PAN ORIENT ENERGY CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015 AND 2014

November 17, 2015

Management’s Discussion and Analysis

The following Managementôs Discussion and Analysis (ñMD&Aò) of the operating and financial results of Pan Orient Energy Corp. (ñPan Orientò or the ñCompanyò) is prepared effective November 17, 2015 and should be read in conjunction with the unaudited consolidated financial statements and notes thereto for the three and nine months ended September 30, 2015 and the audited consolidated financial statements and notes thereto and MD&A for the year ended December 31, 2014. The financial statements have been prepared in accordance with International Financial Reporting Standards (ñIFRSò).

Pan Orient is an oil and natural gas company based in Calgary, Alberta, with properties onshore Indonesia and interests in Pan Orient Energy (Siam) Ltd. which has properties onshore Thailand, and interests in Andora Energy Corporation (ñAndoraò) which has properties in northern Alberta, Canada.

On February 2, 2015 the Company sold a 49.99% equity interest in its subsidiary Pan Orient Energy (Siam) Ltd. and retained a 50.01% equity interest in the company. The transaction resulted in Pan Orient Energy (Siam) Ltd. changing from a wholly-owned and controlled subsidiary to a joint arrangement where the Company shares joint control with the purchaser of the 49.99% equity interest. The resulting joint arrangement is classified as a Joint Venture under IFRS 11 and is required to be accounted for using the equity method of accounting rather than consolidated as it had previously been when Pan Orient Energy (Siam) Ltd. was a controlled subsidiary. The change in accounting from consolidation to the equity method has resulted in the accounts of Pan Orient Energy (Siam) Ltd. being derecognized from the consolidated financial statements and a net investment related to the portion of the interest retained being recognized at its estimated fair value upon initial recognition. Pan Orientôs 50.01% equity interest in the assets, liabilities, working capital, operations and capital expenditures of Pan Orient Energy (Siam) Ltd. from February 2, 2015 forward are recorded in Investment in Thailand Joint Venture.

Please note that all amounts are in Canadian dollars unless otherwise stated, translation of items denominated in foreign currencies as at September 30, 2015 into Canadian dollars using September 30, 2015 exchange rates, represent the net amount to Pan Orientôs interests unless otherwise stated, and BOPD refers to barrels of oil per day net to Pan Orient.

Forward-Looking Statements

The MD&A contains forward-looking information within the meaning of securities laws. Forward-looking statements and information concerning anticipated financial performance are based on managementôs assumptions using information currently available. 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 ability to market production, the commodity price environment and quality differentials and exchange rates. Although management considers its assumptions to be reasonable based on these factors, they may prove to be incorrect.

Forward-looking information is often, but not always, identified by the use of words such as ñanticipateò, ñassumeò, ñbelieveò, ñestimateò, ñexpectò, ñforecastò, ñguidanceò, ñmayò, ñplanò, ñpredictò, ñprojectò, ñshouldò, ñwillò, or similar words suggesting future outcomes. Forward-looking statements in this MD&A include, but are not limited to, references to: renewal, extension or termination of Concessions and Production Sharing Contracts, well drilling programs and drilling plans, estimates of reserves and potentially recoverable resources, information on future production and project start-ups, discussions with joint venture partners and farminees and required government approvals. By their very nature, the forward-looking statements contained in this MD&A require Pan Orient and its management to make assumptions that may not materialize or that may not be accurate. The forward-looking information contained in this MD&A is subject to known and unknown risks and uncertainties and other factors, which could cause actual results, expectations, achievements or performance to differ materially, including without limitation: imprecision of reserve estimates and estimates of recoverable quantities of oil, changes in project schedules, operating and reservoir performance, the effects of weather and climate change, the results of exploration and development drilling and related activities, changes in demand for oil and gas, the results of commercial negotiations, the timing and outcome of applications for government approvals, other technical and economic factors or revisions and other factors, many of which are beyond the control of Pan Orient. Although Pan Orient believes that the expectations reflected in its forward-looking statements are reasonable, it can give no assurances that the expectations of any forward-looking statements will prove to be correct.

The Company provides forward-looking information with respect to reserves and resource estimates related to Thailand, Indonesia and Canada and estimated costs associated with work commitments in Thailand, Indonesia and Canada. Reserve and resource estimates are prepared by independent reservoir engineers and there are numerous uncertainties inherent in estimating quantities of oil and the cash flows to be derived therefrom. In general, estimates of economically recoverable volumes and the associated future net cash flows 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 commodities, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary from actual results. All such estimates are to some degree speculative, and classifications of reserve and resource volumes are only attempts to define the degree of speculation involved. The Companyôs actual production, revenues and development and operating expenditures with respect to its reserve and resource estimates will vary from estimates thereof and such variations could be material. The Companyôs estimated commitments are based on internally-prepared budgets and assumptions and, in the case where a tender process has been completed, actual contracted amounts. The estimated expenditures as provided by management will vary from the actual amounts required to carry out these commitments, and the difference may be significant.

Because forward-looking information addresses future events and conditions, it involves risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking information. These risks and uncertainties include, but are not limited to: commodity price volatility; well performance and marketability of production; transportation and refining availability and costs; exploration and development costs; the recoverability of estimated reserve and resource volumes; the Company's ability to add reserves through development and exploration activities; fluctuations in currency exchange rates; Land and Building Tax in Indonesia; and changes in government legislation and regulations, including royalty and tax laws.

The forward-looking statements contained herein are as of November 17, 2015 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, with the exception of events or circumstances that occurred during the period to which the MD&A relates that are reasonably likely to cause actual results to differ materially from material forward-looking information that was previously disclosed to the public, the Company disclaims any intention or obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

Non-IFRS Measures

Management uses and reports certain non-IFRS measures in the evaluation of operating and financial performance. Unless identified as a non-IFRS measure in this section all amounts presented in this MD&A are calculated in accordance with IFRS.

Funds flow from operations is cash flow from operating activities prior to changes in non-cash working capital, reclamation costs and the corresponding amount from the Thailand operations which is recorded in Investment in Joint Venture for financial statement purposes. This measure is used by management to analyze operating performance and leverage. Funds flow as presented does not have any standardized meaning prescribed by IFRS and therefore it may not be comparable with the calculation of similar measures of other entities. Funds flow is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS.

On February 2, 2015 the Company sold a 49.99% equity interest in Pan Orient Energy (Siam) Ltd. and subsequently accounted for its remaining 50.01% interest under the equity method as an Investment in a Joint Venture. Funds flow from Investment in Joint Venture is the Company's net interest of the cash generated from operating activities from continuing operations before changes in non-cash working capital from Pan Orient Energy (Siam) Ltd.

The following table reconciles funds flow from operations to cash flow from operating activities which is the most directly comparable measure calculated in accordance with IFRS:

	Three Months Ended September 30		**Nine Months Ended September 30**	
($thousands)	**2015**	2014	**2015**	2014
Cash flow from operating activities	**4,093**	4,184	**1,359**	12,664
Changes in non-cash working capital	**(1,553)**	(590)	**(829)**	(201)
Settlement of decommissioning liabilities	**-**	127	**-**	225
Funds flow from Investment in Joint Venture	**880**	-	**2,309**	-
Funds flow from operations	**3,420**	3,721	**2,839**	12,688

Funds flow from operations, funds flow from operations per barrel and funds flow from operations per share (basic and diluted) do not have standardized meanings prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. Funds flow is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS. All references to funds flow throughout this MD&A are based on funds flow from operations is cash flow from operating activities prior to changes in non-cash working capital, reclamation costs and the corresponding amount from the Thailand operations which is recorded in Investment in Joint Venture for financial statement purposes. Basic and diluted funds flow per share is calculated in the same manner as basic and diluted earnings per share.

The term "field netback" is a non-IFRS measure that does not have a standardized meaning prescribed by IFRS. Pan Orient believes the term provides useful information to investors. "Field netback" is calculated by subtracting royalty, transportation and operating expenses from revenues.

Petroleum and Natural Gas Properties

The Company's principal properties are divided into three distinct groups: 1) partially developed concession located onshore Thailand; 2) undeveloped onshore interests in Indonesia Production Sharing Contracts ("PSCs"); and 3) undeveloped Canadian oil sands leases where a demonstration project commenced bitumen production in September 2014.

Thailand

<u>Concession L53</u>
At September 30, 2015, the Company held a 50.01% equity interest in Pan Orient Energy (Siam) Ltd. which is the operator of and holds a 100% working interest in Concession L53/48 ("Concession L53") in Thailand.

On February 2, 2015 the Company completed the sale of a 49.99% equity interest in Pan Orient Energy (Siam) Ltd. for proceeds of $53.5 million and the Company's equity interest was reduced from 100% to 50.01%. The transaction resulted in Pan Orient Energy

(Siam) Ltd. changing from a wholly-owned and controlled subsidiary of the Company to a joint arrangement where the Company has joint control with the purchaser of the 49.99% equity interest. The resulting joint arrangement is classified as a Joint Venture under IFRS and is required to be accounted for using the equity method rather than consolidated as it had previously been when Pan Orient Energy (Siam) Ltd. was a wholly-owned and controlled subsidiary. On February 2, 2015 the Company derecognized all of the accounts of Pan Orient Energy (Siam) Ltd. from its consolidated financial statements and recognized a net investment related to its retained 50.01% equity interest in Pan Orient Energy (Siam) Ltd.

