



**PAN ORIENT ENERGY CORP.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED MARCH 31, 2018**

**(Unaudited)**

**Pan Orient Energy Corp.**  
**Consolidated Statements of Financial Position**  
*(Expressed in Canadian dollars, unless otherwise noted)*  
*(Unaudited)*

(\$000s)	March 31 2018	December 31 2017
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	32,064	37,662
Accounts receivable	5,615	475
Taxes receivable	148	148
	<b>37,827</b>	<b>38,285</b>
<b>Deposits</b>	<b>708</b>	<b>4,361</b>
<b>Investment in joint venture</b> (note 4)	<b>33,875</b>	<b>32,185</b>
<b>Property, plant and equipment</b> (note 5)	<b>465</b>	<b>474</b>
<b>Exploration and evaluation</b> (note 6)	<b>97,619</b>	<b>97,095</b>
<b>Total assets</b>	<b>170,494</b>	<b>172,400</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	1,402	5,491
Decommissioning provision (note 7)	266	258
	<b>1,668</b>	<b>5,749</b>
<b>Deferred tax liabilities</b>	<b>6,693</b>	<b>6,722</b>
<b>Decommissioning provision</b> (note 7)	<b>1,833</b>	<b>1,817</b>
<b>Total liabilities</b>	<b>10,194</b>	<b>14,288</b>
<b>Shareholders' equity</b>		
Share capital (note 8)	91,851	91,851
Contributed surplus	26,604	26,307
Non-controlling interest	16,889	16,914
Accumulated other comprehensive income	3,492	1,238
Retained earnings	21,464	21,802
<b>Total shareholders' equity</b>	<b>160,300</b>	<b>158,112</b>
<b>Total liabilities and shareholders' equity</b>	<b>170,494</b>	<b>172,400</b>

**Commitments** (note 11)

See accompanying notes to the condensed interim consolidated financial statements.

**Pan Orient Energy Corp.**  
**Consolidated Statements of Operations and Comprehensive Income (Loss)**  
*(Expressed in Canadian dollars, unless otherwise noted)*  
*(Unaudited)*

(\$000s, except per share amounts)	Three Months Ended March 31	
	2018	2017
<b>Expenses</b>		
Loss from investment in joint venture (note 4)	191	178
Amortization and depreciation	9	13
Exploration	1	5
Decommissioning expense	-	222
General and administrative	608	1,082
Finance income	(102)	(59)
Stock-based compensation	297	97
Foreign exchange loss (gain)	(612)	213
	<b>392</b>	<b>1,751</b>
<b>Loss before taxes and non-controlling interest</b>	<b>(392)</b>	<b>(1,751)</b>
<b>Taxes</b>		
Current income tax recovery	-	(148)
Deferred income tax recovery	(29)	(54)
	<b>(29)</b>	<b>(202)</b>
<b>Net loss</b>	<b>(363)</b>	<b>(1,549)</b>
<b>Other comprehensive income (loss)</b>		
Foreign exchange gain (loss) on translation of foreign operations	348	(97)
Foreign exchange gain on translation of joint venture (note 4)	1,906	723
<b>Total other comprehensive income</b>	<b>2,254</b>	<b>626</b>
<b>Total comprehensive income (loss)</b>	<b>1,891</b>	<b>(923)</b>
<b>Net loss attributable to:</b>		
Common shareholders	(338)	(1,514)
Non-controlling interest	(25)	(35)
<b>Net loss</b>	<b>(363)</b>	<b>(1,549)</b>
<b>Total comprehensive income (loss) attributable to:</b>		
Common shareholders	1,916	(888)
Non-controlling interest	(25)	(35)
<b>Total comprehensive income (loss)</b>	<b>1,891</b>	<b>(923)</b>
<b>Net loss per share attributable to common shareholders (note 8)</b>		
Basic and diluted	<b>\$ (0.01)</b>	<b>\$ (0.03)</b>

See accompanying notes to the condensed interim consolidated financial statements.

