



PAN ORIENT ENERGY CORP.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012
(Unaudited)**

Pan Orient Energy Corp.
Condensed Consolidated Statements of Financial Position
(Unaudited)

(\$000s)	September 30, 2012	December 31, 2011
Assets		
Current		
Cash and cash equivalents	143,435	52,407
Accounts receivable	11,284	11,591
	154,719	63,998
Long term accounts receivable (note 5)	2,950	-
Deposits	641	2,981
Petroleum and equipment (note 3)	38,674	155,326
Exploration and evaluation costs (note 4)	170,279	148,971
	367,263	371,276
Liabilities		
Current		
Accounts payable and accrued liabilities	8,668	11,635
Taxes payable (note 8)	15,581	3,712
	24,249	15,347
Deferred tax liabilities	17,938	61,056
Employee pension liabilities	-	201
Decommissioning provision (note 6)	2,044	11,759
	44,231	88,363
Shareholders' equity (note 7)		
Share capital	116,996	159,356
Contributed surplus	18,012	15,456
Non-controlling interest	17,737	17,932
Accumulated other comprehensive (loss) income	(5,417)	887
Retained earnings	175,704	89,282
	323,032	282,913
Commitments (note 11)		
Subsequent events (note 12)		
	367,263	371,276

See accompanying notes to the consolidated financial statements.

Pan Orient Energy Corp.
Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)
(Unaudited)

(\$000s, except per share amounts)	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2012	2011	2012	2011
Revenue				
Oil	7,808	18,083	45,964	55,053
Royalties	(390)	(945)	(2,331)	(2,913)
Interest	363	115	539	333
	7,781	17,253	44,172	52,473
Expenses				
Transportation	103	398	796	1,274
Production and operating	1,357	2,314	5,244	6,848
General and administrative	1,206	1,239	4,324	3,652
Gain on sale of Thailand interests (note 5)	(39)	-	(93,432)	-
Depletion and depreciation	2,335	1,968	9,057	5,779
Stock-based compensation	1,555	410	2,141	2,126
Foreign exchange loss (gain)	1,761	(68)	1,572	191
Foreign new venture expenditures	-	-	-	59
	8,278	6,261	(70,298)	19,929
Income (loss) before taxes and non-controlling interest	(497)	10,992	114,470	32,544
Taxes (note 8)				
Current income tax (recovery) expense	(512)	298	18,983	1,969
Deferred tax expense	1,877	6,867	10,043	18,398
	1,365	7,165	29,026	20,367
Net income (loss) for the period	(1,862)	3,827	85,444	12,177
Foreign exchange (loss) gain on translation of foreign operations	(4,722)	13,417	(3,449)	4,993
Comprehensive income (loss) for the period	(6,584)	17,244	81,995	17,170
Net income (loss) attributable to:				
Common shareholders	(1,626)	3,882	85,783	12,418
Non-controlling interest	(236)	(55)	(339)	(241)
Net income (loss) for the period	(1,862)	3,827	85,444	12,177
Comprehensive income (loss) for the period attributable to:				
Common shareholders	(6,348)	17,299	82,334	17,411
Non-controlling interest	(236)	(55)	(339)	(241)
Comprehensive income (loss) for the period	(6,584)	17,244	81,995	17,170
Net income (loss) per share attributable to common shareholders				
Basic	\$ (0.03)	\$ 0.07	\$ 1.51	\$ 0.23
Diluted	\$ (0.03)	\$ 0.07	\$ 1.51	\$ 0.23

See accompanying notes to the consolidated financial statements.

Pan Orient Energy Corp.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

(\$000s)	Common Shares	Contributed Surplus	NCI	AOCI	Retained Earnings	Total
Balance as at December 31, 2010	110,576	13,569	18,227	2,915	65,291	210,578
Net income (loss)	-	-	(241)	-	12,418	12,177
Pan Orient stock-based compensation expense	-	1,863	-	-	-	1,863
Pan Orient capitalized stock-based compensation	-	120	-	-	-	120
Andora stock-based compensation expense	-	263	-	-	-	263
Andora capitalized stock-based compensation	-	32	-	-	-	32
Shares issued for private placement	49,501	-	-	-	-	49,501
Shares issued for Indonesia acquisition	344	-	-	-	-	344
Share issue costs	(2,971)	-	-	-	-	(2,971)
Options exercised	1,086	-	-	-	-	1,086
Transfer from contributed surplus	820	(820)	-	-	-	-
Transactions effecting non-controlling interest	-	-	3,191	-	-	3,191
Other comprehensive income	-	-	-	4,993	-	4,993
Balance as at September 30, 2011	159,356	15,027	21,177	7,908	77,709	281,177
Balance as at December 31, 2011	159,356	15,456	17,932	887	89,282	282,913
Net income (loss)	-	-	(339)	-	85,783	85,444
Pan Orient stock-based compensation expense	-	1,328	-	-	-	1,328
Pan Orient capitalized stock-based compensation	-	238	-	-	-	238
Andora stock-based compensation expense	-	813	-	-	-	813
Andora capitalized stock-based compensation	-	238	-	-	-	238
Shares issued to NCI	-	-	783	-	-	783
Options exercised	119	-	-	-	-	119
Transfer from contributed surplus	61	(61)	-	-	-	-
Special distribution (note 7)	(42,540)	-	-	-	-	(42,540)
Impact on AOCI from disposal of Thai assets	-	-	-	(2,855)	-	(2,855)
Transactions effecting non-controlling interest	-	-	(639)	-	639	-
Other comprehensive loss	-	-	-	(3,449)	-	(3,449)
Balance as at September 30, 2012	116,996	18,012	17,737	(5,417)	175,704	323,032