Concession L53 is located approximately 60 kilometers west of Bangkok and consist of 975 square kilometers of lands of which 20.26 square kilometers associated with the L53-A, L53-D and L53-G fields are held through production licenses (with a 20 year primary term plus an additional 10 year renewal period that can be applied for) and 955.74 square kilometers of exploration lands. The original term of the exploration lands ended on January 7, 2013 and the Company has renewed the exploration period for a further three years to January 7, 2016. Additionally, Pan Orient as concessionaire intends to 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, which is reimbursable through work program expenditures. The original area of the Concession L53/48 exploration block was 3,997 square kilometers. Currently all of Pan Orient's crude oil revenue is from Concession L53 and sold to a refinery owned by the Thai National Oil Company.

Concession L53 is partially developed, has oil production and an active exploration and development program. Oil sales from Concession L53 averaged 598 BOPD (299 BOPD net to Pan Orient) during the three months ended September 30, 2015 and 528 BOPD (291 BOPD net to Pan Orient) for the nine months ended September 30, 2015. In the first quarter of 2015, three gross wells (1.5 net wells to Pan Orient) were drilled in late February. L53-ANC1 exploration well was plugged and abandoned after failing to encounter commercial hydrocarbons. The L53-DC1ST1 appraisal well encountered 52 meters of true vertical thickness of net oil, was placed on production on March 22, 2015 to test various zones, and added 8 BOPD in the first quarter, 67 BOPD in the second quarter and 29 BODP in the third quarter net to Pan Orient. L53-DEXTST2 appraisal well was drilled to a total true vertical depth of 1,200 meters and encountered 24 meters of true vertical thickness of net oil pay in nine sandstone intervals, was placed on production in April to test various zones and added 12 BOPD in the second and third quarters net to Pan Orient's 50.01% equity interest. Pan Orient's share of oil sales increased to 455 BOPD in October from average 291 BOPD during the nine months ended September 30, 2015 as a result of workovers at the L53A and L53D fields with production from new reservoir zones.

The evaluation of the Thailand reserves of Concession L53 (based on a 100% working interest) as at December 31, 2014 was conducted by Sproule International Limited of Calgary and was prepared in accordance with Canadian Securities Administrators National Instrument 51-101 – "Standards of Disclosure for Oil and Gas Activities". The Thailand gross proved plus probable crude oil reserves were 1.2 million barrels at December 31, 2014 (0.6 million barrels net to Pan Orient effective February 2, 2015) from conventional sandstone reservoirs. The changes from the Thailand gross proved plus probable oil reserves of 1.5 million barrels at December 31, 2013 were mainly attributable to oil sales in 2014 of 0.2 million barrels and a 0.1 million barrel downward technical revision based on production performance and economic factors, net of discoveries.

Indonesia

At September 30, 2015, the Company owned interests in three PSCs, with a 77% operated working interest in the Batu Gajah PSC, a 49% non-operated working interest in the East Jabung PSC and a 97% operated working interest in the Citarum PSC (noting that the Citarum PSC expired October 6, 2015). A 23% carried interest is held by third parties on the Batu Gajah PSC and a 3% carried interest is held by a third party on the Citarum PSC. There were no reserves assigned to any of the Indonesia PSCs at September 30, 2015.

<u>Batu Gajah PSC</u>
Pan Orient acquired an interest in the Batu Gajah PSC in 2008. Pan Orient conducted seismic programs in the PSC and commenced the exploration drilling program in late March 2011. The Tuba Obi Utara-1 (NTO-1) and SE Tiung-1 exploration wells drilled in 2011 failed to find commercial hydrocarbons and were abandoned. In January 2013 1,730 square kilometers (gross) of exploration lands were relinquished at the Batu Gajah PSC which now holds 791.71 square kilometers (gross) of exploration lands. In the first quarter of 2013 the Company drilled the Shinta-1 and Buana-1 exploration wells and commenced a 400 square kilometer 3D seismic program at the Batu Gajah PSC. These two exploration wells were unsuccessful and abandoned. For the remainder of 2013 the Company worked to complete the acquisition and evaluation of a 400 square kilometer 3D seismic program focused on the eastern half of the PSC. In the third quarter of 2013, the operator of the Lemang PSC (directly adjacent to Pan Orient's Batu Gajah PSC) announced that significant hydrocarbons had been encountered in two wells. The Selong-1 discovery well in the Lemang PSC is located approximately 175 meters from the shared Lemang / Batu Gajah PSC boundary and another well is approximately 500 meters from the shared boundary. During the third quarter of 2015, Pan Orient drilled and cased the Akeh-1 exploration well (Akeh-1) at the Batu Gajah PSC to a depth of 1,850 meters and completed the testing of four zones within the primary target Lower Talang Akar sandstone formation. Pan Orient announced an oil and condensate discovery with the Akeh-1 exploration well on October 20, 2015 based on the testing results. Technical data obtained in the drilling and testing of the Akeh-1 exploration well is being used to update our understanding of the Akeh prospect and prepare regulatory filings. The next step will be holding discussions with the Government of Indonesia in relation to having the Akeh structure "Released from Exploration Status". A successful release would allow the commencement of a "Pre-Plan of Development" study to determine the likelihood of the commerciality of the Akeh-1 discovery, which would be followed (if commerciality is deemed likely) by the compilation and submission of a Plan of Development. Readers are cautioned that test results are not necessarily indicative of long-term performance or of ultimate recovery.

East Jabung PSC

On November 21, 2011 the Company signed the East Jabung PSC located on and offshore south Sumatra, obtaining operatorship and a 100% working interest. The firm three year exploration commitment includes two wells and 2D seismic acquisition and processing. A 440 kilometer 2D seismic program commenced in 2013 and was completed in April 2014. In the fourth quarter of 2013 the Company submitted an application to the Government of Indonesia (“GOI”) to voluntarily relinquish approximately 3,279.96 square kilometers of the PSC’s offshore area. The GOI approved the offshore relinquishment in the fourth quarter of 2014 and the area has been relinquished. The result of the relinquishment does not impact the PSC’s onshore exploration activities.

On June 1, 2015 Pan Orient completed a farm-out to transfer a 51% interest and operatorship of the East Jabung PSC for consideration of: 1) an upfront cash payment of USD$ 8.0 million; 2) a firm commitment to fund the first USD$ 10.0 million towards the first exploration well in addition to all related general and administrative expenses (“G&A”) and overhead costs incurred by the operator until the USD$ 10.0 million expenditure has been completed; 3) an option for Pan Orient to acquire a 20% working interest in the farminee operated South Sumatra Joint Study Area where the farminee holds the right of first refusal in an upcoming Indonesia bid round to bid on a new PSC located adjacent to the East Jabung PSC; and 4) a contingent commitment to fund the first USD$ 5.0 million towards an appraisal well, if justified, in addition to all associated G&A and overhead incurred by the operator until the first USD$ 5.0 million expenditure has been completed.

The first exploration well at the PSC is expected to be drilled at the Anggun prospect in 2016. Gaffney Cline & Associates completed third party engineer NI-51-101 compliant Prospective Resource Report for the Anggun Prospect effective June 30, 2015. Prospective Resources are defined as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have an associated geological chance of success (“GCOS”). Prospective Resources are further classified as "High", “Best” and “Low” in accordance with the range of uncertainty. “Mean” refers to the expected average value of all possible successful outcomes. There is no certainty that any portion of the Prospective Resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources. Prospective Resource volumes are presented as unrisked.

The report assigned unrisked mean estimated ultimate recoverable oil Prospective Resources of 44, 28 and 51 million barrels of oil equivalent net to Pan Orient's 49% working interest in three potential reservoir horizons at the Anggun prospect. The assigned geological chance of success for each of these three potential reservoir horizons is 20%, 11% and 26% respectively.

