

Extractive Sector Transparency Measures Act - Annual Report

Reporting Entity Name	Pan Orient Energy Corp.					
Reporting Year	From	2018-01-01	To:	2018-12-31	Date submitted	2019-05-29
Reporting Entity ESTMA Identification Number	E256629		<input checked="" type="radio"/> Original Submission <input type="radio"/> Amended Report			
Other Subsidiaries Included (optional field)						
Not Consolidated						
Not Substituted						
Attestation by Reporting Entity						
<i>In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest I have reviewed the information contained in the ESTMA report for the entity(ies) listed above. Based on my knowledge, and having exercised reasonable diligence, the information in the ESTMA report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.</i>						
Full Name of Director or Officer of Reporting Entity	William Ostlund			Date	2019-05-29	
Position Title	Chief Financial Officer					



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Subsidiary Reporting Entities (if necessary)			

Payments by Payee

Country	Payee Name ¹	Departments, Agency, etc... within Payee that Received Payments ²	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid to Payee	Notes ³⁴
Canada -Alberta	Government of Alberta				190,000					190,000	See Note 1 & 4 below
Indonesia	Ministry of Finance of the Republic of Indonesia								1,720,000	1,720,000	See Note 2 & 4 below
Thailand	National Government - Department of Mineral Fuels			740,000	910,000					1,650,000	See Note 3 & 4 below

Additional Notes:	<p>Note 1) Payment related to administration fees for the oil sands sector, surface and mineral lease rentals at the Sawn Lake SAGD project.</p> <p>Note 2) In kind payments consisted of:</p> <p>a) Office equipment, computer hardware and software, and equipment inventory previously used in the operations at the Batu Gajah Production Sharing Contract ("PSC") which expired in October 2015. Ownership of these assets transferred to the National Government of Indonesia ("NGOI") upon the expiry of the PSC. Physical transfer of these assets took place in 2018 through NGOI approved third-party auction process. The historical costs recorded on these assets were \$580,000. Auction proceeds from the sale of the assets of \$150,000 are approved by the NGOI and the proceeds approximate the fair value of these assets.</p> <p>b) The Company received final approval from NGOI in 2018 to transfer the title of the access roads built to access the well pads at the Citarum and Batu Gajah PSCs. The Citarum PSC expired in January 2017. The historical costs recorded on these access roads were \$1,570,000 which represent the transfer amount and fair value.</p> <p>c) Proceeds of the auction (in-kind payment) and historical costs were denominated in Indonesian Rupiah at 1 CAD to 10,570 IDR and was converted based on the exchange rate as the Company's financial year end.</p> <p>Note 3) Consisted of royalties from oil revenue and surface reservation fee paid to the Department of Mineral Fuels. The surface reservation fee is a refundable deposit if certain capital spending criteria are met. Payments were made in Thai Baht at 1 CAD to 23.4733 THB and was converted based on the exchange rate as the Company's financial year end.</p> <p>Note 4) All payments are reported in Canadian currency and amounts have been rounded to the nearest CAD \$10,000. If a payment or payment in kind was made in different currency, the Company has converted the amount based on the exchange rate as of the Company's financial year end.</p>
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Payments by Project

Country	Project Name ¹	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid by Project	Notes ²³
Canada -Alberta	Sawn Lake SAGD Project			190,000					190,000	
Indonesia	Citarum PSC							500,000	500,000	
Indonesia	Batu Gajah PSC							1,220,000	1,220,000	
Thailand	Concession L53		740,000	910,000					1,650,000	

Additional Notes³:	
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Note 1 – Financial Reporting Framework

(a) Basis of accounting:

The Schedule of Payments by Payee and the Schedule of Payments by Project (collectively, the “Schedules”) prepared by Pan Orient Energy Corp. (the “Company”) for the year ended December 31, 2018 has been prepared in accordance with the financial reporting provisions in Section 9 of the Extractive Sector Transparency Measures Act, Section 2.3 of the Extractive Sector Transparency Measures Act – Technical Reporting Specifications and Sections 3.1 to 3.6 of the Extractive Sector Transparency Measures Act – Guidance (collectively the “financial reporting framework”).

The Schedules are prepared to provide information to the Directors of Pan Orient Energy Corp. and the Minister of Natural Resources Canada to assist in meeting the requirements of the Extractive Sector Transparency Measures Act. As a result, the Schedules may not be suitable for another purpose.

(b) Significant accounting policies:

i) Cash basis

The Schedules have been prepared using the cash basis of accounting, as required by the financial reporting framework, and therefore exclude any accruals related to payments due to governments.

The Schedules include all cash payments made, without inclusion of cash inflows from a government. Where the Company makes a payment to a government that is net of credits from that government, the net payment amount has been presented.

ii) Projects

The Company has aligned its projects with its cash generating units as determined for financial statement reporting purposes.

iii) Operator

The Company has reported all payments made by it, on its own behalf and in its role as operator, directly to the government on a ‘gross’ basis. Amounts paid by third party operators, who are subject to the financial reporting framework, have not been included in the Schedules.

iv) Take in kind payments

The Company has valued in-kind payments based on the cost to the Company, consistent with calculations made by the Company for financial reporting purposes. In certain circumstances, where applicable, in-kind payments might be based on other calculation methods to best report the payment values.

v) Excluded payments

Certain payments related to the operation of the Company’s head office, payments made to governments for commercial services or payments made to governments which are not related to the commercial extraction of oil and natural gas resources have been excluded from the Schedules, as described in the financial reporting framework.

vi) Reporting currency

The Company has reported all payments in Canadian currency. If a payment was made in a different currency, the Company has converted it based on the exchange rate as of the Company’s financial year end.