See accompanying notes to the condensed consolidated financial statements.

Pan Orient Energy Corp.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(\$000s)	Nine Months Ended September 30	
	2012	2011
Cash Provided By (Used in)		
Operating Activities		
Net income	85,444	12,177
Items not affecting cash		
Depletion and depreciation	9,057	5,779
Accretion	154	270
Stock-based compensation	2,141	2,126
Gain on sale of Thailand interest (note 5)	(93,432)	-
Taxes	29,026	20,367
Non-cash foreign venture expenditures	-	59
	32,390	40,778
Taxes paid	(3,750)	(14,392)
Changes in non-cash working capital	(271)	3,120
	28,369	29,506
Investing Activities		
Petroleum and natural gas properties	(57,472)	(57,831)
Indonesia acquisition	-	(1,417)
Net proceeds received on sale of Thailand interest	163,647	-
Deposits	2,322	(632)
Change in non-cash working capital	(1,224)	(714)
	107,273	(60,594)
Financing Activities		
Special distribution (note 7)	(42,540)	-
Subsidiary issuance of common shares	274	50,587
Issue of common shares	119	(2,971)
	(42,147)	47,616
Change in cash and cash equivalents	93,495	16,528
Effect of foreign exchange on cash balances	(2,467)	(2,845)
Cash and cash equivalents, beginning of period	52,407	37,061
Cash and cash equivalents, end of period	143,435	50,744

See accompanying notes to the consolidated financial statements.

Pan Orient Energy Corp.
Notes to Condensed Consolidated Financial Statements (Unaudited)

1) DESCRIPTION OF BUSINESS

Pan Orient Energy Corp. (Pan Orient or the Company), is an oil and natural gas company based in Calgary, Alberta, which holds properties onshore Thailand and Indonesia as well as interests in a subsidiary with properties in Northern Alberta. The Company is continually pursuing other oil and natural gas exploration opportunities in Asia.

2) SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The interim consolidated financial statements for the Company as at September 30, 2012 and for the nine months ended September 30, 2012 and 2011 should be read in conjunction with the audited consolidated financial statements as at and for the year ended December 31, 2011. The interim consolidated financial statements are prepared using the same accounting policies and methods of computation as disclosed in the annual consolidated financial statements.

The interim 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 consolidated financial statements were approved by the Company's Board of Directors on November 26, 2012.

3) PETROLEUM AND EQUIPMENT

A reconciliation of the carrying amount of petroleum and equipment as at September 30, 2012 is set out below.

(\$000s)	Corporate Assets	Thailand Concessions	Indonesia	Total
Cost				
At December 31, 2011	507	174,605	-	175,112
Additions	619	24,340	-	24,959
Dispositions	-	(151,444)	-	(151,444)
Foreign currency translation	-	426	-	426
Changes in decommissioning provision	-	890	-	890
At September 30, 2012	1,126	48,817	-	49,943
Accumulated depreciation and depletion				
At December 31, 2011	(296)	(19,490)	-	(19,786)
Dispositions	-	17,554	-	17,554
Charge for the period	(87)	(8,950)	-	(9,037)
At September 30, 2012	(383)	(10,886)	-	(11,269)
Net book value				
At September 30, 2012	743	37,931	-	38,674
At December 31, 2011	211	155,115	-	155,326

General and administrative costs totaling \$3.0 million (2011 . \$2.6 million) and stock-based compensation totaling \$0.5 million (2011 . \$0.2 million) that were directly related to exploration and development activities have been capitalized for the nine months ended September 30, 2012.

4) EXPLORATION AND EVALUATION COSTS

A reconciliation of the carrying amount of exploration and evaluation assets as at September 30, 2012 is set out below.