Anggun Prospect, East Jabung PSC, Prospective Resources (Gross 100%)
(million of barrels of oil equivalent except where indicated)

Prospect/Zone	Low Estimate (P90)	Best Estimate (P50)	Mean	High Estimate (P10)	GCOS
Intra Air Benakat Fm	13	58	89	288	20%
Gumai Fm	8	36	58	212	11%
Batu Raja Fm	11	59	104	350	26%

Notes:

1. Gross Prospective Resources are 100% of the volumes estimated to be recoverable from the Prospect. Pan Orient's working interest share is 49% of the Gross Prospective Resources.
2. The volumes reported here are "unrisked" in the sense that no adjustment has been made for the risk, that no discovery will be made, or that any discovery would be developed.
3. The GCOS reported herein represents an indicative estimate of the probability that drilling this Prospect would result in a discovery. This does not include any assessment of the risk that the discovery, if made, may not be developed.
4. Identification of Prospective Resources associated with a Prospect is not indicative of any certainty that the Prospect will be drilled, or will be drilled in a timely manner.
5. Prospective Resources should not be aggregated with each other, because of the different levels of risk involved.
6. Anggun is an oil-and-associated gas prospect, exhibiting conventional reservoirs with light oil to be developed using conventional oil technology. The conversion gas to boe: 1MMboe = 6Bcf
7. Pan Orient will not bear the risk of the first exploration well in East Jabung up to US$10 million. The estimated dry hole cost in the East Jabung PSC is US$7.0 million. The other partner holds the 51% working interest and bears the first exploration well cost up to US$10 million. The other partner would also bear the appraisal well cost up to US$5 million in the event of success of the exploration well.
8. The conceptual development of the Best Case includes a first phase of 72 wells over a three year period of field evaluation, a second phase of 136 wells to bring production to peak levels and a third phase of infill drilling and workovers. Total drilling, workover and facilities costs are estimated at US$546 million. The Best Case models development recovering approximately 150 million barrels from three reservoir objectives over 16 years at a peak rate of 39,000 barrels per day on a 100% basis. It is assumed that the first well is drilled in 2016 and first commercial production is in 2019.

Citarum PSC

Pan Orient acquired interests in the Citarum PSC starting in 2008. The Pasundan-1 exploration well, which was drilled by the former operator, was tested by Pan Orient in early 2009 and then subsequently abandoned. In 2009 and 2010 the Company conducted a seismic program to acquire 1,110 line kilometers of 2D seismic data. Pan Orient commenced drilling at the Citarum PSC on December 31, 2011 with the Cataka-1 exploration well, which was junked and abandoned due to severe drilling difficulties. The Jatayu-1 exploration well started drilling in March 2012 and was suspended in September 2012 due to drilling difficulties. Jatayu-1 drilling recommenced in December 2012 but a severe overpressure gas zone encountered created an unacceptable level of well control risk and formation water present in the gas zone suggested no commercial potential resulting in the well being abandoned. The Geulis-1 exploration well was drilled in the third quarter of 2012 and abandoned. The Cataka-1A well commenced drilling in early December 2012 but was suspended in January 2013 due to numerous drilling rig issues. Drilling of Cataka-1A recommenced in May 2013 but encountered numerous intervals of severely tectonically fractured shale that were highly unstable, and given the drilling difficulties encountered to date and the low probability of reaching the final objective in the Paragi Limestone zone, the well has been abandoned. Exploration drilling at the Citarum PSC was very technically challenging and did not lead to commercial discoveries. Pan Orient announced in 2013 that the Company was initiating a farm-out process to seek a partner for continued exploration of the Citarum PSC. As a result of the Company's decision to discontinue drilling, a net impairment charge of $92.6 million was recorded in 2013. The Company was not able to find a farmout partner and on July 1, 2015 submitted an application to the Government of Indonesia to relinquish the Citarum PSC which expired on October 6, 2015. The final relinquishment of the Citarum PSC will be dependent upon final approvals from the Indonesian government.

South CPP PSC

A 227 kilometer 2D seismic program at the South CPP PSC was completed in 2013 and after evaluation of the seismic results, the Company decided to relinquish the South CPP PSC. As a result of this decision, the Company recorded a net impairment charge of $13.7 million in 2013. In 2014, the Company relinquished the South CPP PSC and the approval to relinquish the PSC was obtained from the GOI in September 2015.

Canada

Andora Energy Corporation is a private oil company, in which Pan Orient has 71.8% ownership, focused on development of the Sawn Lake area oil sands property in the Peace River Oil Sands Region of Northern Alberta using the steam assisted gravity drainage ("SAGD") recovery process. Andora is in pre-production phase and the commercial viability of the SAGD recovery process at Sawn Lake has not yet been established. Andora is the operator and holds a 50% working interest in the demonstration project, located in the Central Block of Sawn Lake, which commenced in 2013. For Phase 1 of the SAGD demonstration project, one SAGD well pair was drilled in the fourth quarter of 2013 to a depth of 650 meters and a horizontal length of 780 meters. Construction of the SAGD facility for steam generation, water handling and bitumen treating was completed in 2014, steam injection commenced August 11, 2014 and bitumen production commenced September 16, 2014.

The oil sands project at Sawn Lake Alberta as at December 31, 2014 was evaluated by Sproule Unconventional Limited based on development using SAGD. This evaluation does not evaluate the exploitation potential through the use of cyclic steam stimulation. 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. The contingent resource volumes estimated in the report of Sproule Unconventional Limited are considered contingent until such time as commercial recovery has been confirmed with SAGD production rates from a SAGD pilot, regulatory approvals for commercial SAGD development have been obtained and the company has a firm commercial development plan and funding for the commercial development. Contingent Resources are further classified as "High", "Best" and "Low" in accordance with the level of certainty. There is no certainty that it will be economically viable to produce any of the reported contingent resource volumes. The December 31, 2014 contingent resource report by Sproule Unconventional Limited represents a mechanical update of the prior year's report updated for December 31, 2014 price forecasts for crude oil, bitumen, natural gas and exchange rates, and a revised date of 2019 for the estimated commencement of commercial operations, which is three years later than the date assumed in the resource report of December 31, 2013. The "Best Case" company gross contingent resources at Sawn Lake are 214 million barrels of bitumen recoverable attributed to Andora's working interests, which is 154 million barrels attributed to the 71.8% ownership interest of Pan Orient in Andora. The December 31, 2014 contingent resource report does not incorporate the results to date of the Sawn Lake demonstration project.

Summarized financial information with respect to Andora is as follows:

Andora Energy Corporation	**As at and for the Three months ended September 30**		**As at and for the Nine months ended September 30**	
($thousands)	**2015**	2014	**2015**	2014
Total assets	**84,973**	84,462	**84,973**	84,462
Total liabilities	**9,156**	8,259	**9,156**	8,259
Funds flow from (used in) operations	**16**	55	**109**	(64)
Net loss	**(3)**	(34)	**(477)**	(242)

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

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

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

(1) On February 2, 2015 the Company sold a 49.99% equity interest in its subsidiary Pan Orient Energy (Siam) Ltd. and retained a 50.01% equity interest in the company. The transaction resulted in Pan Orient Energy (Siam) Ltd. changing from a wholly-owned and controlled subsidiary to a joint arrangement where the Company shares joint control with the purchaser of the 49.99% equity interest. The resulting joint arrangement is classified as a Joint Venture under IFRS 11 and is required to be accounted for using the equity method of accounting rather than consolidated as it had previously been when Pan Orient Energy (Siam) Ltd. was a controlled subsidiary. The change in accounting from consolidation to the equity method has resulted in the accounts of Pan Orient Energy (Siam) Ltd. being derecognized from the consolidated financial statements and a net investment related to the portion of the interest retained being recognized at its estimated fair value upon initial recognition. Pan Orient's 50.01% equity interest in the assets, liabilities, working capital, operations and capital expenditures of Pan Orient Energy (Siam) Ltd. from February 2, 2015 forward are recorded in Investment in Thailand Joint Venture.

(2) As set out in the Consolidated Statements of Cash Flows in the unaudited Consolidated Financial Statements of Pan Orient Energy Corp.

(3) For the purpose of providing more meaningful economic results from operations for Thailand, and for comparison to previous period, the amounts presented consist of:

(a) Company's share of Thailand funds flow from operation at 100% from January 1, 2015 to February 1, 2015 (being the beginning of the year to the last date before the equity interest was completed as discussed in note 1)

(b) Company's share of Thailand funds flow from operating at 50.01% subsequent to February 1, 2015 (when the Company completed the equity sale transaction).

(4) Corporate funds flow from operations is cash flow from operating activities prior to changes in non-cash working capital, reclamation costs and excluding the recovery of prior year income taxes plus the corresponding amount from the Thailand operations which is recorded in Investment in Joint Venture for financial statement purposes. This measure is used by management to analyze operating performance and leverage. Funds flow as presented does not have any standardized meaning prescribed by IFRS and therefore it may not be comparable with the calculation of similar measures of other entities. Funds flow is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS.

(5) Funds flow from (used in) operations in the Canadian region includes the Canadian corporate office and Andora. Andora's Sawn Lake Demonstration Project in Alberta has not yet proven that it is commercially viable and all related costs and revenues are being capitalized as exploration and evaluation assets.

(6) Cost of capital expenditures, excluding decommissioning provision and the impact of changes in foreign exchange rates.

(7) During the second quarter of 2015 the Company completed a farmout of a 51% interest of the East Jabung PSC in Indonesia and received an upfront cash payment of USD $8.0 million, less 5% withheld for transfer taxes, plus USD $181 thousand reimbursed for G&A, which has been recorded as a disposal of E&E assets with no gain or loss recorded on the transaction. In 2014 the joint venture partners in Andora's Sawn Lake SAGD demonstration project repurchased the 3% gross overriding royalty on a portion of the non-owned working interests in 36.5 sections for $2.7 million.

