Oil Optimization Inc.

Management Discussion & Analysis

For the Three Months Ended March 31, 2015

MANAGEMENT DISCUSSION AND ANALYSIS

This management discussion and analysis ("MD&A") is provided by Oil Optimization Inc. ("OOI" or the "Company") with respect to the financial results for the three months ended March 31, 2015 and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2014 and 2013, with the notes thereto and the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2015, with the notes thereto. This MD&A is dated June 1, 2015.

BASIS OF PRESENTATION: The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") in Canadian dollars. The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included.

FORWARD-LOOKING STATEMENTS: This document contains statements that are forward-looking, such as those relating to results of operations and financial condition, capital spending and financing sources. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates of management at the dates the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. The forward-looking statements contained in this MD&A are subject to change after this date. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. OOI disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by law. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward looking statements.

Forward-looking statements	Assumptions	Risk factors
Potential of the Company's properties to contain economic deposits of oil and gas.	Financing will be available for future exploration and evaluation of the Company's properties; the actual results of the Company's exploration and evaluation activities will be favourable; operating, exploration and evaluation costs will not exceed the Company's expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions are favourable to the Company; the price of oil and gas and applicable interest and exchange rates will be favourable to the Company; no title disputes exist with respect to the Company's properties.	Price volatility of oil and gas; uncertainties involved in interpreting geological and confirming title to acquired properties; the possibility that future exploration results may not be consistent with the Company's expectations; availability of financing for and actual results of the Company's exploration and evaluation activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff; availability of permits.

Forward-looking statements	Assumptions	Risk factors
The Company's has no source of revenue and it will require additional cash resources to meet its administrative overhead and carry out anticipated exploration and evaluation on its property interests for the next twelve months, beginning March 31, 2015. The Company expects to incur further losses in the development of its business and will need to raise additional financing to meet its financial requirements.	The operating and exploration activities of the Company for the next twelve months and beyond, beginning March 31, 2015, and the costs associated therewith, will be consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company.	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; changes in the operations currently planned for next fiscal year; increases in costs, environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions.
Plans, costs, timing and capital for future exploration and evaluation of the Company's property interests, including the costs and potential impact of complying with existing and proposed laws and regulations.	Financing will be available for the Company's exploration and evaluation activities and the results thereof will be favourable; actual operating and exploration costs will be consistent with the Company's current expectations; the Company will be able to retain and attract skilled staff; all applicable regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company; the Company will not be adversely affected by the market competition; debt and equity markets, exchange and interest rates and other applicable economic and political conditions are favourable to the Company; the price of oil and gas will be favourable to the Company; no title disputes exist with respect to the Company's properties.	Price volatility of any oil and gas reserves or resources discovered, changes in debt and equity markets; timing and availability of external financing on acceptable terms; the uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff; availability of permits; market competition.
Management's outlook regarding future trends, including the future price of any mineral discovered and availability of future financing.	Financing will be available for the Company's exploration and operating activities; the price of oil and gas will be favourable to the Company.	Price volatility of oil and gas; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions; availability of financing.
Sensitivity analysis of financial instruments.	The Thai Baht will not be subject to changes in excess of plus or minus 10%.	Changes in debt and equity markets; interest rate and exchange rate fluctuations.

Forward-looking statements	Assumptions	Risk factors
Prices and price volatility of oil and gas.	The price of oil and gas will be favourable; debt and equity markets, interest and exchange rates and other economic factors which may impact the price of oil and gas will be favourable.	Changes in debt and equity markets and the spot price of oil and gas, if available; interest rate and exchange rate fluctuations; changes in economic and political conditions.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond the Company's ability to predict or control. Please also make reference to those risk factors referenced in the "Operational and Business Risks" section below. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.

RESPONSIBILITY OF MANAGEMENT FOR FINANCIAL REPORTING: Management of OOI is responsible for the preparation, integrity, and fair presentation of the accompanying unaudited condensed consolidated interim financial statements. The unaudited condensed consolidated interim financial statements and related notes were prepared in accordance with IFRS and reflect management's best judgments and estimates, based on currently available information. Management maintains a system of internal controls over financial reporting, which encompasses policies, procedures and controls to provide reasonable assurance that assets are safeguarded against loss or unauthorized use, that transactions are executed and recorded in accordance with management's authorization, and that financial records are accurate and reliable. The Board of Directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Audit Committee of the Board, which meets with the external auditors to satisfy itself that management's responsibilities are properly discharged and to review the unaudited condensed consolidated interim financial statements before they are presented to the Board of Directors for approval.

1. COMPANY OVERVIEW

Oil Optimization Inc. is incorporated under the laws of Alberta with its common shares listed on the TSX Venture Exchange ("TSXV"). The Company's registered address is Suite 300, 714 – 1st Street SE, Calgary AB, T2G 2G8 and its principal activities are related to oil and gas exploration on its 500,000 acre petroleum concession in Thailand. The Company's Thailand office is located at ITF Tower 140 Silom Road, Bangkok.

