecast crude oil reference prices and costs.									
2	The reference price for crude oil per barrel (Western Canada Select WCS 20.5 API adjusted for quality and transportation in Canadian dollars) is \$82.34 for 2012, \$79.69 for 2013, \$77.25 for 2014, \$81.80 for 2015, \$83.44 for 2016, and prices for the reference price (WCS) increase at 2% per year thereafter.									
3	Oil revenue for these resources is equal to ~73% of the forecast crude oil reference price.									
4	Future development costs for Contingent Resources which have been deducted in calculating NPV:									
	▪ Low Estimate – CDN\$1,068 million with the drilling of 390 gross well pairs and building facilities									
	▪ Best Estimate – CDN\$1,055 million with the drilling of 390 gross well pairs and building facilities									
	▪ High Estimate – CDN\$1,079 million with the drilling of 390 gross well pairs and building facilities									
5	Results represent Pan Orient's 53.4% interest in Andora.									
6	The engineered values disclosed may not represent fair market value.									

#### Item 6B.4 Additional Information Concerning Abandonment and Reclamation Costs

Estimated abandonment and reclamation costs as at December 31, 2011 were based on internal estimates timing of costs required to abandon and reclaim Andora surface leases, wells and facilities in accordance with Canadian regulations.

<b>Canada Abandonment &amp; Reclamation Costs</b>	Net Number of Wells	Undiscounted (\$MM)	Discounted at 10% (\$M)
	6.2	0.7	0.6

The Company does not expect to incur any abandonment and reclamation costs in Canada within the next three fiscal years.

The Sproule report of contingent resources at December 31, 2011 has included a deduction from future net revenue for estimated abandonment costs. Estimated undiscounted abandonment costs in 2016 and onwards for Andora is \$58.7 million in the Low Estimate, \$59.5 million in the Best Estimate, and \$61.4 million in the High Estimate.

#### Item 6B.5 Tax Horizon

Given that the Sawn Lake thermal oil sands project is in a very early stage of development, it is difficult to estimate when taxes for Andora may become payable. Income earned in Canada by Andora after commercial development is not expected to attract taxes until Andora utilizes its accumulated tax pools and loss carry forwards. Based on anticipated capital spending, which augments the tax pools, the Company does not expect Andora to pay Canadian income taxes during the next two years. This estimate will be impacted by, among other factors, timing of commercial development, crude oil production levels, construction costs, commodity prices, operating costs, and interest rates.

**Item 6B.6 Costs Incurred for the Year Ended 2011**

The following table summarizes capital expenditures in Canada for the year ended December 31, 2011: \$285,000 made by Andora for acquisition, exploration and development activities (excluding disposition of \$307.5 thousand) and \$93 thousand for Other Capital Expenditures of Pan Orient Energy Corp.

Canada (Can\$M)	Property Acquisition Costs		Exploration Costs	Development Costs & Other	Total
	Proved Properties	Unproved Properties			
2011 Capital Expenditures	-	-	285	93	378

**Item 6B.7 Exploration and Development Activities for the Year Ended 2011**

Andora did not drill any exploratory wells or development well for the year ended December 31, 2011. The next stage in development will be proceeding with the pilot project. The timing for equipment procurement, construction of the pilot project facility and drilling of the pilot project well pair has yet to be determined and timing will be based on securing financing for the project.

**Item 6B.8 Production Estimates**

Andora does not have any producing wells and did not have any production of crude oil, natural gas, or natural gas liquids for the year ended December 31, 2011.

**Item 6B.9 Production History for the Year Ended 2011**

Andora does not have any producing wells and did not have any production of crude oil, natural gas, or natural gas liquids for the year ended December 31, 2011.

## OTHER OIL AND GAS INFORMATION – INDONESIA

### PART 6C

### OTHER OIL AND GAS INFORMATION – INDONESIA

#### Item 6C.1

#### Oil and Gas Properties and Wells

The Company has working interests in four production sharing contracts (PSCs) in Indonesia:

- the Batu Gajah production sharing contract (PSC) located onshore south Sumatra,
- the East Jabung PSC located onshore & offshore south Sumatra,
- the South CPP PSC located onshore south central Sumatra, and
- the Citarum PSC located onshore west Java.