**Pan Orient Energy Corp.**  
**Consolidated Statements of Changes in Shareholders' Equity**  
*(Expressed in Canadian dollars, unless otherwise noted)*  
*(Unaudited)*

(\$000s)	Share Capital	Contributed Surplus	NCI	AOCI	Retained Earnings	Total
Balance as at December 31, 2016	91,816	26,006	17,051	1,377	26,934	163,184
Net loss	-	-	(35)	-	(1,514)	(1,549)
Stock-based compensation expense	-	97	-	-	-	97
Special distribution	-	15	-	-	-	15
Other comprehensive loss	-	-	-	626	-	626
Balance as at March 31, 2017	91,816	26,118	17,016	2,003	25,420	162,373
Balance as at December 31, 2017	91,851	26,307	16,914	1,238	21,802	158,112
Net loss	-	-	(25)	-	(338)	(363)
Stock-based compensation expense	-	297	-	-	-	297
Other comprehensive income	-	-	-	2,254	-	2,254
Balance as at March 31, 2018	91,851	26,604	16,889	3,492	21,464	160,300

See accompanying notes to the condensed interim consolidated financial statements.

**Pan Orient Energy Corp.**  
**Consolidated Statements of Cash Flows**  
*(Expressed in Canadian dollars, unless otherwise noted)*  
*(Unaudited)*

(\$000s)	Three Months Ended March 31	
	2018	2017
<b>Cash Provided From (Used in)</b>		
<b>Operating Activities</b>		
Net loss	(363)	(1,549)
Adjustments for non-cash items:		
Deferred tax recovery	(29)	(54)
Amortization and depreciation	9	13
Stock-based compensation	297	97
Accretion	11	8
Loss from investment in joint venture (note 4)	191	178
Decommissioning expense	-	222
Unrealized foreign exchange gain	(646)	-
Settlement on decommissioning expenditures	-	(430)
Changes in non-cash working capital	(4,140)	(215)
Cash flow used in operating activities	(4,670)	(1,730)
<b>Investing Activities</b>		
Property, plant and equipment	-	(10)
Exploration and evaluation	(303)	(927)
Dispositions of exploration and evaluation assets	133	-
Changes in non-cash working capital	(1,403)	130
Cash flow used in investing activities	(1,573)	(807)
<b>Change in cash and cash equivalents</b>	<b>(6,243)</b>	<b>(2,537)</b>
<b>Effect of foreign exchange on cash and cash equivalents</b>	<b>645</b>	<b>(46)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>37,662</b>	<b>46,934</b>
<b>Cash and cash equivalents, end of period</b>	<b>32,064</b>	<b>44,351</b>

See accompanying notes to the condensed interim consolidated financial statements.

## 1) CORPORATE INFORMATION

Pan Orient Energy Corp. (the "Company") is an Alberta, Canada corporation with shares listed on the TSX Venture Exchange (TSX-V). The records office and principal address is located at 1505, 505 . 3rd Street S.W., Calgary, Alberta, T2P 3E6.

The Company is an oil and natural gas company which holds properties onshore Thailand and Indonesia as well as an interest in Andora Energy Corporation (Andora) which holds properties in Northern Alberta. The Company is continually pursuing other oil and natural gas exploration opportunities in Asia.

## 2) BASIS OF PRESENTATION

### *Statement of Compliance*

The interim condensed consolidated financial statements for the Company as at March 31, 2018 and for the three months ended March 31, 2018 and 2017 should be read in conjunction with the audited consolidated financial statements as at and for the year ended December 31, 2017. The following disclosures that are normally required in the notes to the annual consolidated financial statements have been condensed or omitted. The interim condensed consolidated financial statements are prepared using the same accounting policies and methods of computation as disclosed in the annual consolidated financial statements except as described below.

The interim condensed consolidated financial statements are stated in Canadian dollars and have been prepared in accordance with the International Accounting Standards 34, *Interim Financial Reporting*.