On February 8, 2011, an affiliate of the Company, JSX Energy Holdings (BVI) Limited ("Holdings"), and the Department of Mineral Fuels of the Kingdom of Thailand ("DMF") officially executed the agreement granting the Company the right to the petroleum concession described as Block L14/50 in the north Phetchabun basin (the "Block" or the "L14/50 Concession"). The DMF had awarded this concession to the affiliate in early 2010 but the formal signing ceremony did not occur until February 8, 2011. This concession was issued in the name of an affiliate who had applied for and won the right to the concession under the procedures set out by the DMF for granting of concessions. In order to consummate the assignment agreement dated December 25, 2009 between the affiliate and the Company, the affiliate was acquired by the Company from its shareholders on July 20, 2011. This was a more effective method to transfer the concession to the Company rather than wait for the approval of the assignment by the DMF. The L14/50 Concession was the only asset of the affiliate.

2. EXPLORATION AND EVALUATION ASSETS

Oil and gas concessions in Thailand are awarded by tender. A successful bidder is awarded a concession pursuant to a Petroleum Concession Agreement ("PCA") with the DMF. Each PCA grants concessionaires the right to explore and produce petroleum, if found. The exploration phase of the concession consists of three obligation periods of three years per period while the production period will be valid for 20 years from the date of first production and can be extended for an additional 10 years. The size of the concession must be reduced by 50% after the fourth year of the exploration phase.

The exploration rights for concessions end six years after the Thai government assigns the lands to the Company but can be extended under certain circumstances. According to the tax rules under Thailand's Petroleum Income Tax Act, the expenditures incurred for evaluation and exploration activities can be used to offset taxable income from production if successful development occurs.

On August 14, 2012, the Company entered into a farm-in agreement (the "Agreement") with Rockstone Petroleum Limited ("Rockstone") relating to its then 100%-owned Block. Under the terms of the Agreement, Rockstone had the right to acquire up to a 60% participating interest (subject to increase in certain circumstances in accordance with the provisions of the Agreement) in the Block by making certain cash payments and funding certain work programs in respect of the Block. JSX-BVI, through its local branch office in Thailand, was to be the initial operator in respect to the Block.

On signing the Agreement, Rockstone committed to fund a 50 line kilometre 2D seismic program to a maximum cost of US$750,000 (plus any applicable VAT), in exchange for earning a 20% participating interest in the Block. On April 18, 2013, Rockstone earned the 20% participating interest, and also earned an additional 2% working interest with an additional payment of US$50,000. As of March 31, 2015, Rockstone and the Company hold participating interests in the Block of 22% and 78%, respectively.

On completion of the seismic program, Rockstone had the option to acquire an additional 35% working interest in the Block in exchange for committing to fund the drilling of an exploration well to a maximum cost of US$1,500,000 (inclusive of all applicable VAT). This option expired unexercised. Concurrently with the expiry of the election period, Rockstone was obligated to make an additional payment of US$100,000 to the Company in exchange for an additional 3% participating interest in the Block. Rockstone did not make this payment and the Company considers Rockstone to be in default under the Agreement.

On July 28, 2014, the Company announced the forfeiture of US$1,000,000 of its performance bond as per the terms of its PCA, resulting from incomplete work commitments in the first three years of the L14/50 concession. Interest charges of US$45,000 were paid to the DMF on August 14, 2014. During the year ended December 31, 2014, the Company recorded a related charge of $1,115,045 in the consolidated statements of loss and comprehensive loss.

There remains US$4,630,000 in exploration commitments under the PCA as follows:

		Amount US $
By Feb 2016	$	2,630,000
By Feb 2017		2,000,000
Total	$	4,630,000

On June 10, 2014, Rockstone named the Company as a Defendant in a Statement of Claim filed in the Court of Queen's Bench of Alberta, claiming amongst other things that its option to earn an additional participating interest had not expired. The Company has filed a Statement of Defence and Counter-Claim with respect to Rockstone's claim.

On November 11, 2014, the Company entered into an agreement in principle with Rockstone to settle their respective claims. The agreement in principle provides that Rockstone will undertake to fund at least the first US$1,500,000 of costs in connection with an exploration well to be drilled prior to February 7, 2016 and pay the Company US$100,000. As a result, Rockstone's participating interest would increase to 62.5% and the Company's to 37.5%. Rockstone can elect to fund the entire cost of this exploration well to increase its participating interest to 67.5%.

Each party will fund that share of the remaining exploration spending following completion of the initial exploration well that is equal to its participating interest. See Section 7 – Liquidity and Financial Resources, for a discussion of how the Company intends to fund its share of the work program and its general and administrative expenses.

During the three months ended March 31, 2015, the Company relinquished 50% of the total area of its concession, as required by the DMF after Year-4 of the exploration program. The total area was reduced from 3,914 square kilometers to approximately 1,957 kilometers and all areas of interest were retained.