(8) General & administrative expenses, excluding non-cash accretion on decommissioning provision and stock-based payments.

(9) Exploration expense relates to exploration costs associated with the Citarum and South CPP PSCs in Indonesia.

(10) Tables may not add due to rounding.

THIRD QUARTER 2015 HIGHLIGHTS

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

2015 THIRD QUARTER OPERATING RESULTS

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

- Net income attributable to common shareholders for the third quarter of 2015 of $2.3 million ($0.04 per share) primarily due to a foreign exchange gain of $3.5 million from the increased value of United States dollar holdings. Net income attributable to common shareholders for the first nine months of 2015 of $33.0 million ($0.59 per share) largely from the $38.5 million gain recorded on the sale of a 49.99% equity interest in its subsidiary Pan Orient Energy (Siam) Ltd. during the first quarter of 2015.
- For the third quarter of 2015, the Company recorded total corporate funds flow from operations of $3.4 million ($0.06 per share), including the results of the 50.01% interest in the Thailand joint venture. For the nine months ended September 30, 2015, total corporate funds flow from operations was $2.8 million ($0.05 per share) and funds flow from sale of the Thailand interest was $48.9 million ($0.89 per share).
- Pan Orient reports capital expenditures of $8.1 million in the third quarter of 2015, with $7.2 million in Indonesia and $0.9 million in Canada at the Sawn Lake SAGD demonstration project of Andora. In addition, Pan Orientøs share of Thailand joint venture capital expenditures was $0.1 million, which was recorded in Investment in Thailand Joint Venture. During the first nine months of 2015 capital expenditures were $8.7 million in Indonesia, $0.1 million in Thailand prior to February 2, 2015 and $4.0 million in Canada at the Sawn Lake SAGD demonstration project of Andora. In addition, Pan Orientøs share of Thailand joint venture capital expenditures from February 2 to September 30, 2015 was $3.7 million.
- During the third quarter of 2015, Pan Orient repurchased an additional 544,100 common shares at prices ranging from $1.14 to $1.35 per share under its normal course issuer bid. To date, Pan Orient has repurchased 1,874,900 common shares at an average price of $1.44 per share.
- At September 30, 2015 Pan Orient had $81.1 million of working capital and non-current deposits. Working capital and non-current deposits were comprised of $71.8 million cash, $3.9 million of non-current deposits, $12.5 million of Canadian taxes receivable, other receivables of $1.7 million and less accounts payable of $8.7 million. There is $1.8 million of equipment inventory at the Batu Gajah PSC in Indonesia for utilization in future drilling operations at the PSC. In addition, Pan Orientøs Investment in Thailand Joint Venture includes $0.9 million of Thailand working capital and non-current deposits and $2.0 million of equipment inventory to be utilized for future Thailand Joint Venture operations.
- Pan Orient had outstanding capital commitments as at September 30, 2015 of $2.1 million in Indonesia associated with the Companyøs 49% participating interest in the East Jabung PSC. In Canada, there were capital commitments of $0.3 million with respect to contracted natural gas pipeline tie-in and tariff charges associated with the Sawn Lake SAGD demonstration project of Andora.

- Results Net to Pan Orient's 50.01% Interest in the Thailand Joint Venture for Concession L53

    - Average oil sales of 299 BOPD during the third quarter of 2015 and generated $0.9 million in funds flow from operations, or $31.56 per barrel. For the first nine months of 2015, average oil sales of 291 BOPD and $2.6 million in funds flow from operations, or $32.63 per barrel.

    - Per barrel amounts during the third quarter of 2015 were a realized price for oil sales of $56.61, transportation expenses of $1.60, operating expenses of $13.09, general and administrative expenses of $6.40 and a royalty to the Thailand government of $2.80. Oil sales revenue during this period was allocated 39% to expenses for transportation, operating, and general & administrative, 5% to the government of Thailand for royalties, and 56% to the Thailand Joint Venture. No Thailand petroleum income taxes or Special Remuneratory Benefit tax was recorded during the quarter.

    - Oil sales in October 2015 at Concession L53 were 455 BOPD.

    - During the third quarter, Pan Orient completed workovers on two wells at the L53G field and one well at the L53A field to produce from additional reservoir zones. Production from these three wells was approximately 90 BOPD prior to the workovers and current production is 345 BOPD (with an average of 354 BOPD over the past 60 days). The estimated cost of the workover program was $160,000.

    - The L53-DC1ST1 appraisal well drilled in March 2015 added 8 BOPD in the first quarter, 67 BOPD in the second quarter and 20 BOPD in the third quarter net to Pan Orient. The L53-DEXT1ST2 appraisal well also drilled in March added 12 BOPD in the second quarter and third quarters net to Pan Orient.

    - Capital expenditures were $0.1 million in Thailand during the third quarter of 2015. The $3.8 million of Thailand capital expenditures during the first nine months of 2015 at Concession L53, including the 50.01% interest in the Thailand Joint Venture from February 2, 2015 onwards, were comprised of $3.1 million for the three well drilling program, $0.6 million for workovers and other capital expenditures and $0.1 million for capitalized general and administrative expenses.

Indonesia

- Capital expenditures in Indonesia were $8.7 million during the first nine months of 2015. Capital expenditures of $0.3 million at the East Jabung PSC were for permits and fees at the Anggun Prospect prior to the farming-out of interests, engineering fees and capitalized G&A. Capital expenditures $8.4 million at the Batu Gajah PSC were $7.0 million for drilling of the Akeh-1 exploration well and $1.4 million for capitalized G&A.

- The Akeh-1 exploration well at Batu Gajah PSC was drilled during the third quarter and resulted in a natural gas and condensate discovery. The cost of the Akeh-1 exploration well to September 30th was $7.0 million and an estimated additional $2.6 million has been incurred in the fourth quarter to complete drilling and testing of the well. Testing was completed in the third week of October.

- On October 6, 2015 the Citarum PSC expired.

- Canada

    - Andora is the operator and holds a 50% working interest the Sawn Lake, Alberta SAGD demonstration project. Andora is a 71.8% owned subsidiary of Pan Orient and is consolidated with Pan Orient for reporting purposes.

    - Capital expenditures for the Sawn Lake demonstration project during the first nine months of 2015 have been $4.0 million. Capital expenditures are related to final construction of the SAGD facility, installation of additional equipment for processing and treating the bitumen production at site, replacement of the electrical submersible pump, purchase of inventory and capitalization of expenses and revenues of the demonstration project. For the first nine months of 2015, Andora has capitalized $2.2 million of demonstration project expenses less revenues.

    - The SAGD producing well continues in its ramp-up phase. The steam chamber reached the top of the Bluesky formation sandstone reservoir in October. During the first quarter of 2015, bitumen production averaged 290 BOPD (145 BOPD net to Andora) with an SOR of 5.6. During the second quarter of 2015, bitumen production averaged 306 BOPD (153 BOPD net to Andora) with an SOR of 5.6 despite being shut-in from April 11th to April 30th due to a problem with the electrical submersible pump. During the third quarter of 2015 there was a temporary shutdown for inspection of pressure vessels and installation of additional meters, and bitumen production averaged 367 BOPD (184 BOPD net to Andora) with an SOR of 4.6.

    - Production results to date are not necessarily indicative of long-term performance or of ultimate recovery and the Sawn Lake demonstration project has not yet proven that it is commercially viable. All related costs and revenues are being capitalized as exploration and evaluation assets until commercial viability is achieved.

OUTLOOK

- Indonesia

    - Technical data obtained in the drilling and testing of the Akeh-1 exploration well is being used to update our understanding of the Akeh prospect and prepare regulatory filings. The next step will be holding discussions with the Government of Indonesia in relation to having the Akeh structure "Released from Exploration Status" as a "conclusive discovery". A successful release would allow the commencement of a "Pre-Plan of Development" study to determine the likelihood of the commerciality of the Akeh-1 discovery, which would be followed (if commerciality is deemed likely) by the compilation and submission of a Plan of Development. Readers are cautioned that test results are not necessarily indicative of long-term performance or of ultimate recovery

    - At the East Jabung PSC, Pan Orient and the operator have approved the 2016 work program and budget which includes the drilling of the Anggun-1 exploration well. The time lines for drilling of the Anggun-1 exploration well will be firmed up early in the first quarter of 2016, by which time all approvals should be in place and the access route selected.

- Thailand

    - Pan Orient is evaluating the success of the 2015 workover program at Concession L53 to determine the workover and drilling program for 2016.

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

    - The demonstration project continues to confirm that the SAGD process works in the Bluesky formation reservoir, indicates the productivity of the reservoir and indicates the amount of steam injection required to produce the bitumen. These are key components in assessing the potential for commercial SAGD development at Sawn Lake. The Sawn Lake demonstration project is expected to reach its maximum sustained production level in December 2015.

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

Oil Production and Revenue

The Company's oil revenue is generated from Concession L53 in Thailand. On February 2, 2015 the Company completed the sale of a 49.99% equity interest in its subsidiary that holds a 100% interest in Concession L53. Oil sales from January 1 to February 1, 2015 have been consolidated and reported as oil revenue in the Company's statement of comprehensive income and loss and all oil sales subsequent to the sale of the equity interest are accounted for using the equity method and included in the Company's share of net income or loss from its investment in the joint venture.