(\$000s)	Canada	Thailand	Indonesia	Total
At December 31, 2011	58,484	12,508	77,979	148,971
Additions	716	6,390	26,463	33,569
Dispositions	-	(9,314)	-	(9,314)
Changes in decommissioning provision	(89)	-	47	(42)
Foreign currency translation	-	(8)	(2,897)	(2,905)
At September 30, 2012	59,111	9,576	101,592	170,279

5) DISPOSITION OF THAILAND INTEREST

On June 15, 2012, the Company closed the sale of its operated 60% interest in Thailand Concessions L44/43, L33/43 and SW1 for net proceeds of \$174.1 million, resulting in a net gain on disposition of \$93.4 million, before estimated current income taxes of \$15.6 million. As at September 30, 2012 there was \$4.6 million held in escrow accounts jointly controlled by the Company and the purchaser of the interests. US\$3.0 million is held in escrow to support any warranty claims until December 15, 2013 and has been classified as long term.

The gain on disposition, before tax, is calculated as follows:

(\$000s)	
Proceeds from disposition	185,273
Transaction costs	(11,193)
Net proceeds	174,080
Net assets disposed of:	
Cash and cash equivalents	(5,618)
Non-cash working capital	1,027
Petroleum and equipment	(133,890)
Exploration and evaluation costs	(9,314)
Decommissioning provision	10,763
Deferred tax liabilities	53,327
Other	3,057
Gain on disposition, before tax	93,432

6) DECOMMISSIONING PROVISION

(\$000s)	Nine Months Ended September 30	
	2012	2011
Decommissioning provision, beginning of period	11,759	7,390
Obligations incurred	612	1,370
Revisions to obligations	236	76
Dispositions of Thai assets	(10,763)	-
Foreign currency translation	46	-
Accretion	154	270
Decommissioning provision, end of period	2,044	9,106

Estimated costs have been discounted at the risk-free interest rate in the jurisdiction of the expenditures which averaged 3% at September 30, 2012 (2011 . 4%).

7) SHARE CAPITAL

a) Issued and Outstanding Class A Common Shares

Common Shares	Number of shares	Amount (000s)
Balance as at September 30, 2012	56,720,307	\$116,996

Effective September 6, 2012 the Company underwent a capital reorganization resulting in a \$0.75 per common share return of capital distribution (the special distribution). The distribution has been shown as a reduction to share capital.

b) Options to Purchase Common Shares

	Number of options	Weighted average exercise price (\$)
Balance, as at January 1, 2011	4,453,000	6.73
Exercised	(336,500)	3.23
Expired	(300,000)	3.90
Balance, as at December 31, 2011	3,816,500	7.26
Granted	2,040,000	2.80
Exercised	(35,000)	3.41
Forfeited	(150,000)	5.90
Balance, as at September 30, 2012 ⁽¹⁾	5,671,500	5.20
Exercisable at September 30, 2012 ⁽¹⁾	4,249,838	6.00

(1) The special distribution to shareholders on September 6, 2012 resulted in a \$0.75 adjustment to reduce the exercise price for the 3,881,500 stock options outstanding at that time in accordance with the Stock Option Plan. The weighted average exercise price includes this adjustment.

c) Stock-based Compensation

The fair value of the stock options granted has been estimated on the grant dates using the Black-Scholes option pricing method. Weighted average assumptions and resultant fair values for stock options granted during the periods ended September 30, 2012 and 2011 were as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2012	2011	2012	2011
Risk free interest rate (%)	1	-	1	-
Expected lives (years)	5	-	5	-
Expected volatility (%)	70	-	69	-
Dividend per share (%)	-	-	-	-
Forfeiture rate (%)	10	-	10	-
Weighted average fair value (\$)	\$ 1.59	\$ -	\$ 1.61	\$ -

d) Andora Energy Corporation

i) Issued and Outstanding Class A Common Shares

Andora had 100.0 million (December 31, 2011 . 57.3 million) common shares issued and outstanding as at September 30, 2012.

The Company entered into a standby commitment agreement dated July 17, 2012 with respect to a rights offering by Andora. One right was issued for each outstanding Andora common share and 1.4 rights plus \$0.60 entitled the holder to subscribe for one Andora share. Pan Orient agreed to exercise all rights issued to it, and to acquire all Andora shares issuable pursuant to rights not exercised by other Andora shareholders, for an aggregate subscription price (when combined with the exercise of rights issued to Pan Orient) of up to \$25 million. The rights expired on August 9, 2012. By acquiring Andora shares through the exercise of rights issued to it and satisfaction of its standby commitment, the Company purchased an additional 41.2 million Andora shares for \$24.7 million, thereby increasing its ownership of Andora to 71.8% (December 31, 2011 . 53.4%).