3. SELECTED FINANCIAL INFORMATION

	Three months Ended March 31 2015	Three months Ended March 31 2014
Cash flow provided by operations	$ 8,762	$ 20,206
Net loss	(92,334)	(32,481)
Per share – basic and diluted	(0.00)	(0.00)
Total assets	182,127	1,411,289

4. GOING CONCERN

These unaudited condensed consolidated interim financial statements have been prepared on a going concern basis which presumes the realization of assets and liabilities in the normal course of business. As of March 31, 2015, the Company has no source of revenues or cash flows, has a working capital deficiency of $1,411,202, incurred losses from operations of $92,334 for the three months ended March 31, 2015, has accumulated losses of $11,637,592 (December 31, 2014 - $11,545,258) and expects to incur further losses in the development of its business, all of which cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon obtaining additional equity or debt financing and/or new strategic partners. There is no assurance this will be possible and may result in the Company not meeting its operational and capital requirements.

The Company's asset is a petroleum concession with short-term work commitments, failure to complete which would result in loss of the concession. The Company currently has no funding plan in place and any potential funding plans, if any were found, would likely result in substantial dilution to existing shareholders. The Company is subject to certain lawsuits, the judgment of which are uncertain at this time. The Company is not compliant with Policy 2.5 of the TSX Venture Exchange (see section 16 below) and this noncompliance could potentially result in suspension of the trading of its shares.

The Company's unaudited condensed consolidated interim financial statements do not include any adjustments to the recoverability of assets, or the amount of liabilities, all of which would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

5. SIGNIFICANT EVENTS

Highlights

On May 29, 2014, the Company received a letter from the DMF requesting a US$1.0 million settlement of a bank guarantee for the Block relating to JSXHL-BVI capital spending commitments up to February 2014. On July 28, 2014, the Company announced the release of a US$1,000,000 performance bond paid to the DMF, as per the terms of its petroleum concession agreement. Interest charges of US$45,000 were paid on August 14, 2014 related to time elapsed from February 2014 on the bond payment.

On June 10, 2014, the Company announced that Rockstone has named the Company as a Defendant in a Statement of Claim filed in the Court of Queen's Bench of Alberta. Rockstone alleges in its claim that it is still entitled to exercise an option to acquire a 35% working interest in the Concession. The Company believes the claim is without merit and filed a statement of defence and counter-claim on August 8, 2014

On October 26, 2014, the Company announced the appointment of Mr. Jing Peng as its Chief Financial Officer ("CFO").

On February 15, 2015, the Company announced that it had been named as a defendant in a Statement of Claim filed in the Court of Queen's Bench of Alberta. The claim was filed by Heenan Blaikie, the Company's former legal counsel prior to its dissolution, and alleges that the Company owes the plaintiff $226,000 for legal services rendered from 2012 to 2014. The Company has filed a statement of defence disputing the plaintiff's claim.

On November 4, 2014, ownership of JSX Energy Holding (Thailand) Limited was transferred from Holdings to Red Stag Resources (BVI) Limited, a 100% owned subsidiary of the Company.

On November 11, 2014, the Company announced that it has entered into an agreement in principle with Rockstone to settle their respective claims filed in the Court of Queen's Bench of Alberta. Rockstone has also confirmed under the settlement that it will provide funding to drill the first exploration well on the L14-50 Concession.

Under the terms of the settlement, Holdings will remain the operator of record while Rockstone will be appointed project operator going forward and will also be entitled to an increased participating interest in the concession, subject to a greater spending commitment. In the event that Rockstone elects to fund the entire cost of drilling the first well, then Rockstone's working interest in the concession will be increased to 67.5%. If Rockstone elects to fund the costs of drilling the first well up to a maximum of US$1,500,000, then Rockstone's working interest in the concession will be increased to 62.5%. The parties intend to enter into a definitive settlement agreement that would include amendments to the Farmin Agreement to reflect the terms of the settlement.

6. EXPENSE ANALYSIS

The net loss for the three months ended March 31, 2015 increased to $92,334 from $32,481 in the three months ended March 31, 2014 due to higher general and administrative costs which were $40,221 for the three months ended March 31, 2015 compared to $14,682 during the three months ended March 31, 2014.This increase is due to higher professional fees incurred during the three months ended March 31, 2015.

Due to financial constraints, the Company has made efforts to reduce its costs. The salary costs of management consultants were reduced to $30,176 for the three months ended March 31, 2015 which is 51% less than $61,620 incurred for the three months ended March 31, 2014.

7. LIQUIDITY AND FINANCIAL RESOURCES

At March 31, 2015 the Company had a working capital deficiency of $1,411,202 compared to a working capital deficiency of $1,267,764 at December 31, 2014.