Oil sales from Concession L53 in Thailand averaged 598 BOPD (299 BOPD net to Pan Orient) during the three months ended September 30, 2015 and 528 BOPD (291 BOPD net to Pan Orient) for the nine months ended September 30, 2015. Oil sales from Concession L53 of 598 BOPD in the third quarter of 2015 were higher than oil sales of 524 BOPD in the second quarter of 2015 and 459 in the first quarter of 2015 due to workovers completed in August 2015 which increased oil production.

Pan Orient's share of revenue from Concession L53 was $1.6 million for the three months ended September 30, 2015 and was lower than $1.7 million share of revenue for each of the three month periods ended June 30, 2015 and March 31, 2015 as a result of a lower average realized price per barrel mostly offset by higher production volume. The Company's realized price per barrel was $56.61 for the three months ended September 30, 2015 which was lower than $70.32 for the three months ended June 30, 2015, $60.23 for the three months ended March 31, 2015 and $100.34 for the three months ended September 30, 2014. The Company's realized sales price has historically been in the range of 85% to 95% of the Brent reference price, with the discount attributed to the high paraffin content of the petroleum and a portion which is heavier crude. The Company's realized price was 88% of the Brent reference price for the three months ended September 30, 2015 and 89% for the nine months ended September 30, 2015. This is lower than the 93% realized in the second quarter of 2015 and consistent with the 89% realized in the third quarter of 2014.

Royalties

The Company pays royalties on crude oil sales from Concession L53 in Thailand to the Thai government. On February 2, 2015 the Company completed the sale of a 49.99% equity interest in its subsidiary that holds a 100% interest in Concession L53 in Thailand. Royalty expense from January 1 to February 1, 2015 has been consolidated and reported as royalty expense in the Company's statement of comprehensive income and loss with all subsequent royalty amounts being included in the Company's share of net income or loss from the joint venture. The royalty rate paid to the Thai government is based on a sliding scale ranging from 5% on production of less than 2,000 BOPD to 15% on production in excess of 20,000 BOPD per concession. The Company's royalties averaged 5% of revenue and was consistent with the first half of 2015 and 2014 as the concession did not have production over 2,000 BOPD.

Transportation Expense

The Company incurs transportation expenses to truck its oil production from Concession L53 in Thailand to the refinery in Bangkok. The Company is charged a contracted rate based on the number of tankers and trips required; and both factors are driven by production volumes. On February 2, 2015 the Company sold a 49.99% interest in its subsidiary that holds its interest in Concession L53 in Thailand. Transportation expenses from January 1 to February 1, 2015 have been consolidated and reported as transportation expense in the Company's statement of comprehensive income and loss with all amounts subsequent being included in the Company's share of net income or loss from its investment in joint venture. Transportation costs averaged $1.60 per barrel in the third quarter of 2015 and $1.63 per barrel for the nine months ended September 30, 2015. This is consistent with $1.68 per barrel in the second quarter of 2015 and $1.63 per barrel in the third quarter of 2014.

Production and Operating Expense

Production and operating expenses are associated with oil production at Concession L53 in Thailand. On February 2, 2015 the Company sold a 49.99% interest in its subsidiary that holds its interest in Concession L53. Production and operating costs from January 1 to February 1, 2015 have been consolidated and reported as an expense in the Company's statement of comprehensive income and loss with all subsequent costs being included in the Company's share of net income or loss from the joint venture. Production and operating costs averaged $13.09 per barrel in the third quarter of 2015 and $15.78 per barrel for the nine months ended September 30, 2015. This is consistent with $13.16 per barrel in the third quarter of 2014 but lower than $17.61 per barrel in the second quarter of 2015 due to a payment to the government of Thailand for its training fund in the second quarter of 2015.

Depletion, Depreciation and Amortization ("DD&A")

	Three months ended September 30		Nine months ended September 30	
($thousands)	**2015**	2014	**2015**	2014
Depletion of Thailand PP&E [(1)]	**-**	3,123	**936**	10,217
Depreciation and amortization of office equipment	**43**	59	**113**	197
DD&A expense	**43**	3,182	**1,049**	10,414
Share of DD&A from Joint Venture	**1,914**	-	**4,445**	-
Total DD&A attributable to Pan Orient	**1,957**	3,182	**5,494**	10,414
Total DD&A per barrel attributable to Pan Orient	**$ 71.15**	$ 54.67	**$ 69.08**	$ 54.15

(1) Including decommissioning cost

As the Company's Canadian and Indonesian assets are in the pre-production phase depletion is not calculated for these cost centres. On a per barrel basis, depletion on Thailand PP&E assets had increased in 2015 when compared to 2014 due to lower proved plus probable reserves assigned to the L53 Concession at December 31, 2014 and a higher cost base from ongoing capital spending activity in Concession L53. Depletion expense of $0.9 million was recorded in the consolidated accounts to February 1, 2015 with subsequent depletion charges being included in the Company's share of earnings or loss from the joint venture.

Taxes

	Three months ended September 30		Nine months ended September 30	
($thousands)	**2015**	2014	**2015**	2014
Current tax expense	**-**	-	**456**	1
Deferred tax (recovery) expense	**(671)**	627	**189**	2,246
Total tax (recovery) expense	**(671)**	627	**645**	2,247

$12.5 million of taxes receivable at September 30, 2015 relates to Canadian taxes receivable arising on tax losses recognized in 2013 on loans made to the Company's subsidiaries which hold the South CPP and Citarum PSCs in Indonesia. Losses from 2013 have been carried back and applied to the gain recognized in 2012 on the sale of the Company's Thailand interests (concessions SW1, L44 and L33) to recover taxes paid in 2012.

The Company does not anticipate any taxes payable associated with the 49.99% equity sale of Pan Orient Energy (Siam) Ltd. as a large portion of the proceeds were used to repay an intercompany loan and the Company had sufficient tax pools to shelter the remaining proceeds that were in excess of the loan repayment.

The $0.4 million of current tax expense recorded in the second quarter of 2015 related to branch profits tax payable in Indonesia on the proceeds received from the farmout of the East Jabung PSC.

All taxes receivable, payable, expense and recovery are calculated based on management's application of current income tax laws in the jurisdictions where the taxes arise and may be assessed differently by the respective taxation authorities.

The deferred tax recovery of $0.7 million recorded the third quarter of 2015 was due to additional Canadian tax losses recognized during the quarter on loans made to the Company's Indonesian subsidiaries.

General and Administrative ("G&A") Expenses

	Three months ended September 30		Nine months ended September 30	
($thousands)	**2015**	2014	**2015**	2014
Thailand	**12**	480	**234**	1,481
Indonesia	**1,158**	865	**2,807**	2,465
Canada	**430**	374	**1,969**	1,787
Total G&A, net of overhead recoveries(1)	**1,600**	1,719	**5,010**	5,733
Allocated to capital projects(2)	**(739)**	(647)	**(1,744)**	(2,074)
Cash G&A	**861**	1,072	**3,266**	3,659
Accretion expenses	**6**	15	**22**	48
Stock-based payments	**-**	-	**-**	60
Consolidated G&A expense	**867**	1,087	**3,288**	3,767
G&A from Thailand joint venture	**164**	-	**478**	-
Accretion from Thailand joint venture	**8**	-	**21**	-
Total G&A attributable to Pan Orient	**1,039**	1,087	**3,787**	3,767
Cash G&A – per barrel	**$ 31.30**	$ 18.42	**$ 41.07**	$ 19.02
Total G&A – per barrel	**$ 37.77**	$ 18.68	**$ 47.62**	$ 19.59

(1) Overhead recoveries represent the portion of Pan Orient's G&A expenses charged through Andora's joint venture operated by the Company to working interest partners and capital projects. Overhead recoveries were $117 thousand (2014 - $ 162 thousand) for the three months ended September 30, 2015 and $435 thousand (2014 - $492 thousand) for the nine months ended September 30, 2015.

(2) Capitalized G&A allocated to capital projects represents compensation and other directly attributable costs associated with property acquisition, and exploration and development activities. Capitalized G&A relates to exploration and development activities at Concession L53 in Thailand, the Indonesia PSCs (no capitalization of G&A after the second quarter of 2013 for the Citarum and South CPP PSCs) and the Company's heavy oil demonstration project in Canada. Amounts capitalized reflect the nature of the Company's capital activities and are reassessed at each reporting period.

G&A costs in Thailand are lower as amounts from Pan Orient Energy (Siam) Ltd. are only included in consolidated G&A expense to February 1, 2015 with all subsequent G&A amounts being included in the Company's share of earnings or loss from the joint venture. The small amount of G&A shown in the third quarter of 2015 for Thailand operations is for G&A of the parent company of Pan Orient Energy (Siam) Ltd. In Indonesia, G&A costs were higher for the three and nine months ended September 30, 2015 due to costs associated with the relinquishment of the Citarum PSC and transferring personnel from the Pan Orient Energy (Citarum) Pte. Ltd. subsidiary to the Ranhill Jambi Inc. Pte. Ltd. subsidiary in accordance with laws in Indonesia.