The interim condensed consolidated financial statements were approved by the Company's Board of Directors on May 15, 2018.

## 3) CHANGES IN ACCOUNTING PRONOUNCEMENTS

### *Revenue from Contracts with Customers*

In September 2015, the IASB published an amendment to IFRS 15 Revenue from Contracts with Customers, deferring the effective date to annual periods beginning on or after January 1, 2018. IFRS 15 replaces existing revenue recognition guidance with a single comprehensive accounting model. The standard requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive when control is transferred to the purchaser. The adoption of IFRS did not require any material adjustments to the amounts recorded in the consolidated financial statements. The Company's Thailand Joint Venture generates oil revenue which is included in the profit or loss from investment in joint venture (Note 4). Oil revenue generated within the joint venture is recognized when the performance obligations are satisfied and revenue can be reliably measured. Revenue is measured at the consideration specified in the contracts and represents amounts receivable for goods or services provided in the normal course of business, net of discounts, customs duties and sales taxes. Oil sales within the joint venture sold in Thailand are under long term floating price contracts. Performance obligations associated with the sale of crude oil are satisfied at the point in the time when the products are delivered and title passes to the customer.

### *Financial Instruments*

In July 2014, the IASB issued IFRS 9 Financial Instruments to replace IAS 39, which provides a single model for classification and measurement based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial instruments. For financial liabilities, the change in fair value resulting from an entity's own credit risk is recorded in other comprehensive income rather than net earnings, unless this creates an accounting mismatch. IFRS 9 includes a new, forward-looking expected loss impairment model that will result in a more timely recognition of expected credit losses. In addition, IFRS 9 provides a substantially-reformed approach to hedge accounting. The standard was effective for annual periods beginning on January 1, 2018. The adoption of IFRS 9 did not require any material adjustments to the consolidated financial statements.

Financial assets previously classified as loans and receivables (cash and cash equivalents, accounts receivable, and deposits), as well as financial liabilities previously classified as other financial liabilities (accounts payable and accrued liabilities) have been reclassified to amortized costs. The carrying value and measurement of all financial instruments remains unchanged. The Company's current process of assessing short-term receivable, lifetime expected credit losses collectively in groups that share similar credit risk characteristics is unadjusted with the adoption of the new impairment model and resulted in no additional impairment allowance. Additionally, deposits were assessed individually under the expected credit loss model and no impairment was concluded.

**Pan Orient Energy Corp.**  
**Notes to the Condensed interim consolidated financial statements**  
*(Expressed in Canadian dollars, unless otherwise noted)*  
*(Unaudited)*

**4) INVESTMENT IN JOINT VENTURE**

The Company holds a 50.01% interest in Pan Orient Energy (Siam) Ltd., which is considered a Joint Venture under IFRS and is accounted for using the equity method. Distributions received from the joint venture reduce the carrying amount of the investment whereas funding to the joint venture increase the carrying amount. The Company's profit or loss includes its share of the joint venture's profit or loss and the Company's other comprehensive income includes its share of the joint venture's other comprehensive income or loss.

<b>Three months ended:</b> (\$000s)	<b>March 31</b>	
	<b>2018</b>	<b>2017</b>
Investment in joint venture, beginning of period	32,185	32,795
Change in amounts due from joint venture	(25)	(24)
Net loss from joint venture, after tax	(191)	(178)
Foreign currency translation	1,906	723
Investment in joint venture, end of period	33,875	33,316

Pan Orient Energy (Siam) Ltd. Summarized Financial Information (\$000s)	<b>March 31</b>	
	<b>2018</b>	<b>2017</b>
Current assets	10,470	6,697
Non-current assets	65,540	65,309
Current liabilities	(1,333)	(564)
Non-current liabilities	(18,073)	(18,196)
Net assets	55,604	53,246

<b>Pan Orient's Investment in Joint Venture</b>		
Pan Orient's share of net assets	27,804	26,625
Fair value adjustment on initial recognition	8,924	8,924
Amortization of fair value adjustment on initial recognition	(1,195)	(744)
Change in amounts due from joint venture, since initial recognition	(1,658)	(1,489)
Investment in joint venture	33,875	33,316