Accounts payable and accrued liabilities were $734,268 at March 31, 2015 compared to $646,054 at December 31, 2014. The accounts payable and accrued liabilities comprise $215,930 at March 31, 2015 ($215,930 at December 31, 2014) invoiced from the Company's prior law firm (see Section 9 – Related Party Transactions); $275,500 at March 31, 2015 ($275,500 at December 31, 2014) in connection with deferred management salaries; and $242,838 at March 31, 2015 ($154,624 at December 31, 2014) for miscellaneous items. The change of miscellaneous items from year ended December 31, 2014 to the quarter ended March 31, 2015 is mainly due to appreciation of payables denominated in Thailand Baht against Canadian dollar during this period.

Pursuant to the agreement in principle with Rockstone, dated November 11, 2014, the Company would receive a payment of $100,000 plus the reimbursement of significant prior expenses undertaken in connection with the drilling program on the Block. The Company will seek to raise additional capital to fund its share of future work programs and its corporate and administrative expenses through either an additional farm-in agreement, or by accessing equity capital markets. While the Company may seek to access capital markets prior to completion of the first exploration well in 2016, it is more likely that the Company will consider its funding options after completion of that exploration well.

8. OFF-BALANCE SHEET ARRANGEMENTS AND PROPOSED TRANSACTIONS

The Company has no off-balance sheet arrangements nor proposed transactions to disclose.

9. RELATED PARTY TRANSACTIONS

Remuneration of key management personnel of the Company, which includes directors and officers, is set out below in aggregate:

	Three months ended March 31, 2015	Three months ended March 31, 2014
Employee salaries and management fees	$ 30,000	$ 61,620
Share-based compensation	10,862	-
Total compensation	$ 40,862	$ 61,620

Transactions with related parties

During the year ended December 31, 2013, Heenan Blaikie LLP was engaged as the Company's legal counsel where a director was a partner. The director resigned on February 28, 2014 upon dissolution of the Heenan Blaikie LLP partnership. During the three months ended March 31, 2015, the Company incurred legal expenses for services provided by this law firm of $nil (three months ended March 31, 2014 - $nil); $215,930 (December 31, 2014 – $215,930) is payable as at March 31, 2015 although the Company is contesting that amount (see note 17).

Advances from related party in the unaudited condensed consolidated interim statement of financial position as at March 31, 2015 are amounts from a director who is also the Chief Executive Officer ("CEO") that are non-interest bearing, unsecured and payable on demand. During the three months ended March 31, 2015, the Company received advances by the individual in the amount of $12,500 (three months ended March 31, 2014 - $nil). In addition, during the three months ended March 31, 2015, the Company accrued $30,000 salaries payable to the individual. As at March 31, 2015, $700,975 (December 31, 2014 - $647,645) is payable to this individual, of which $504,050 is denominated in Thai Baht and $196,925 is denominated in Canadian dollars.

During the three months ended March 31, 2015, Marrelli Support Services Inc. ("MSSI") charged the Company $7,809 (three months ended March 31, 2014 - $nil) for the following services:

- Mr. Peng, senior employee of MSSI, to act as CFO of the Company; and
- Bookkeeping and accounting services.

As at March 31, 2015, MSSI was owed $10,947 (December 31, 2014 - $14,012) which was included in accounts payable and accrued liabilities.

As at March 31, 2015, the Company owed former CFO Chris Serin $72,500 (December 31, 2014 - $72,500) and the Company's VP Exploration Darren Steffes $95,000 (December 31, 2014 - $95,000).

Major shareholder

To the knowledge of the directors and senior officers of the Company, as at March 31, 2015, no person or corporation beneficially owns or exercises control or direction over common shares of the Company carrying more than 10% of the voting rights attached to all common shares of the Company other than as set out below:

	Number of common shares	Percentage of outstanding common shares
Luc Desmarais, CEO and a director	30,800,000	24.75%

None of the Company's major shareholders have different voting rights than other holders of the Company's common shares.

The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change in control of the Company.

10. CHANGES OF ACCOUNTING POLICIES

New accounting standards adopted during the period

IFRS 13 – Fair Value Measurement ("IFRS 13") was amended to clarify that the exception which allows fair value measurements of a group of financial assets and liabilities on a net basis applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or liabilities as defined in IAS 32. The amendment is effective for annual periods beginning on or after July 1, 2014. At January 1, 2015, the Company adopted this amendment and there was no material impact on the Company's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2015.

New accounting standard issued but not yet effective

IFRS 9 – Financial Instruments: Classification and Measurement ("IFRS 9") was issued in November 2009, and will replace IAS 39 - Financial instruments: Recognition and measurement. IFRS 9 is effective for periods beginning on or after January 1, 2018. The Company is evaluating the impact of the amendments on its consolidated financial statements as issued, although currently they are not expected to have a material impact.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

IFRS 11 - Joint Arrangements ("IFRS 11") was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

IFRS 13 – Fair Value Measurement ("IFRS 13") was amended to clarify that the exception which allows fair value measurements of a group of financial assets and liabilities on a net basis applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or liabilities as defined in IAS 32. The amendment is effective for annual periods beginning on or after July 1, 2014.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

11. CRITICAL ACCOUNTING POLICIES

The Company is subject to income and other taxes in various jurisdictions. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax filings are subject to audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made. All estimates for value added and withholding taxes have been included in accounts payable and accrued liabilities.