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#### Working Interests as at

December 31, 2011

	Citarum	Batu Gajah	East Jabung	South CPP
Pan Orient Working Interest	77%	97%	100%	97%
Third Party Working Interest	20%	-	-	-
Third Party Carried Interest	3%	3%	-	3%
Total	100%	100%	100%	100%

Amounts recorded in the financial statements for capital expenditures and work commitments related to these PSCs include the amount paid by Pan Orient on behalf of the carried interest partners. If commercial production is established for a PSC, the amounts previously paid by Pan Orient on behalf of the carried interest partners will be recoverable through the partner's share of crude oil or natural gas produced from that PSC.

The Citarum PSC is located onshore West Java and has one well drilled by the previous operator (Pasundan-1 well) and one well (0.8 net) by the Company at the end of 2011 (Cataka-1 well). The Pasundan-1 well was drilled by the former operator, tested by Pan Orient in the fourth quarter of 2008, into 2009 and then subsequently abandoned. The Cataka-1 exploration well started drilling on December 31, 2011, encountered severe drilling difficulties and was abandoned in February 2012 at a depth of approximately 400 meters TVD, 1,500 meters above the primary reservoir objective. Upon the completion of the Jatayu-1 well being drilled in April 2012, it is the expectation that the Company will commence on the re-drill of the Cataka prospect with the Cataka-1A well.

The Batu Gajah PSC is located onshore south Sumatra and two wells were drilled by the Company in 2011. The Tuba Obi Utara-1 (NTO-1) exploration well drilled at the end of the first quarter and into the second quarter encountered 10.5 feet of gas pay within good-quality sand near the top of the Lower Talang Akar Formation ("LTAF"). The follow-up NTO-1ST side track well encountered the same LTAF gas sand formation identified at the NTO-1 well, but of lower reservoir quality. Initial drilling results at North Tuba Obi are encouraging with proven gas in the LTAF and oil shows in the Upper Talang Akar sand. The first Appraisal of the North Tuba Obi gas discovery, NTO-2 is planned to be drilled in 2012 to target natural gas in the LTAF and oil in the overlying Upper Talang Akar and Air Benakat sandstone zones. The SE Tiung-1 exploration well drilled in June / July 2011 encountered oil shows and good quality sands within the primary Lower Talang Akar target horizon but wire line logging indicated the zone to be water bearing. The secondary objective of the Gumai and Upper Talang Akar formation sands were also present, but interpreted as being water bearing.

The South CCP and East Jabung PSCs are both onshore Sumatra and do not have any wells.

Significant terms of the Company's PSCs with the Indonesian government (GOI) generally include:

- a) A term of 30 years, including an initial exploration period of 6 years, extendable for a maximum period of 4 years.
- b) Fulfillment of work obligations (geological and geophysical, seismic and drilling of exploratory wells) throughout the six year period related to exploration activities as specified in the PSC.
- c) Relinquishments of a portion of the contract area as follows, as determined by Pan Orient:
  - 20% or 25% of the contract area after the first three contract years;
  - An additional 15% of the original contract area if the firm work program commitment has not been completed;
  - An additional relinquishment before the end of the 6th contract year such that the area retained thereafter shall not be in excess of 20% of the original contract area; and
  - The entire contract area if exploration efforts are not continued beyond the sixth contract year.
- d) Payment to GOI of a signature bonus, production bonuses and other specified fees.
- e) Contractor share of production
  - There is a different split to the Contractor for crude oil (including NGL's) and for natural gas specified in the PSC (which is before 30% income tax and 20% withholding tax)

Contractor's Share per PSC				
As at December 31, 2011				
(before Indonesia tax)	Citarum	Batu Gajah	East Jabung	South CPP
Crude oil	44.6429%	26.7857%	58.3333%	26.7857%
Natural gas	71.4286%	53.5714%	66.6667%	53.5714%