**Pan Orient Energy Corp.**  
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The Company's share of income or loss from the joint venture is as follows:

Pan Orient Energy (Siam) Ltd. Summarized Statement of Comprehensive Income (\$000s)	Three Months Ended March 31	
	2018	2017
Oil revenue	2,472	2,883
Royalties	(120)	(141)
Interest income	1	1
Total net revenue	2,353	2,743
Production and operating	519	474
Transportation	57	71
Depletion and depreciation	1,699	2,227
Exploration expense	102	-
General and administrative	403	388
Foreign exchange gain	(4)	(4)
Total expenses	2,776	3,156
Loss before income taxes	(423)	(413)
Deferred income tax recovery	(240)	(221)
Net loss	(183)	(192)
Other comprehensive income	3,810	1,445
Total comprehensive income	3,627	1,253
<b>Pan Orient's share of loss from joint venture under equity method, (50.01% net to Pan Orient)</b>		
Pan Orient's share of net loss	(92)	(96)
Amortization of fair value adjustment	(99)	(82)
Net loss from joint venture	(191)	(178)

**5) PROPERTY, PLANT AND EQUIPMENT**

A reconciliation of the carrying amount of property, plant and equipment as at March 31, 2018 is set out below.

(\$000s)	Indonesia	Canada	Total
<b>Cost</b>			
At December 31, 2017	308	1,353	1,661
At March 31, 2018	308	1,353	1,661
<b>Accumulated amortization and depreciation</b>			
At December 31, 2017	(308)	(879)	(1,187)
Amortization and depreciation	-	(9)	(9)
At March 31, 2018	(308)	(888)	(1,196)
<b>Net book value</b>			
At December 31, 2017	-	474	474
At March 31, 2018	-	465	465



**Pan Orient Energy Corp.**  
**Notes to the Condensed interim consolidated financial statements**  
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**6) EXPLORATION AND EVALUATION**

A reconciliation of the carrying amount of exploration and evaluation (E&E) assets as at March 31, 2018 is set out below.

(\$000s)	Indonesia	Canada	Total
At December 31, 2017	12,591	84,504	97,095
Additions	85	218	303
Dispositions	-	(133)	(133)
Changes in decommissioning costs	(3)	3	-
Foreign currency translation	354	-	354
At March 31, 2018	13,027	84,592	97,619

During the three months ended March 31, 2018, general and administrative costs totaling \$0.2 million (March 31, 2017 . \$0.1 million) were directly related to exploration and evaluation activities have been capitalized as E&E assets.

As at March 31, 2018 Andora's Sawn Lake steam assisted gravity drainage (SAGD) demonstration project has not yet proven that it is commercially viable and all related costs and revenues are being capitalized as E&E assets until commercial viability is achieved. Commercial viability is determined based on several factors including the assignment of proven and probable reserves. Upon being determined commercially viable the related E&E assets will be tested for impairment and reclassified to property, plant and equipment where they will be depleted.

Recoverability of the capitalized costs is dependent on successfully completing development of the properties. With respect to the Canadian properties, recoverability is also dependent on determining the technical feasibility of the project. Capitalized costs incurred to date do not necessarily represent present or future values.

**7) DECOMMISSIONING PROVISION**

(\$000s)	Indonesia	Canada	Total
At December 31, 2017	426	1,649	2,075
Revisions to obligations	(3)	3	-
Accretion	2	9	11
Foreign currency translation	13	-	13
Current portion	266	-	266
Non-current portion	172	1,661	1,833
At March 31, 2018	438	1,661	2,099

The decommissioning provision is based on the Company's net ownership of wells and facilities in Indonesia and Canada, management's estimates of costs to abandon and reclaim those wells and facilities and the potential future timing of the costs to be incurred. Total undiscounted cash flows, escalated at 2.0% for inflation, required to settle the Company's decommissioning provision are estimated to be \$3.5 million at March 31, 2018 (December 31, 2017 . \$3.5 million). Payments to settle the provision will be made over the operating lives of the underlying assets and are estimated to be incurred between 2018 and 2050. Estimated costs have been discounted at the risk-free interest rate in the jurisdiction in which the expenditure is expected to be incurred which averaged at 2% at March 31, 2018 (December 31, 2017 . 2%).