Management has made the assumption of no material restoration, rehabilitation and environmental provisions, based on the facts and circumstances that existed during the periods presented. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the well. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

Measurement uncertainty

In accordance with applicable IFRSs, the preparation of unaudited condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and changes from those estimates are recorded when known.

Additionally, the Company measures all of its financial instruments at fair value upon initial recognition. The determination of fair value involves the application of significant management judgment, assessments relating to the outcomes of future events and consideration of market conditions. The determination of the fair value of the related party loan payable made by management involved additional uncertainty due to the related party nature of the loan, which is payable upon demand, non-interest bearing and unsecured. The assumptions made by management in this regard are reflective of the current position of the Company and market conditions at this time and result in a fair value determination that is materially different from the face value of the debt.

12. QUARTERLY DATA

A summary of the Company's historical results is below:

(000's other than per share amount)

Period	Net Loss	Per share - Basic and Diluted	Total Assets
2013 - Q2	(429)	(0.00)	1,600
2013 - Q3	(172)	(0.00)	1,348
2013 - Q4	(81)	(0.00)	1,395
2014 - Q1	(32)	(0.00)	1,411
2014 - Q2	(135)	(0.00)	1,353
2014 - Q3	(1,170)	(0.01)	193
2014 –Q4	(375)	(0.00)	184
2015 –Q1	(92)	(0.00)	182

13. SHARE CAPITAL

The Company is authorized to issue an unlimited number of common and preferred shares without nominal or par value. The Company has not issued any preferred shares to date. The holders of common shares are entitled to one vote for each share on all matters submitted to a shareholder vote.

A summary of the common shares and share capital is as follows:

	Number	Amount
Balance December 31, 2013, December 31, 2014 and March 31, 2015	124,468,898	$ 9,363,451

14. STOCK OPTIONS

The Company has a stock option plan under which directors, officers, consultants and employees of the Company are eligible to receive stock options. The maximum number of shares reserved for issuance upon exercise of all options granted under the plan is equal to 10% of the then issued and outstanding common shares. The Board of Directors shall determine the terms and provisions of the options at the time of grant. Options under the plan generally have a term of five years and are vested as to one third at the date of grant, one third after six months and one third after eighteen months from the date of grant. The exercise price of each option equals the market value of the Company's common shares on the date of grant.

On June 10, 2014 the Company granted an aggregate of 7,250,000 stock options to purchase common shares to its directors, officers and consultants at an exercise price of $0.05 per share. These options vest as to one-third upon grant, one-third after six months and one-third after eighteen months. During the year ended December 31, 2014, a service contract with one of the Company's officers expired and two-thirds of the 2,000,000 stock options granted to the officer were forfeited and the remaining one-third expired on December 30, 2014. The fair value of stock options granted was $270,397, of which $13,418 (three months ended March 31, 2014 - $nil) was expensed during the three months ended March 31, 2015, calculated using the Black Scholes model with the following assumptions:

Risk-free interest rate	1.6%
Expected life (years)	5.0
Expected volatility	166%
Expected forfeiture rate	10.0%
Expected dividend yield per share	Nil

Expected volatility is based on the historical prices of the Company's stock.

A summary of stock options is as follows:

	Number of options	**Weighted average exercise price per share**
Balance, December 31, 2013	5,250,000	$ 0.17
Options granted	7,250,000	$ 0.05
Options forfeited	(1,333,333)	$ 0.05
Options expired unexercised	(2,666,667)	$ 0.16
Balance, December 31, 2014 and March 31, 2015	8,500,000	$ 0.05

As at March 31, 2015, 8,500,000 stock options are outstanding with the weighted average remaining term of 2.90 years.

15. FINANCIAL INSTRUMENTS

Determination of fair values

A number of the Company’s accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. The carrying value of cash, restricted cash, other current assets, accounts payable and accrued liabilities and advances from related party approximates the fair value due to their short-term nature and maturity.

Financial risk management

The Company’s Board of Directors monitors and manages the financial risks relating to the operations of the Company. These include foreign currency, interest rate, liquidity and credit risks. The Company holds small amounts of cash not denominated in Canadian dollars in foreign bank accounts. The fair value of these assets is equal to their carrying amount as cash is translated every reporting period at the closing foreign exchange rate.

Foreign currency rate risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions are recognized and assets and liabilities are denominated in a currency that is not the Company’s reporting currency. The Company’s expenses include amounts incurred in the Thai Baht ("THB"), US dollar ("USD") and Canadian dollar. The Company has also made deposits to secure its work commitments in Thailand in Thai Baht. The Company’s exchange risk is therefore related to movements between these currencies.