G&A per barrel increased in 2015 due to lower Thailand oil sales volumes and fixed G&A costs that do not decline with production which include personnel, office costs, legal and accounting services and other administrative costs required to maintain a public company.

Exploration Expenses

In 2013 the Company recognized a full impairment charge on its Citarum and South CPP intangible assets in Indonesia and its Concession L45 assets in Thailand. In 2015, $0.4 million (2014 - $0.3 million) of exploration expense relating to the Citarum PSC was expensed rather than capitalized.

Impairment Expense

In the first quarter of 2015 the Company wrote off $1.7 million of equipment inventory in Indonesia that is now expected to be forfeited to the Indonesian government upon expiry of the Citarum PSC. On July 1, 2015 the Company submitted an application to the Government of Indonesia to relinquish the Citarum PSC and at June 30, 2015 the Company recorded a $587 thousand impairment provision on an investment in another subsidiary that holds an 11% carried interest in the Citarum PSC.

Net Loss from Joint Venture

On February 2, 2015 the Company sold a 49.99% equity interest in Pan Orient Energy (Siam) Ltd. and subsequently accounted for its remaining 50.01% interest under the equity method as Investment in Joint Venture. In the third quarter of 2015 the Company recorded a net loss from its investment in joint venture of $481 thousand which is higher than the net loss of $290 thousand in the second quarter of 2015 due to lower oil prices and higher depletion expense in the third quarter. The net loss from joint venture for the nine months ended September 30, 2015 is primarily attributable to low oil prices and a high rate of depletion expense per barrel.

Losses from Joint Venture **Pan Orient Energy (Siam) Ltd.** **(Net to Pan Orient 50.01% equity interest)**	**Three months ended September 30, 2015** **$000s**	 $ per bbl	**February 2, 2015 to September 30, 2015** **$000s**	 $ per bbl
Crude oil sales	**1,557**	56.61	**4,122**	63.89
Government royalty	**(77)**	(2.80)	**(204)**	(3.16)
Transportation expense	**(44)**	(1.60)	**(106)**	(1.64)
Operating expense	**(360)**	(13.09)	**(998)**	(15.47)
Field netback	**1,076**	39.12	**2,814**	43.62
General and administrative	**(164)**	(5.96)	**(478)**	(7.41)
Foreign exchange loss	**(33)**	(1.20)	**(33)**	(0.51)
Interest income	**1**	0.04	**6**	0.09
Funds flow from operations	**880**	31.99	**2,309**	35.79
Depletion, depreciation and amortization	**(1,914)**	(69.58)	**(4,445)**	(68.90)
Accretion	**(8)**	(0.29)	**(21)**	(0.33)
Deferred tax recovery	**561**	20.40	**1,093**	16.94
Net loss from joint venture	**(481)**	(17.49)	**(1,064)**	(16.49)

Capital Invested

	Three months ended September 30				**Nine months ended September 30**			
	2015		2014		**2015**		2014	
Capital expenditures [1]	**$000s**	**Net wells drilled**	$000s	Net wells drilled	**$000s**	**Net wells drilled**	$000s	Net wells drilled
Thailand [2]	**-**	**-**	483	-	**60**	**-**	3,916	1.0
Indonesia [3]	**7,175**	**0.8**	803	-	**8,728**	**0.8**	5,840	-
Canada	**899**	**-**	1,877	-	**3,966**	**-**	8,599	-
Consolidated capital expenditures	**8,074**	**0.8**	3,163	-	**12,754**	**0.8**	18,355	1.0
Share of joint venture capital expenditures [2]	**125**	**-**	-	-	**3,705**	**1.5**	-	-
Total capital expenditures	**8,199**	**0.8**	3,163	-	**16,459**	**2.3**	18,355	1.0

(1) Excluding foreign exchange and decommissioning provision.

(2) Amounts recorded in the MD&A and financial statements for capital expenditures in Thailand only include capital expenditures to February 1, 2015. Pan Orient's 50.01% share of capital expenditures in the Thailand joint venture from February 2, 2015 onwards are under the equity method as an Investment in a Joint Venture.

(3) Amounts recorded in the MD&A and financial statements for capital expenditures related to the Indonesia 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.

Thailand

Capital expenditures in Thailand for 2015 are primarily related to Pan Orient's 50.01% share of the joint venture's expenditures after February 1, 2015. The $3.8 million of Thailand capital expenditures for the nine months ended September 30, 2015 at Concession L53, including the 50.01% interest in the Thailand Joint Venture from February 2, 2015 onwards, were comprised of $3.6 million for the three well drilling program, $0.6 million for workovers and other capital expenditures, $0.1 million for capitalized general and administrative expenses less $0.5 million of equipment inventory utilized.

Indonesia

Capital expenditures in Indonesia were $7.2 million for the third quarter of 2015 and $8.7 million for the nine months ended September 30, 2015. In the third quarter of 2015 capital expenditures relate to $6.1 million spent to drill the Akeh-1 exploration well at the Batu Gajah PSC, $0.7 million of capitalized G&A, $0.3 million of capitalized VAT and $0.1 million of other capitalized costs. For the nine months ended September 30, 2015 the company has spent $6.6 million to drill the Akeh-1 well, $1.6 million on capitalized G&A and $0.5 million related to VAT and other capitalized costs.

Canada

Capital expenditures in Canada for the nine months ended September 30, 2015 relate to $4.0 million related to the final construction of the SAGD facility, installation of additional equipment for the processing and treating the bitumen at site, replacement of the electrical submersible pump, purchase of inventory and capitalization of expenses and revenues of the demonstration project.

Liquidity and Capital Resources

Pan Orient's capital program, excluding the Thailand joint venture, was $8.1 million for the three month ended September 30, 2015 and was financed from existing working capital, funds provided by the sale of the Thailand equity interest and funds provided from the farmout of the East Jabung PSC in the second quarter of 2015. At September 30, 2015 the Company's working capital plus non-current deposits were $81.1 million compared with estimated outstanding commitments of $2.4 million.

At September 30, 2015 Pan Orient's cash and cash equivalents were $71.8 million compared to $26.9 million at December 31, 2014 and were held in the jurisdictions where the Company operates as follows:

($thousands)	September 30, 2015	December 31, 2014
Cash and cash equivalents held in Canada	71,116	19,015
Cash and cash equivalents held in Thailand (1)	-	5,836
Cash and cash equivalents held in Indonesia	639	2,006
Total cash and cash equivalents	71,755	26,857

(1) Cash and cash equivalents held in Thailand are included in Investment in Joint Venture as at September 30, 2015.

Working capital plus non-current deposits at September 30, 2015 was $81.1 million compared to $40.9 million at December 31, 2014. Non-current deposits of $3.9 million at September 30, 2015 relate to a $3.6 million refundable deposit to dispute the land and building tax assessed to the East Jabung PSC in Indonesia (refer to Contingency discussion below) and $0.3 million deposit in Canada with the Alberta energy regulator.

Share Capital

Outstanding (thousands)	As at November 17, 2015	September 30, 2015	December 31, 2014
Common shares	54,885	54,885	56,760
Stock options	5,256	5,256	3,211
Total	60,141	60,141	59,971

In the first quarter of 2015, the TSX Venture Exchange accepted notice by the Corporation of its intention to purchase common shares under a normal course issuer bid. The Corporation may purchase, for cancellation, up to 4,705,920 of its common shares (10% of the public float), subject to a maximum of 1,135,206 common shares (2% of the 56,760,307 issued and outstanding common shares) during any 30 day period. Purchases of common shares under the bid may continue until March 17, 2016 or the earlier date on which the Corporation has either acquired the maximum number of common shares specified above or otherwise decided not to make any further purchases. To date, the Corporation has purchased 1,874,900 common shares at prices in accordance with TSX Venture Exchange policy and ranging from $1.09 to $1.67 per share.

Foreign Exchange

The Company's reporting currency is the Canadian dollar and its functional currencies are the Canadian dollar, the Thai baht and the US dollar. In each reporting period, the changes in the values of the Thai baht and U.S. dollar relative to the Company's reporting currency are recognized. The period end rates used to translate the Company's Thai baht and U.S. dollar denominated financial statement items for the reporting periods as specified are as follows:

	2015			**2014**				**2013**
	Q3	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
Rate at end of period								
Thai baht / Cdn $ exchange	26.76	26.84	25.33	28.00	28.69	30.08	29.03	30.50
Cdn $ / US $ exchange	1.34	1.25	1.27	1.16	1.12	1.07	1.10	1.06

A fundamental aspect of the Company's treasury function is mitigating the effect of foreign currency exchange fluctuations to the greatest extent possible. To accomplish this, the Company holds an adequate balance of US dollars within Canada to meet the US dollar cash requirements of its foreign operations.