**8) SHARE CAPITAL**

**(a) Authorized**

Unlimited Common Voting Shares  
Unlimited Preferred Shares

**(b) Issued and Outstanding Class A Common Shares**

Common Shares	Shares Outstanding	Amount (\$000s)
Balance as at December 31, 2017 & March 31, 2018	54,900,407	\$ 91,851

Subsequent to March 31, 2018, the Company renewed its normal course issuer bid through the TSX-V to continue the ability to purchase its common shares. Under the terms of the bid, Pan Orient is authorized to purchase, for cancellation, up to 4,514,494 of its common shares (10% of the public float), subject to a maximum of 1,098,008 common shares (2% of the 54,900,407 issued and outstanding common shares) during any 30 day period. The ability to purchase common

**Pan Orient Energy Corp.**  
**Notes to the Condensed interim consolidated financial statements**  
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shares under the bid commenced on April 30, 2018 and ends one year after commencement or on the earlier date on which Pan Orient has either acquired the maximum number of common shares specified above or otherwise decided not to make any further purchases. No shares were purchased between April 30, 2018 and the approval date of the financial statement.

**(c) Options to Purchase Common Shares**

	<b>Number of Options</b>	<b>Weighted Average Exercise Price (\$)</b>
Options outstanding at December 31, 2017	3,431,000	1.42
Granted	1,560,000	1.09
Options outstanding at March 31, 2018	4,991,000	1.31

<b>Options Outstanding at March 31, 2018</b>				<b>Options Exercisable at March 31, 2018</b>		
Exercise Price <sup>(1)</sup> (\$)	Number of Options	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)
0.89 . 1.00	250,000	0.89	3.42	250,000	0.89	2.42
1.01 . 1.50	3,740,000	1.29	2.85	2,700,000	1.36	2.43
1.51 . 1.52	1,001,000	1.52	1.67	1,001,000	1.52	0.67
0.89 . 1.52	4,991,000	1.31	2.58	3,951,000	1.37	1.98

**(d) Stock-based Compensation**

The fair value of the stock options granted has been estimated on the grant dates using the Black-Scholes option pricing model. Weighted average assumptions and resultant fair values for stock options granted during the three months ended March 31, 2018 and 2017 are as follows:

	<b>Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Risk free interest rate (%)	<b>2</b>	-
Expected lives (years)	<b>5</b>	-
Expected volatility (%)	<b>56</b>	-
Dividend per share (%)	-	-
Forfeiture rate (%)	<b>12</b>	-
Weighted average fair value, per option	<b>\$0.54</b>	-

**(e) Andora Energy Corporation**

**i) Issued and Outstanding Class A Common Shares**

As at March 31, 2018 Andora had 100.1 million (December 31, 2017 . 100.1 million) common shares issued and outstanding of which Pan Orient held 71.8% (December 31, 2017 . 71.8%).

**Pan Orient Energy Corp.**  
**Notes to the Condensed interim consolidated financial statements**  
*(Expressed in Canadian dollars, unless otherwise noted)*  
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**ii) Options to Purchase Common Shares of Andora**

		Number of options	Weighted average exercise price (\$)
Balance as at December 31, 2017 & March 31, 2018		9,500,000	0.15

  

Options Outstanding at March 31, 2018				Options Exercisable at March 31, 2018		
Exercise Price (\$)	Number of Options	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)
0.15	9,500,000	0.15	2.84	6,333,338	0.15	2.84