- Until recovery by Contractor of all expenditures (as defined in the PSC contract and excluding the initial signature bonus paid at the granting of the PSC) made and obligations incurred in carrying out petroleum operations to date:
    - On the first 10% to 20% First tranche Petroleum revenue, the split to the Contractor for each product is as defined in the PSC
    - The remaining 80% to 90% of revenue is to the Contractor towards cost recovery
  - Sharing of profit petroleum as specified under the PSC once the operator has recovered all eligible capital costs invested as defined in the PSC
- f) After commencement of commercial production, sale and delivery of specified volumes to the GOI to fulfill obligation towards the supply of the domestic market in Indonesia (DMO):
    - For crude oil – after five years since the first delivery of crude oil in the PSC, up to 25% of the Contractor's entitlement of profit petroleum (after cost recovery) may be required to be delivered and sold at a price equal to 25% of the market price.
    - For natural gas – after discovery of each new natural gas reservoir, up to 25% of the Contractor's entitlement of natural gas (after cost recovery) may be required to be made available to a domestic buyer at a negotiated price.
  - g) Pan Orient has the right during the term of the PSC to take and receive and freely export its share of production volumes under the conditions provided in the PSC (excluding DMO).
  - h) Equipment purchased by Pan Orient pursuant to the work program under the PSC becomes the property of the GOI; and
  - i) Payment of income tax on profits as required under Indonesian tax regime.

**Item 6C.2**

**Properties With No Attributed Reserves**

Onshore Indonesia Interests December 31, 2011

PSC (and year awarded)	Notes	Gross acres without Attributed Reserves (gross)	Working Interest	Net acres without Attributed Reserves (net)
Citarum PSC (2005)	Notes 1,2 & 3	169,020	77%	130,145
Batu Gajah PSC (2007)	Notes 1,2 & 4	618,999	97%	600,429
South CPP PSC (2008)	Notes 1,2 & 5	643,215	97%	623,919
East Jabung PSC (2011)	Notes 2 & 6	1,072,190	97%	1,072,190
		2,503,425		2,426,684
Note 1	For capital expenditures and operating expense, Pan Orient pays its proportionate working interest share plus and an additional amount for a joint venture partners' carried interest in each PSC. The expenditures represent the Company's estimated costs in completing the work program requirements. Actual expenditures required to carry out these commitments may be significantly different than the estimates.			
Note 2	Indonesia financial commitments as provided above represent the work program required under the initial 3-year exploration period of the PSC. With respect to Citarum, Batu Gajah and South CPP, extension of this initial exploration period has been successfully negotiated with the Government of Indonesia ("GOI") to the dates indicated above. If Pan Orient exercises its options to continue beyond the 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. In the past, such applications on behalf of Pan Orient have been approved by the GOI and management has no reason to believe that future requests will not be granted approval; however, there is no guarantee. Upon default of a commitment related to any of the first three years of a PSC, the operator is required to relinquish 15% of the original PSC area, the actual acreage at the discretion of the operator. To date, Citarum, Batu Gajah and South CPP have complied with these penalty relinquishments. Depending on the stage of the PSC, failure to fulfill the required commitments may also result in penalty payment equal to the unspent commitments and/or forfeiture of the PSC.			
Note 3	Citarum PSC – commitments for three exploration wells by October 2012 with an estimated cost, net to Pan Orient, of \$14.2 million.			
Note 4	Batu Gajah PSC – commitments for 400 km <sup>2</sup> of 3D seismic and one exploration well by January 2013 with an estimated cost, net to Pan Orient, of \$14.5 million.			
Note 5	South CPP PSC – commitments for 200 km of 2D seismic and one exploration well by November 2013 with an estimated cost, net to Pan Orient, of \$5.2 million.			
Note 6	East Jabung PSC – commitments including 250 km of 2D seismic and two exploration wells by November 2014 with an estimated cost, net to Pan Orient, of \$11.2 million			
Note 7	Refer to Note 15 – Commitments in Pan Orient's audited consolidated financial statements as at and for the year ended December 31, 2011 for additional information on commitments.			

**Item 6C.3**

**Forward Contracts**

There are no forward contracts, directly or indirectly, under which it may be precluded from fully realizing future market prices for oil or gas in Indonesia other than the domestic market obligation terms of the Production Sharing Contracts in Indonesia.