At September 30, 2015 the Company held $42.7 million US dollars within Canada and during the third quarter recorded a $4.1 million foreign exchange gain on the appreciation of the US dollar against the Canadian dollar.

The refundable deposit to dispute the land and building tax assessed to the East Jabung PSC in Indonesia (refer to Contingency discussion below) was denominated in Indonesian rupiah and the rupiah currency depreciated against the US dollar during the three months ended September 30, 2015 resulted in a foreign exchange loss of $0.7 million reported in the Indonesian operating segment during the third quarter end September 30, 2015.

Thailand operations use Thai Baht and Indonesia operations use the US dollar as their functional currencies for reporting, which are translated to Canadian dollars at each reporting period with the unrealized translation gain or loss being recognized in accumulated other comprehensive income (ñAOCIò). For the nine months ended September 30, 2015 the US dollar appreciated against the Canadian dollar while the Thai Baht depreciated against the Canadian dollar resulted in an overall unrealized foreign exchange gain on the Companyøs foreign operations.

Accumulated Other Comprehensive Income in the consolidated statement of financial position is reported as follows:

	Three months ended September 30		**Nine months ended September 30**	
($thousands)	**2015**	2014	**2015**	2014
AOCI, beginning of period	**14,831**	2,835	**14,180**	2,536
Unrealized foreign currency translation gain	**7,775**	6,359	**18,274**	6,648
Other comprehensive gain (loss) from joint venture	**70**	-	**(1,292)**	-
Disposition of Thailand interest	**-**	-	**(8,486)**	-
AOCI, end of period	**22,676**	9,184	**22,676**	9,184

The unrealized foreign currency translation gain (loss) is as follows:

	Three months ended September 30		**Nine months ended September 30**	
($thousands)	**2015**	2014	**2015**	2014
Foreign currency translation gain related to Thailand	**-**	2,620	**4,975**	2,924
Foreign currency translation gain related to Indonesia	**7,775**	3,739	**13,299**	3,724
Other comprehensive gain (loss) from joint venture	**70**	-	**(1,292)**	-
Disposition of Thailand interest	**-**	-	**(8,486)**	-
Total change in AOCI	**7,845**	6,359	**8,496**	6,648

Contingencies

The Company has significant international operations and subsidiaries incorporated outside of Canada. The international operations and earnings of the Company and its affiliates have been, and may in the future be, affected from time to time in varying degree by political developments and laws and regulations, such as forced divestiture of assets; restrictions on production, imports and exports; price controls; tax increases and retroactive tax claims; expropriation of property; cancellation of contract rights and environmental regulations. Both the likelihood of such occurrences and their overall effect upon the Company can vary greatly from country to country and are not predictable.

The Tax Directorate General of Indonesia assessed several oil and gas companies operating in Indonesia for 2012, 2013 and 2014 Land and Building Tax using a new framework, especially for the calculation of surface Land and Building Tax on offshore acreage, which is being challenged by the impacted oil and gas companies in Indonesia. Pan Orient was issued a Tax Assessment and Notification for the East Jabung PSC for 78,705 million Indonesian rupiah or $7.2 million when translated at the September 30, 2015 exchange rate. The potential accrued penalty for the unpaid tax to the end of the period was an additional $2.6 million. Of the total amount for the assessed Land and Building Tax and penalty of $9.8 million, $9.2 million is associated with the 2013 assessment on the Companyøs offshore acreage which the Company applied to voluntarily relinquish in the fourth quarter of 2013 and finalized in 2014.

Pan Orient lodged an Objection with the Indonesian Tax Office in September 2013 in respect of the 2012 and 2013 Land and Building Tax for the East Jabung PSC and on September 25, 2014 the Indonesia Tax Office rejected the Companyøs Objection and also rejected the objections of the other oil and gas companies on this issue. In the fourth quarter of 2014 the Company filed an appeal to the Tax Officeøs Objection with the Indonesian Tax Court and, as required by Indonesian law to file an appeal with the Indonesian Tax Court, paid a refundable deposit of $3.6 million, which is equal to 50% of the tax being disputed. Management believes that the Company has a strong position against the taxes assessed and has not recorded any provision in the condensed interim consolidated financial statements. In the event the Company loses the appeal, it has the option to further appeal to a higher court level which may take three years to deliver a verdict or the Company can pay the total taxes less the already paid 50% deposit. The Company would also be required to pay a penalty up to a maximum of $2.6 million should it lose the appeal and exhaust all other appeal options.

With respect to the Land and Building Tax assessment for 2014, the Tax Office rejected the Companyøs objection in the first quarter of 2015 on the assessment of 2014 subsurface Land and Building tax and the Company made an additional $80 thousand deposit to appeal the 2014 subsurface Land and Building Taxes along with the 2012 and 2013 assessments.

In the second quarter of 2015 Pan Orient completed the transfer of a 51% interest and operatorship of the East Jabung PSC. The Company is responsible for the contingency of the Land and Building Tax obligation of the East Jabung PSC as discussed in this note to the financial statements.

Summary of Quarterly Results

	2015			2014				2013
	Q3	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
Financial ($thousands) except as indicated (1)(2)								
Oil revenue (2)	**-**	-	809	3,708	5,840	7,285	6,750	8,880
Interest revenue	**31**	39	48	59	59	73	90	145
Cash flow from (used in) operating activity	**4,093**	(2,224)	(510)	(302)	4,184	3,881	4,599	4,734
Cash flow from Farmout of East Jabung PSC	**-**	9,764	-	-	-	-	-	-
Cash flow from 2015 Thailand disposition net proceeds (2)	**-**	-	46,947	-	-	-	-	-
Cash flow from (used in) ï 2012 Thailand disposition net proceeds (3)	**-**	-	-	(152)	-	174	-	-
Cash flow from Disposition of Andoraôs GORR	**-**	-	-	-	-	-	2,698	-
Total assets	**309,326**	296,528	305,796	289,670	284,286	276,672	289,195	286,535
Working capital & non-current deposits	**81,128**	86,909	84,955	40,854	44,573	43,789	44,040	47,889
Shares outstanding (thousands)	**54,885**	55,430	56,617	56,760	56,760	56,760	56,760	56,760
Net income (loss)(4)	**2,341**	(3,248)	33,940	(1,793)	(363)	(147)	(185)	7,083
Per share basic ($)	**0.04**	(0.06)	0.60	(0.03)	(0.00)	(0.01)	(0.00)	0.13
Per share diluted ($)	**0.04**	(0.06)	0.60	(0.03)	(0.00)	(0.01)	(0.00)	0.13
Operations ($thousands), including share of Thailand Joint Venture								
Oil sales (BOPD) net to Pan Orient (5)	**299**	262	313	512	633	769	712	963
Funds flow from (used in) operations (6)	**3,420**	(941)	360	543	3,721	4,600	4,367	5,598
Funds flowï 2015 Thailand disposition net proceeds (2)	**-**	-	48,877	-	-	-	-	-
Capital expenditures(7) ($thousands)	**8,199**	3,871	4,389	4,254	3,163	4,182	11,010	11,144
Funds flow from operations ($/bbl) (6)								
Realized crude oil price	**56.61**	70.32	60.23	78.70	100.34	104.05	105.28	100.22
Royalties	**(2.80)**	(3.52)	(2.87)	(3.86)	(4.91)	(5.20)	(5.13)	(4.94)
Transportation & operating	**(14.69)**	(19.29)	(18.49)	(21.31)	(14.79)	(14.29)	(17.81)	(19.06)
Field Netback - Thailand	**39.12**	47.51	38.87	53.53	80.64	84.56	82.34	76.22
General and administrative(8)	**(37.26)**	(57.61)	(47.74)	(34.45)	(18.42)	(20.62)	(17.83)	(17.86)
Exploration(9)	**(4.07)**	(5.58)	(5.71)	(8.62)	(0.36)	0.21	(4.82)	-
Interest income	**1.16**	1.80	1.74	1.25	1.01	1.04	1.40	1.64
Foreign exchange	**125.39**	(6.46)	25.63	(0.17)	1.07	0.51	7.04	1.09
Current income tax	**-**	(19.12)	0.00	(0.02)	-	-	(0.02)	2.09
Funds flow from (used in) operations	**124.34**	(39.46)	12.79	11.52	63.94	65.70	68.11	63.18

(1) *Amounts presented were set out in the Consolidated Financial Statements of Pan Orient Energy Corp.*

(2) *On February 2, 2015 the Company sold a 49.99% equity interest in its subsidiary Pan Orient Energy (Siam) Ltd. and retained a 50.01% equity interest in the company. Pan Orient Energy (Siam) Ltd. holds a 100% working interest in Concession L53 in Thailand. The transaction resulted in Pan Orient Energy (Siam) Ltd. changing from a wholly-owned and controlled subsidiary to a joint arrangement where the Company shares joint control with the purchaser of the 49.99% equity interest. The resulting joint arrangement is classified as a Joint Venture under IFRS 11 and is required to be accounted for using the equity method of accounting rather than consolidated as it had previously been when Pan Orient Energy (Siam) Ltd. was a controlled subsidiary. Pan Orient's 50.01% equity interest in the assets, liabilities, working capital, operations and capital expenditures of Pan Orient Energy (Siam) Ltd. from February 2, 2015 forward are recorded in Investment in Thailand Joint Venture.*