The following table outlines the Company's foreign currency risk exposure:

		March 31, 2015	December 31, 2014
Cash	THB	5,595	5,595
Other current assets		288,836	288,836
Accounts payable and loan from related party		(17,708,014)	(17,637,014)
Net foreign currency exposure	THB	(17,413,583)	(17,342,583)

Based on the above net exposures as at March 31, 2015 and assuming that all other variables remaining constant, a 10% depreciation in the Thai Baht against the Canadian dollar would result in an increase of approximately $57,000 for the foreign exchange gain.

The Company does not presently hedge against foreign currency exchange rate movements.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not presently hedge against interest rate movements. All payable balances as at March 31, 2015 are current and as such, are not subject to interest.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as described in section 16 Capital Management.

Credit risk
Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's principal financial asset is cash. Management believes the credit risk on cash is limited because the majority are deposited with banks with high credit ratings assigned by international credit rating agencies. As at March 31, 2015 the Company's maximum credit risk is $10,004 (December 31, 2014 - $12,434) represented by cash and restricted cash.

16. CAPITAL MANAGEMENT

The Company includes its common shares and contributed surplus as capital. The Company's objective is to pursue the exploration of its oil and gas properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In light of economic changes and with the risk characteristics of the underlying assets, the Company manages the capital structure and makes adjustments to it. As the Company has no cash flow from operations and in order to maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt and/or find a strategic partner.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSX Venture Exchange which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of March 31, 2015, the Company is not compliant with this requirement. The Company will need further financing to correct the situation.

17. COMMITMENTS AND CONTINGENCIES

Commitments

The Company's material commitments relate to the terms of its PCA for the L14/50 Concession. The following minimum work commitments for the L14/50 concession are as follows (in US dollars):

	Amount US $
February 2016	$ 2,630,000
February 2017	2,000,000
Total	$ 4,630,000

Under the PSA, these minimum work commitments must be met to keep the L14/50 Concession in good standing. The Company does not currently have firm funding arrangements in place to meet these minimum work commitments. The Company has entered into a Settlement agreement with Rockstone that would include Rockstone paying for either (i) the first $1,500,000 of costs or (ii) all of the costs, in connection with the first exploration well (see sections 2 and 5), as well as making a cash payment to the Company of $100,000. However, the parties continue to work towards definitive agreements with respect to the Settlement.

The Company is also in discussions in regards to additional farm-in arrangements, and may also seek additional equity capital, in order to meet the remaining funding requirements under these commitments. However, no arrangements are currently in place and there is no certainty that such funding will be secured.

Contingency

The Company may be involved in litigation and claims arising in the normal course of operations as an oil and gas company, besides claims disclosed above. On February 15, 2015, the Company announced that it had been named as a defendant in a Statement of Claim filed in the Court of Queens Bench of Alberta. The claim was filed by Heenan Blaikie LLP, the Company's former counsel, and alleges that the Company owes the plaintiff $226,000 for legal services rendered during 2012 to 2014, prior to the dissolution of its partnership. The Company has filed a statement of defence disputing the plaintiff's claim and will continue to defend itself against it.

18. OPERATIONAL AND BUSINESS RISKS

The following risk factors, as well as risks not currently known to the Company, could adversely affect the Company's future business, operations and financial condition and could cause them to differ significantly from the estimates described. They include general business risks and specific risks associated with the Company's involvement in the oil and gas exploration industry and the country risks in Thailand. Shareholders and prospective investors should carefully consider, in light of their own financial circumstance, the factors set out herein.

Limited Operating History and History of Losses
OOI has a limited operating history, has never operated at a profit and there can be no assurance of its ability to operate at a profit. To date, OOI has a history of losses. There is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future. If the Company is unable to generate revenues or profits, investors might not be able to realize returns on their investment in the Company's securities or keep from losing their investment.

Additional Funding Requirements
The Company will require significant additional financing in order to carry out its oil and natural gas exploration and, if applicable, development activities. Failure to obtain such financing on a timely basis could cause the Company to fail to meet work commitments under the PCA and to forfeit its interest in the L14/50 concession, its only operating asset. In addition, additional financing or additional farm-in arrangement could dilute the company's interest in the L14/50 concession and/or existing shareholders' interest in the Company, potentially materially.

Listing requirements
The Company is not compliant with Policy 2.5 of the TSX Venture Exchange (see section 16 above) and this noncompliance could potentially result in suspension of the trading of its shares.

Exploration, Development and Production Risks
An investment in the Company is speculative due to the nature of OOI's involvement in the exploration, acquisition and development of oil and natural gas and its present preliminary stage of development. To date, there has been no production from any of OOI's properties.

The long-term commercial success of the Company will depend on its ability to find, acquire, explore for, develop and commercially produce oil and natural gas reserves. No assurance can be given that the Company will be able to locate satisfactory reserves or resources on an economic basis.