**iii) Convertible Credit Facility**

Andora entered into a convertible loan agreement with Pan Orient on January 30, 2018 whereby Andora can draw up to \$2 million against a revolving credit facility. The loan bears interest at HSBC Canada prime rate for commercial loans in Canadian dollars plus three percent, per annum. Any principal drawn against the credit facility, including accrued interest (collectively, ~~the~~ outstanding amount~~),~~ is repayable upon demand or by December 31, 2022, whichever is earlier. Security for repayment of any outstanding amount is provided by a general security agreement creating a first fixed charge over all of Andora's property, subject to certain permitted encumbrances. Pan Orient has the option under the loan agreement to convert the outstanding amount, or a portion thereof, into Andora's common shares at a price of \$0.15 per share. As of March 31, 2018, Andora had drawn \$250,000 against the credit facility.

**(f) Earnings per Share Attributable to Common Shareholders**

A reconciliation of the weighted average number of common shares used to calculate diluted net income (loss) per share is as follows:

	Three Months Ended March 31	
	2018	2017
Weighted average common shares . basic and diluted	<b>54,900,407</b>	54,885,407

Options were not included in the computation of weighted average diluted common shares because they were anti-dilutive.

**9) FINANCIAL INSTRUMENTS**

As at March 31, 2018 the following financial instruments were denominated in currencies other than the Canadian dollar:

	March 31, 2018		December 31, 2017	
	US dollar (\$000s)	Indonesia Rupiah (000s)	US dollar (\$000s)	Indonesia Rupiah (000s)
Cash and cash equivalents	15,289	709,939	19,793	447,843
Accounts receivable	1,129	39,352,266 <sup>(2)</sup>	23	-
Deposits	179	-	170	39,352,266 <sup>(2)</sup>
Accounts payable and accrued liabilities	(157)	(7,582,788)	(152)	(52,567,194)
Net exposure in foreign currency	16,440	32,479,417	19,834	(12,767,085)
Net exposure in Canadian dollars <sup>(1)</sup> (\$000s)	21,201	3,066,170	24,882	(1,191)

<sup>(1)</sup> Translated at March 31, 2018 and December 31, 2017 exchange rates.

<sup>(2)</sup> The deposit recorded in non-current deposit at December 31, 2017 which related to the expected refund of the deposit paid for the successful appeal of the offshore land and building tax at the East Jabung PSC has been reclassified to current receivable during the first quarter of 2018.

**Pan Orient Energy Corp.**  
**Notes to the Condensed interim consolidated financial statements**  
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**10) SEGMENTED INFORMATION**

The Company operates in three countries and each country is considered a reportable segment. The three segments consist of: 1) interest in joint venture in partially developed conventional petroleum and natural gas properties in Thailand; 2) undeveloped petroleum and natural gas properties in Indonesia; and 3) an undeveloped heavy oil property in Canada. The following table provides information for each geographical segment for the periods ended March 31:

As at: (\$000s)	March 31, 2018				December 31, 2017			
	Thailand	Indonesia	Canada	Total	Thailand	Indonesia	Canada	Total
Property, plant and equipment	-	-	465	465	-	-	474	474
Exploration and evaluation	-	13,027	84,592	97,619	-	12,591	84,504	97,095
Other assets	33,894	5,715	32,801	72,410	32,205	4,238	38,388	74,831
<b>Total assets</b>	<b>33,894</b>	<b>18,742</b>	<b>117,858</b>	<b>170,494</b>	<b>32,205</b>	<b>16,829</b>	<b>123,366</b>	<b>172,400</b>

  