(3) *Thailand Concessions SW1, L44 and L33 were sold on June 15, 2012. Proceeds of $185.3 million less transaction costs of $11.3 million and estimated tax of $14.7 million resulted in proceeds net of expenses of $159.3 million. After deducting $79.6 million related to the carrying value of petroleum and equipment, exploration and evaluation costs, and working capital sold (including the elimination of the associated deferred tax liabilities, employee pension liabilities, and decommissioning provision), the net after tax gain on sale was $79.6 million. The 2012 financial statements and operating results include revenue, expenses and capital expenditures associated with these properties to June 14, 2012.*

(4) *Net income (loss) attributed to common shareholders.*

(5) *Oil sales (BOPD) net to Pan Orient including the 50.01% interest in the Thailand Joint Venture from February 2, 2015 onwards.*

(6) *Funds flow from operations is cash flow from operating activities prior to changes in non-cash working capital, reclamation costs and excluding the recovery of prior year income taxes plus the corresponding amount from the Thailand operations which is recorded in Investment in Joint Venture for financial statement purposes. This measure is used by management to analyze operating performance and leverage. Funds flow as presented does not have any standardized meaning prescribed by IFRS and therefore it may not be comparable with the calculation of similar measures of other entities. Funds flow is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS. Including the 50.01% interest in the Thailand Joint Venture from February 2, 2015 onwards.*

(7) *Including the 50.01% interest in the Thailand Joint Venture from February 2, 2015 onwards and excluding decommissioning provision, acquisition costs and foreign exchange.*

(8) *General and administrative costs excluding accretion expense and gain on settlement of decommissioning provision for Thailand, Canada and Indonesia.*

(9) *Exploration expense consists of exploration costs incurred at the Citarum and South CPP PSCs in Indonesia and Concession L45 in Thailand.*

Q4 2013 – Corporate funds flow from operations was $5.6 million. Funds flow from operations in Thailand was $6.3 million with average daily oil sales of 963 BOPD from Concession L53, representing $70.79 on a per barrel basis. Net income attributable to common shareholders was $7.1 million ($0.13 per share) for the quarter resulting primarily from a $12.6 million income tax recovery recorded as the Company plans on carrying its 2013 losses back and applying them against the 2012 gain on sale of Thailand interests. In the fourth quarter of 2013 the Company had a net impairment charge of $5.4 million with $2.1 million relating to the Citarum PSC in Indonesia and $3.3 relating to Concession L45 in Thailand. The Company had capital expenditures in the quarter of $11.1 million with $1.8 million in Thailand for workovers, $4.7 million in Indonesia for seismic programs at the Batu Gajah and East Jabung PSCs and $4.6 million spent in Canada associated with the SAGD demonstration project of Andora at Sawn Lake, Alberta. At December 31, 2013, working capital plus non-current deposits was $47.9 million and the Company had no long-term debt.

Q1 2014 – Corporate funds flow from operations was $4.4 million. Funds flow from operations in Thailand was $5.0 million with average daily oil sales of 712 BOPD from Concession L53, representing $77.69 on a per barrel basis. Net loss attributable to common shareholders was $185 thousand ($0.00 per share) for the quarter resulting primarily from a decline in oil sales and increased G&A, operating and exploration expenses. The Company had capital expenditures in the quarter of $11.0 million with $2.6 million in Thailand for one well, $4.3 million in Indonesia for seismic acquisition and processing at the East Jabung PSC and $4.1 million spent in Canada associated with the SAGD demonstration project of Andora at Sawn Lake, Alberta. During the quarter Andora's joint venture partner repurchased the 3% GORR Andora held on its working interest for $2.7 million. At June 30, 2014, working capital plus non-current deposits was $44.0 million and the Company had no long-term debt.

Q2 2014 – Corporate funds flow from operations was $4.6 million. Funds flow from operations in Thailand was $5.4 million with average daily oil sales of 769 BOPD from Concession L53, representing $77.45 on a per barrel basis. Net loss attributable to common shareholders was $147 thousand ($0.01 per share) for the quarter. The Company had capital expenditures in the quarter of $4.2 million with $0.9 million in Thailand, $0.7 million in Indonesia and $2.6 million spent in Canada associated with the SAGD demonstration project of Andora at Sawn Lake, Alberta. At June 30, 2014, working capital plus non-current deposits was $43.8 million and the Company had no long-term debt.

Q3 2014 – Corporate funds flow from operations was $3.7 million. Funds flow from operations in Thailand was $4.3 million with average daily oil sales of 633 BOPD from Concession L53, representing $74.07 on a per barrel basis. Net loss attributable to common shareholders was $0.4 million ($0.00 per share) for the quarter. The Company had capital expenditures in the quarter of $3.2 million with $0.5 million in Thailand, $0.8 million in Indonesia and $1.9 million spent in Canada associated with the SAGD demonstration project of Andora at Sawn Lake, Alberta. At September 30, 2014, working capital plus non-current deposits was $44.6 million and the Company had no long-term debt.

Q4 2014 – Corporate funds flow from operations was $0.5 million. Funds flow from operations in Thailand was $1.4 million with average daily oil sales of 512 BOPD from Concession L53, representing $30.72 on a per barrel basis. Net loss attributable to common shareholders was $1.8 million ($0.03 per share) for the quarter. The Company had capital expenditures in the quarter of $4.3 million with $0.9 million in Thailand, $0.7 million in Indonesia and $2.7 million spent in Canada associated with the SAGD demonstration project of Andora at Sawn Lake, Alberta. At December 31, 2014 working capital plus non-current deposits was $40.9 million and the Company had no long-term debt.

Q1 2015 – Corporate funds flow from operations was $0.4 million. Funds flow from operations in Thailand was $0.8 million with average daily oil sales of 313 BOPD from Concession L53, representing $27.51 on a per barrel basis. Pan Orient completed the sale on February 2, 2015 of a 50.01% equity interest in Thailand subsidiary for estimated net proceeds to Pan Orient, after closing adjustments and costs, of $52.0 million, including a working capital adjustment of $3.1 million. The transaction resulted in Pan Orient Energy (Siam) Ltd. changing from a wholly-owned and controlled subsidiary to a joint arrangement where the Company shares joint control with the purchaser of the 49.99% equity interest. The resulting joint arrangement is classified as a Joint Venture under IFRS 11 and is required to be accounted for using the equity method of accounting rather than consolidated as it had previously been when Pan Orient Energy (Siam) Ltd. was a controlled subsidiary. Net income attributable to common shareholders was $33.9 million ($0.60 per share) for the quarter resulting primarily from the gain on the disposition of the Thailand interest. The Company had capital expenditures during the quarter of $4.4 million with $2.6 million in Thailand, including Pan Orient's share of Thailand joint venture capital expenditures, $0.4 million in Indonesia, $1.4 million spent in Canada associated with the SAGD demonstration project of Andora at Sawn Lake, Alberta. At June 30, 2015, working capital plus non-current deposits was $85.0 million and the Company had no long-term debt.

Q2 2015 – Corporate funds flow used in operations was $0.9 million. Funds flow from operations in Thailand was $1.0 million with average daily oil sales of 262 BOPD from Concession L53, representing $39.92 on a per barrel basis. Pan Orient completed the farmout of a 51% interest and transfer of operatorship in the East Jabung PSC in Indonesia for upfront proceeds of US$8.0 million, less 5% transfer taxes, plus US$181 thousand for reimbursed G&A. Net loss attributable to common shareholders was $3.2 million ($0.06 loss per share) for the quarter resulting primarily from low oil prices and high depletion rates that have created a loss attributable to Pan Orient from its investment in the Thailand joint venture. The Company had capital expenditures during the quarter of $3.9 million, including Pan Orient's share of Thailand joint venture capital expenditures, with $1.1 million in Thailand, $1.1 million in Indonesia and $1.7 million in Canada associated with the SAGD demonstration project of Andora at Sawn Lake, Alberta. At June 30, 2015, working capital plus non-current deposits was $86.9 million and no long-term debt.

Q3 2015 – Corporate funds flow from operations was $3.4 million. Funds flow from operations in Thailand was $0.9 million with average daily oil sales of 299 BOPD from Concession L53, representing $31.56 on a per barrel basis. Net income attributable to common shareholders was $2.3 million ($0.04 per share) for the quarter resulting primarily from a foreign exchange gain on cash held in US Dollars. The Company had capital expenditures during the quarter of $8.2 million, including Pan Orient's share of Thailand joint venture capital expenditures, with $0.1 million in Thailand, $7.2 million in Indonesia related to the Akeh-1 exploration well, and $0.9 million in Canada associated with the SAGD demonstration project of Andora at Sawn Lake, Alberta. At September 30, 2015, working capital plus non-current deposits was $81.1 million and no long-term debt.

Additional Information

Additional information relating to the Company can be found on SEDAR at www.sedar.com