Future oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals, permits, licenses, authorizations or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While close well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering, sour gas releases and spills. Each one could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment or in personal injury. In accordance with industry practice, OOI is not fully insured against all of these risks, nor are all such risks insurable. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations.

Losses resulting from the occurrence of any of these risks could have a material adverse effect on future results of operations, liquidity and financial condition.

Title and Payment Obligations

The exploration blocks in which OOI has or may acquire an interest will be subject to applications for renewal or grant (as the case may be). The renewal or grant of the term of each exploration block is usually at the discretion of the relevant government authority. If an exploration block is not renewed or granted, the Company may suffer significant damage through loss of the opportunity to develop and discover any hydrocarbon resources in that area.

OOI's exploration blocks are subject to specific requirements and obligations. If the Company fails to satisfy such requirements and obligations and there is a material breach relating to an exploration block, under certain circumstances, such block could be terminated. The termination of any of the Company's rights in respect to one or more of its exploration blocks would have an adverse material effect on the Company.

Although the Company expects that title reviews will be done according to industry standards prior to the purchase of oil and natural gas producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat the claim of the Company and could result in a reduction of the revenue received by the Company.

Joint Venture Party and Contractor Risks

From time to time, the Company has and may in the future participate with other companies in the acquisition, exploration and development of natural resource properties. This allows its participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect to any one particular program. A particular partner company may assign all or a portion of its interest in a particular program to another company due to the financial position of the company making the assignment. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the Company will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time. This risk may change depending on the financial position and identity of its partner companies.

In addition, the Company will be exposed to various risks related to such farm-in partners, joint venture parties and contractors that may adversely affect its proposed activities and license interests, including:

(i) being unable to secure farm-in partners on acceptable terms to help fund the drilling of future wells on any of its prospects in order to meet exploration commitments,
(ii) financial failure, non-compliance with obligations or default by a participant in any joint venture or farm-in arrangement to which it is, or may become a party,
(iii) insolvency or other managerial failure by any of the contractors used by any joint venture or farm-in partner in its exploration activities, and
(iv) insolvency or other managerial failure by any of the other service providers used by any joint venture or farm-in party for any activity.

To the extent that the Company elects not to participate in a particular program, the Company's interest in the applicable project may be diluted or extinguished and the Company may remain liable for any unpaid capital calls.

Uncertainty of Resource Estimates
No oil and gas reserves have been attributed to OOI's exploration blocks; only undiscovered resources. There are numerous uncertainties inherent in estimating quantities of oil and natural gas resources. In general, estimates of economically, recoverable oil and natural gas reserves and resources and the future net cash flows there of are based upon a number of variable factors and assumptions. They are expected reservoir characteristics based on geological, geophysical and engineering assessments, future production rates based on historical performance, expected future investment activities, future oil and natural gas prices, regulations by government and operating costs, all of which may vary considerably from actual results.

Risks Related to Thailand
The Company will be subject to a political, economic, legal and regulatory environment in Thailand that differs in certain significant respects from that prevailing in certain other countries with more developed economies. The results of operations of the Company may be influenced in part by the political situation in Thailand and the general state of the Thai economy. The political situation in Thailand has been unstable from time to time in the past. There can be no assurance that there will not be future unrest. Future political and economic instability in Thailand could have an adverse effect on the Company's business and operations. The Thai government has frequently intervened in Thailand's economy and occasionally made significant changes in policy. The Thai government's actions to control inflation and affect other policies have included, among other things, wage and price controls, capital controls and limits on imports.

Environmental Concerns
The oil and natural gas industry is subject to environmental regulations pursuant to local and federal legislation. A breach of such regulations may result in fines or other penalties. Should the Company be unable to fully fund the cost of remedying an environmental problem, it might be required to suspend operations or enter into compliance measures pending completion of the required remedy. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require OOI to incur costs to remedy such discharge. Although OOI believes that it is in compliance with applicable environmental regulations, there is no assurance that a different interpretation of these laws will not result in a curtailment of exploration activities or production and increase costs, all of which would negatively affect the Company's financial condition.

Regulatory
Oil and natural gas operations (including exploration, development, production, pricing, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government and may be amended from time to time. The Company's operations may require licenses from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration and development of its projects.

Competition
OOI actively competes for acquisitions, leases, licenses, options, concessions, claims, skilled industry personnel and other related interests with a substantial number of other companies, many of which have significantly greater experience and financial resources than OOI.

The Company's ability to successfully bid on and acquire additional property rights, to participate in opportunities and to identify and enter into commercial arrangements with other parties, will be dependent upon developing and maintaining close working relationships with its industry partners and joint operator as well as its ability to select suitable properties and to consummate transactions in a highly competitive environment.