**Item 6C.4 Additional Information Concerning Abandonment and Reclamation Costs**

Pan Orient's estimated future abandonment and reclamation costs at December 31, 2011 in the audited consolidated financial statements of Pan Orient included Pan Orient's only well in Indonesia were based on internal estimates of timing and costs required to abandon the well in accordance with government regulations.

<b>Indonesia Abandonment &amp; Reclamation Costs<sup>(1)</sup></b>	<b>Net Number of Wells</b>	<b>Undiscounted (\$MM)</b>	<b>Discounted at 10% (\$MM)</b>
Citarum & Batu Gajah PSCs 4 wells	3.2	0.2	0.1

*(1) includes carried interest*

It is expected that the Company would incur the entire \$13,000 of abandonment and reclamation costs in related to the Pasundan-1 well within the next three fiscal years.

**Item 6C.5 Tax Horizon**

The Company is currently not taxable in Indonesia, does not expected to be taxable within the next year and does not have a current estimate as to when it will be taxable in the country.

**Item 6C.6 Costs Incurred**

The following table summarizes capital expenditures made by the Company for acquisition, exploration and development activities in Indonesia for the year ended December 31, 2011 (excluding any asset retirement obligation and excluding the impact of changes in foreign exchange rates):

<b>Indonesia (Can\$M)</b>	<b>Property Acquisition Costs</b>				
	<b>Proved Properties</b>	<b>Unproved Properties</b>	<b>Exploration Costs</b>	<b>Development Costs &amp; Other</b>	<b>Total</b>
2011 Capital Expenditures	-	1,761	22,197	21	23,979

**Item 6C.7 Exploration and Development Activities**

There were four wells drilled in Indonesia during the year ended December 31, 2011. *Refer to comments in section 6C.1*

**2011 Drilling - Indonesia**

<b>Wells</b>	<b>Exploratory / Appraisal Wells</b>		<b>Development Wells</b>	
	<b>Gross</b>	<b>Net</b>	<b>Gross</b>	<b>Net</b>
Completed as				
Oil wells	-	-	-	-
Gas wells	1	1.0	-	-
Service Wells	-	-	-	-
Dry holes	2	1.8	-	-
<b>Total</b>	<b>3</b>	<b>2.8</b>	<b>-</b>	<b>-</b>

**Item 6C.8 Production Estimates for 2012**

The Batu Gajah, Citarum, South CPP and East Jabung PSCs in Indonesia, in which Pan Orient has interests through wholly owned subsidiaries, do not have any producing wells and did not have any production of crude oil, natural gas, or natural gas liquids for the year ended December 31, 2011. No reserves have been assigned to Pan Orient's interests in the Batu Gajah, Citarum, South CPP and East Jabung PSC's in Indonesia.

**Item 6C.9 Production History for 2011**

The Batu Gajah, Citarum, South CPP and East Jabung PSC's in Indonesia, in which Pan Orient has interests through wholly owned subsidiaries, do not have any producing wells and did not have any production of crude oil, natural gas, or natural gas liquids for the year ended December 31, 2011.

**See "Risk Factors and Industry Conditions"**

## DIVIDENDS

The Corporation has not declared or paid any dividends on its common shares and currently has no intention of paying dividends. The board of directors of the Corporation will consider the Corporation's dividend policy from time to time to assess whether the declaration of dividends payable on its outstanding Pan Orient common shares is appropriate.

## DESCRIPTION OF CAPITAL STRUCTURE

The Corporation's capital structure as at December 31, 2011 was as follows:

Security	Authorized	Issued	Outstanding at December 31, 2011
Common voting shares <sup>(1)</sup>	Unlimited	56,891,707	56,685,307
Preferred shares <sup>(2)</sup>	Unlimited	-	-
Stock options	See below <sup>(2)</sup>	8,030,317	3,816,500