Three Months Ended: (\$000s)	March 31, 2018				March 31, 2017			
	Thailand	Indonesia	Canada	Total	Thailand	Indonesia	Canada	Total
Loss from joint venture	191	-	-	191	178	-	-	178
Amortization and depreciation	-	-	9	9	-	-	13	13
Exploration	-	1	-	1	-	5	-	5
Decommissioning expense	-	-	-	-	-	222	-	222
General and administrative	13	72	523	608	15	499	568	1,082
Finance income	-	-	(102)	(102)	-	-	(59)	(59)
Stock based compensation	-	-	297	297	-	-	97	97
Foreign exchange (gain) loss	-	44	(656)	(612)	-	(23)	236	213
Loss before taxes and non-controlling interest	204	117	71	392	193	703	855	1,751
Current income tax expense (recovery)	-	-	-	-	-	-	(148)	(148)
Deferred income tax recovery	-	-	(29)	(29)	-	-	(54)	(54)
<b>Total taxes</b>	<b>-</b>	<b>-</b>	<b>(29)</b>	<b>(29)</b>	<b>-</b>	<b>-</b>	<b>(202)</b>	<b>(202)</b>
Net loss attributable to:								
Common shareholders	(204)	(117)	(17)	(338)	(193)	(703)	(618)	(1,514)
Non-controlling interest	-	-	(25)	(25)	-	-	(35)	(35)
<b>Total net loss</b>	<b>(204)</b>	<b>(117)</b>	<b>(42)</b>	<b>(363)</b>	<b>(193)</b>	<b>(703)</b>	<b>(653)</b>	<b>(1,549)</b>
Capital expenditures <sup>(1)</sup>	-	85	218	303	-	702	235	937

(1) Capital expenditures excluded decommissioning costs, the impact of changes in foreign exchange and capitalized stock-based compensation expense.

## 11) COMMITMENTS

As at March 31, 2018 the Company's estimated outstanding capital commitments are as follows:

Country and Concession Name	Remaining Work Program Commitment	Obligation Ending	Estimated Net Financial Commitment
			CAD <sup>(1)</sup> (\$000s)
<b>Thailand Joint Venture</b>			
Concession L53	▪ Surface reservation fee <sup>(2)</sup>	January 2021	-
<b>Total Thailand</b>			-
<b>Indonesia</b>			
East Jabung	▪ Geological studies	January 2019 <sup>(3)</sup>	18
<b>Total Indonesia</b>			18
<b>Canadian Heavy Oil Sands – Andora Energy Corporation</b>			
Sawn Lake, Alberta	▪ Natural gas pipeline tariff (\$12 thousand per month)	October 2018	86
<b>Total Canada</b>			86
			<b>104</b>

(1) Translated at March 31, 2018 exchange rates from the source currency in which the commitments were denominated in.

(2) The original nine year exploration period for Concession L53 expired on January 7, 2016. The Government of Thailand has approved a 215.87 square kilometer "reserved area" within Concession L53 for up to five years, with the payment of a surface reservation fee of \$0.8 million, for each year Pan Orient Energy (Siam) Ltd. elects to retain the reserved area. Pan Orient Energy (Siam) Ltd. is entitled to receive a refund of the surface reservation fee for a particular year in an amount equal to the petroleum exploration expenditures spent in that year within the reserved area up to the reservation fee paid. Pan Orient Energy (Siam) Ltd. intends to spend at least the full amount each year the reserved area is renewed and, therefore, it is expected that the annual reservation fee will be fully refunded. The reservation fee for the second year is included in the Investment in Joint Venture in the consolidated statement of financial position and Pan Orient Energy (Siam) Ltd. has applied for the deposit to be refunded from the Government of Thailand. During the first quarter of 2018, Pan Orient Energy (Siam) Ltd. paid the third year deposit for the remaining 213.91 square kilometer "reserved area".

(3) The original expiry of the East Jabung PSC occurred on November 21, 2017, the Company was notified by the operator that the drilling of the AYU-1X and ELOK-1X wells has satisfied the East Jabung PSC firm well commitment of two exploration wells to be drilled prior to the expiry of the first six year exploration phase. The initial six year exploration phase of the East Jabung PSC has been extended by the Government of Indonesia to January 20, 2019.

Actual expenditures required to carry out these commitments may be significantly different from the estimates. The Company intends to fund commitments through expected cash flows from Thailand and the Company's existing cash balance.



**PAN ORIENT ENERGY CORP.**  
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