The oil and natural gas exploration and production industry has experienced increased consolidation. This consolidation has led to several competitors having significantly larger financial and operating resources than OOI. In addition, a decrease in demand for oil and natural gas caused by any number of factors could cause competition among oil and natural gas producers to intensify, potentially resulting in additional downward pressure on oil and natural gas prices and adversely affecting the Company's results of operations.

Operational Matters
The ownership of petroleum assets involves a number of operating hazards which may result in blowouts, environmental damage and other unexpected or dangerous conditions resulting in damage to OOI's properties and possible liability to third parties. The Company intends to employ prudent risk management practices and maintain suitable liability insurance,

where available. The Company may become liable for damages arising from such events against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons. Costs incurred to repair such damage or liabilities could have an adverse material adverse effect on the Company, its operations and its financial condition.

Reliance on Operators, Management and Key Personnel

Successfully exploring for, developing and commercializing oil and natural gas interests depends on a number of factors, not the least of which is the technical skill of the personnel involved. The Company's success will be, in part, dependent on the performance of its key managers and consultants. Failure to retain its managers and consultants, or to attract or retain additional key personnel, with the necessary skills and experience could have a materially adverse impact upon the Company's growth and profitability. OOI does not carry key person insurance. In addition, the Company may not be the operator of certain oil and natural gas properties in which it has or acquires an interest. To the extent the Company will not be the operator of its oil and natural gas properties, the Company will be dependent on such operators for the timing of activities related to such properties and will largely be unable to direct or control the activities of the operators.

Volatility of Commodity Prices

Oil and natural gas prices fluctuate significantly in response to regional, national and global supply and demand factors beyond the control of the Company. Political and economic developments around the world can affect world oil and natural gas supply and prices. Any prolonged period of low oil and natural gas prices could result in a decision by the Company or its operators to suspend or terminate exploration and/or development, as it may become uneconomic to explore for and/or produce oil or natural gas at such prices.

Currency Fluctuations

Currency fluctuations may affect the Company's operations, financial position and results. The Company's financial results are reported in Canadian dollars, while costs are primarily incurred in U.S. dollars and Thai baht. The effects on operating cost and cash flows of the foreign exchange rate and the escalation of the Thai baht may be significant to the Company's results. Currency rate fluctuations may adversely affect the Company's future cash flow from operations, its results of operations, financial condition and prospects.

Forward-Looking Statements and Information May Prove Inaccurate

Investors are cautioned not to place undue reliance on forward-looking statements and information. By its nature, forward-looking statements and information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ from those suggested by the forward-looking statements and information or contribute to the possibility that predictions, forecasts or projections will prove to be inaccurate.

Limitations of Insurance

The Company's involvement in the exploration for and possible development of oil and natural gas properties may result in the Company becoming subject to liability for pollution, blowouts, property damage, personal injury or other hazards. In addition, such risks may not, in all circumstances be insurable or, in certain circumstances, the Company may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to the Company. The occurrence of a significant event that the Company is not fully insured against, or the insolvency of the insurer of such event, could have an adverse effect on the Company's financial position, results of operations or prospects.

Litigation

The Company is, and may in the future, be subject to litigation arising out of its operations or other matters. Damages claimed under such litigation may be material or may be indeterminate, and the outcome of such litigation may impact the Company's business, results of operations or financial condition. While the Company will assess the merits of any lawsuit and defend itself accordingly, it may be required to incur significant expense or devote significant financial resources in defending itself against such litigation. In addition, the adverse publicity surrounding such claims may have an adverse effect on the Company's business.

Taxation

Any change in the tax status of the Company or the tax applicable to capital gains or dividends of shareholders or other changes in taxation legislation or its interpretation could:

(i) affect the value of the investments held by the Company;
(ii) affect the Company's ability to provide returns to shareholders; and/or

(iii) alter the post-tax returns to shareholders.

Enforcement of Civil Liabilities
Substantially all of the assets of OOI are located outside of Canada and certain of the directors and officers of OOI are resident outside of Canada. As a result, it may be difficult or impossible to bring an action in Canada against directors or officers who are not residents of Canada. It may also not be possible for an investor to enforce judgments granted by a court in Canada against the assets of the Company outside of Canada or the directors and officers of the Company residing outside of Canada.

The Market Price of the Common Shares May Be Subject to Wide Price Fluctuations
The market price of the Company's common shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company and its subsidiaries, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company and its subsidiaries, general economic conditions, changes in petroleum reserve or resource estimates, results of exploration, legislative changes, and other events and factors outside of the Company's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, as well as general economic and political conditions, that adversely affected the market price for the Company's common shares.

Internal Controls
The Company is listed on the TSXV and is not required to certify the design and evaluation of the Company's disclosure controls and procedure ("DC&P") and internal controls over financial reporting ("ICFR") and has not completed such an evaluation. As a result, inherent limitations on the ability of certifying officers to design and implement on a cost effective basis, CD&P and ICFR for the Company may result in additional risks to the quality, reliability, transparency and timeliness of annual financial statements and MD&A.