- (1) The Corporation is authorized to issue an unlimited number of common shares. Holders of common shares are entitled to one vote per common share at meetings of shareholders, are entitled to dividends if, as and when declared by the board of directors of the Corporation and upon liquidation, dissolution or winding-up to receive the Corporation's remaining property on a pro rata basis, subject to the rights of holders of shares ranking prior to the common shares. Holders of common shares have no pre-emptive rights, no conversion rights or rights of redemption provisions applicable to the common shares.
- (2) The preferred shares are issuable in series. Subject to the provisions of the ABCA, the directors of Pan Orient may fix, from time to time, the designation rights, privileges, restrictions and conditions attaching to each series of preferred shares.
- (3) The aggregate number of common shares and any other security-based share compensation of Pan Orient reserved for issuance under the performance share and stock option plans is fixed at a rolling maximum of 10% of the issued and outstanding common shares calculated on a non-diluted basis. Vesting and expiry provisions vary for each stock option grant and are determined at the grant date.

## MARKET FOR SECURITIES

The Corporation's common shares are listed on the TSXV and trade under the symbol "POE".

2011	Trading Volume (000s)	Trading Price Per Share (\$)	
		High	Low
January	1,040	7.36	6.41
February	1,539	7.09	6.51
March	1,626	7.07	6.25
April	3,292	7.55	5.80
May	3,042	6.00	4.95
June	759	5.54	4.95
July	1,298	5.45	4.38
August	2,400	4.30	2.90
September	1,334	3.22	2.20
October	3,724	2.70	2.06
November	2,231	2.28	1.86
December	4,321	2.17	1.81

2012	Trading Volume (000s)	Trading Price Per Share (\$)	
		High	Low
January	10,753	3.96	1.95
February	12,065	4.43	3.18
March	8,087	4.61	3.57
April (to April 27)	9,382	4.18	2.30

## DIRECTORS AND OFFICERS

### Directors and Officers

The names, municipalities of residence, positions held with the Corporation and principal occupations of the directors and officers of Pan Orient are as follows. The term of office of each director will expire at the next annual meeting of the Company, unless his office is earlier vacated.

Name, Present Office Held and Municipality of Residence	Director or Officer Since	Five Year History of Principal Occupations
Jeff Chisholm Chief Executive Officer and Director Calgary, Alberta	April 13, 2005	President and Chief Executive Officer of the Corporation from April 2005 to present.
William Ostlund Vice-President, Finance and Chief Financial Officer Calgary, Alberta	April 24, 2009	Senior Vice-President and Chief Financial Officer of Focus Energy Trust Resources from August 2002 to February 2008 and Chief Financial Officer of Pan Orient from April 2009 to present.
Michael Hibberd <sup>(1)(2)</sup> Director Calgary, Alberta	April 13, 2005	President of MJH Services Inc. (corporate finance advisory company) from 1995 to present.
Waleed Jazrawi Director Calgary, Alberta	April 13, 2005	Chief Operating Officer of the Corporation from April 2005 to January 2006; President and Director of Jazrawi & Associates Inc. (consulting company) from July 2000 to present.
Gerald Macey <sup>(1)(2)</sup> Director Calgary, Alberta	April 13, 2005	Retired oil and gas company executive.
Cameron Taylor <sup>(1)(2)</sup> Director Wolseley, Saskatchewan	April 13, 2005	Senior Vice President of Villanova Energy Corp. and Keystone Royalty Corp. (oil and gas companies) from February 2007 to January 2009; President & Chief Executive Officer of Villanova Resources Inc. from January 2009 to June 2010; President and Chief Executive Officer of Villanova Oil Corp from June 2010 to present.
Paul Wright <sup>(1)</sup> Director Calgary, Alberta	November 30, 2007	Self-employed consultant.

(1) Member of the Audit Committee

(2) Member of the Compensation Committee

As at December 31, 2011, the directors and executive officers of the Corporation, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 3,531,734 Pan Orient common shares, which represented approximately 6% of the outstanding Pan Orient common shares.

### Cease Trade Orders

No director or executive officer of the Corporation is, as at the date hereof, or was within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Corporation) that; (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of this paragraph, "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days.

## **Conflicts of Interest**

There are potential conflicts of interest to which the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. In particular, certain of the directors and officers of the Corporation are involved in managerial and/or director positions with other oil and gas companies whose operations may, from time to time, be in direct competition with those of the Corporation or with entities may, from time to time, provide financing to, or make equity investments in, competitors of the Corporation. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

## **Penalties or Sanctions**

No director or executive officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to: (a) any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonably investor in making an investment decision.

## **Personal Bankruptcies**

Other than as set out below, no director or executive officer of the Corporation, or shareholder of the Company holding sufficient securities of the Corporation to materially affect the control of the Corporation: (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets; or (b) has, within the 10 year before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Michael Hibberd was an independent director of Challenger Energy Corp. ("Challenger") from December 1, 2005 to September 16, 2009. Challenger obtained a creditor protection order, under the Companies' Creditors Arrangement Act (Canada), from the Court of Queen's Bench of Alberta, Judicial District of Calgary on February 27, 2009. On June 19, 2009, Challenger announced that it had entered into an Arrangement Agreement providing for the acquisition by Canadian Superior Energy Inc. ("Canadian Superior") of Challenger (0.51 of a Canadian Superior common share for each Challenger common share). On September 17, 2009, all common shares of Challenger were exchanged for common shares of Canadian Superior and all creditor claims were fully honoured.

Cameron Taylor was a director and a de facto officer of Natural Valley Farms Inc. until he resigned on August 15, 2008. Natural Valley Farms was placed into receivership by order of the Court of Queen's Bench of Saskatchewan on September 23, 2008 and its assets were auctioned for the benefit of its secured creditor in September 2009.

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

The Corporation is not nor was it a party to, and its properties are not nor were they the subject of, any legal proceedings during the Corporation's most recently completed financial year. The Corporation is not aware of any such proceedings contemplated by or against the Corporation or its properties.

During the most recently completed financial year, the Corporation was not subject to: (a) any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a securities regulatory authority; (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision, and (c) settlement agreements entered into before a court relating to Canadian securities legislation or with a Canadian securities regulatory authority.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

No director, executive officer or any other person that is the direct or indirect owner of, or who exercises control or direction over, more than 10% of any class or series of voting securities of the Corporation, or any associate or affiliate of such persons, had any material interest, direct or indirect, in any transaction since the date of the Reverse Take-Over or during the current financial year or in any proposed transaction that materially affects or would materially affect the Corporation or any of its affiliates.

## **TRANSFER AGENT AND REGISTRAR**

Valiant Trust Company in Calgary, Alberta is the transfer agent and registrar of the common shares.

## **INTERESTS OF EXPERTS**

The Company's reserves and Andora's resources included in this Annual Information Form have been evaluated by independent reserve engineers GCA and Sproule. The partners of GCA and Sproule as a group beneficially own, directly or indirectly less than 1% of the Company's securities of any class.

KPMG LLP are the auditors of the Company and have confirmed that they are independent of the Company within the meaning of the rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

Based on information provided to the Corporation there are no beneficial interests in the Company's securities or property held by any parties that were in a position to directly influence the preparation of the Corporation's reserves and Andora's resource estimates or audited consolidated financial statements.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation can be found on SEDAR at [www.sedar.com](http://www.sedar.com). Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Common Shares and securities authorized for issuance under equity compensation plans, is contained in the Corporation's information circular for the most recent annual and special meeting of shareholders that involved the election of directors. Additional financial information is provided in Pan Orient's audited annual financial statements and management's discussion and analysis for the year ended December 31, 2011.

## APPENDIX A

### Form 51-101F3 Report of Management and Directors on Reserves Data and Other Information

Management of Pan Orient Energy Corp. (the "Company") are responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data which are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2011, estimated using forecast prices and costs.

Gaffney, Cline & Associates (Consultants) Pte Ltd have evaluated the Company's reserves data. The report of the independent, qualified reserves evaluator has been filed with securities regulatory authorities concurrently with this report.

The Board of Directors of the Company has:

- a) reviewed the Company's procedures for providing information to the independent qualified reserves evaluator;
- b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and
- c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The Board of Directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The Board of Directors has approved

- a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;
- b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator on the reserves data; and
- c) the content and filing of this report.

Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

"signed"  
Jeff Chisholm  
President and Chief Executive Officer  
Pan Orient Energy Corp.

"signed"  
William Ostlund  
Vice-President, Finance and Chief Financial Officer  
Pan Orient Energy Corp.

"signed"  
Gerald Macey  
Director  
Pan Orient Energy Corp.

"signed"  
Paul Wright  
Director  
Pan Orient Energy Corp.

## APPENDIX B

### Form 51-101F2 Report on Reserves Data by Independent Qualified Reserves Evaluator – Thailand

To the Board of Directors of Pan Orient Energy Corp. (the "Company"):

1. We have evaluated the Company's Reserves Data as at 31<sup>st</sup> December 2011. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at 31<sup>st</sup> December 2011, estimated using forecast prices and costs.
2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).
3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.
4. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10%, included in the reserves data of the Company evaluated by us, for the year ended 31<sup>st</sup> December, 2011, and identifies the respective portions thereof that we have evaluated and reported on to the Company's management:

Independent Qualified Reserves Evaluator	Description and Preparation Date of Evaluation Report	Location of Reserves (Country or Foreign Geographic Area)	Net Present Value of Future Net Revenue (before income taxes, 10% discount rate) Can\$ MM			
			Audited	Evaluated	Reviewed	Total
Gaffney, Cline & Associates (Consultants) Pte Ltd	20 <sup>th</sup> March, 2012	SW1A, L44/43, L33/43 & L53/48 Concessions, Thailand	-	676	-	676

5. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook.
6. We have no responsibility to update our report referred to in paragraph 4 for events and circumstances occurring after its preparation date.
7. Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material. However, any variations should be consistent with the fact that reserves are categorized according to the probability of their recovery.

Executed as to our report referred to above:

Gaffney, Cline & Associates (Consultants) Pte Ltd  
Singapore  
April 24, 2011

(signed ) *David S. Ahye*  
Principal

## APPENDIX C

### Report on Contingent Resource Data by Independent Qualified Reserves and Resources Evaluator – Canada

#### Report on Contingent Bitumen Resources Data

To the Board of Directors of Andora Energy Corporation (the “Company”):

1. We have evaluated the Company’s Contingent Bitumen Resources Data in the Sawn Lake Area of Alberta as at December 31, 2011. The resources data are low, best, and high estimates of contingent bitumen resources and related future net revenue as at December 31, 2011, estimated using forecast prices and costs.
2. The Resources Data are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Resources Data based on our evaluation.

We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the “COGE Handbook”), prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

3. Those standards require that we plan and perform an evaluation of contingent bitumen resources to obtain reasonable assurance as to whether the resource data are free of material misstatement. An evaluation also includes assessing whether the resource data are in accordance with principles and definitions presented in the COGE Handbook.
4. The following table sets forth the estimated future net revenue attributed to low, best and high contingent bitumen resources, estimated using forecast prices and costs on a before tax basis and calculated using a discount rate of 10 percent, included in the resources data of the Company evaluated by us as of December 31, 2011, and reported on to the Company’s management and Board of Directors:

Independent Qualified Resources Evaluator or Auditor	Description and Preparation Date of Evaluation Report	Location of Resources (Country)	Net Present Value of Future Net Revenue Before Income Taxes (10% Discount Rate)		
			Low Estimate (MM\$)	Best Estimate (MM\$)	High Estimate (MM\$)
Sproule	Evaluation of the Contingent Bitumen Resources in the Sawn Lake Area of Alberta of Andora Energy Corporation, as of December 31, 2011, prepared December 2011 to February 2012	Canada			
Total			408	612	968

5. In our opinion, the resource data evaluated by us have, in all material respects, been determined and are presented in accordance with the COGE Handbook.
6. We have no responsibility to update the report referred to in paragraph 4 for events and circumstances occurring after its preparation date.
7. Because the resources data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

Sproule Unconventional Limited  
Calgary, Alberta  
February 9, 2012

(signed) *Alec Kovaltchouk*, P.Geol.  
Manager, Geoscience and Associate

(signed) *Doug W.C. Ho*, P.Eng.  
Vice-President, Engineering and Director