ii) Options to Purchase Common Shares of Andora

	Number	Weighted Average Exercise Price (\$)
Balance, as at January 1, 2011 and December 31, 2011	5,775,000	0.72
Granted	10,000,000	0.60
Cancelled	(5,775,000)	0.72
Balance, as at September 30, 2012	10,000,000	0.60
Exercisable, as at September 30, 2012	3,333,333	0.60

e) Net Income per Share Attributable to Common Shareholders

The basic weighted average and diluted common shares outstanding are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2012	2011	2012	2011
Weighted average basic shares outstanding	56,717,230	56,685,307	56,695,948	54,771,488
Dilutive effect of stock options	224,154	11,523	9,517	194,218
Weighted average diluted	56,941,384	56,696,830	56,705,465	54,965,706

Options to purchase 3,291,500 and 3,681,500 common shares for three and nine months ended September 30, 2012, respectively, (three and nine months ended September 30, 2011 . 2,986,500) were not included in the computation of weighted average diluted common shares because they were anti-dilutive.

8) TAXES

The Company is required to pay both Special Remuneratory Benefit (SRB) and income tax in Thailand. Thai income tax is calculated at 50% of taxable income which is basically comprised of cash flow from operations before changes in working capital less capital expenditures and other permitted deductions.

SRB is calculated separately for each of the Company's four concessions and is not charged until all capital has been recovered. The sliding scale SRB rate ranges from 0 - 75% and is principally driven by production and pricing but is also subject to other adjustments such as changes in Thailand's consumer price index, wholesale price index and cumulative meters drilled on the concession. The calculated SRB tax rate is applied to petroleum profits as defined in Thai tax legislation which includes a deduction for capital spent.

A summary of tax payable (receivable) for the three and nine months ended September 30, 2012 and 2011 are as follows:

Pan Orient Energy Corp.
Notes to Condensed Consolidated Financial Statements (Unaudited)

(\$000s)	Three Months Ended September 30		Nine Months Ended September 30	
	2012	2011	2012	2011
Balance, beginning of period	16,093	1,665	3,712	12,509
Income tax (recovery) . current period	(512)	298	18,983	1,969
Prior period SRB paid	-	-	-	(6,407)
Prior period income tax paid	-	(1,914)	(3,750)	(7,985)
Taxes liability disposed on sale of Thai assets (note 5)	-	-	(3,711)	-
Foreign exchange	-	(256)	347	(293)
Balance, end of period	15,581	(207)	15,581	(207)

9) FINANCIAL INSTRUMENTS

Foreign Currency Exchange Rate Risk

Foreign currency exchange rate risk is the risk that future cash flows, net income and comprehensive income will fluctuate as a result of changes in foreign exchange rates. All of the Company's petroleum sales are denominated in Thai baht based on a \$USD oil price, and all operational and capital activities related to the Thailand properties are transacted in either Thai baht or the U.S. dollar. As well, the underlying market prices in Thailand for petroleum are impacted by changes in the exchange rate between the Thai baht and U.S. dollar.

The work commitments in Indonesia are expected to be carried out in U.S. dollars.

The Company's reporting currency is the Canadian dollar and its functional currencies are the Canadian dollar, the Thai baht and the U.S. dollar (USD). Changes in foreign exchange rates between the Canadian dollar and the U.S. dollar and Thai baht can affect net income and other comprehensive income. As at September 30, 2012 and 2011, the following financial instruments were denominated in currencies other than the Canadian dollar:

(\$000s)	As at September 30, 2012		As at September 30, 2011	
	Thai baht (000s)	USD (\$000s)	Thai baht (000s)	USD (\$000s)
Cash and cash equivalents	72,512	17,070	327,014	3,470
Accounts receivable	182,773	4,736	186,416	206
Deposits	20,000	3,173	44,000	2,250
Accounts payable	(60,562)	(6,671)	(146,560)	(2,579)
Taxes receivable (payable)	(175)	-	6,141	-
Net exposure in functional currency	214,548	18,308	417,011	3,347
Net exposure in Canadian dollars ⁽¹⁾ (\$000s)	6,476	18,941	14,072	3,474

(1) Translated at September 30, 2012 and 2011 exchange rates.

Based on financial instruments held at September 30, 2012 and 2011, fluctuations in the exchange rates as indicated below would have the following estimated effect on net income and other comprehensive income:

(\$000s)	As at September 30	
	2012	2011
Effect of 1% change in CAD\$ to USD exchange rate:		
Pre-tax net income	811	(27)
Other comprehensive income	(66)	(5)
Effect of 1.0% baht change in baht to CAD\$:		
Pre-tax net income	-	-
Other comprehensive income	495	142

The Company did not have any forward exchange contracts in place as at or during the three or nine months ended September 30, 2012 or 2011.

Pan Orient Energy Corp.
Notes to Condensed Consolidated Financial Statements (Unaudited)

10) SEGMENTED INFORMATION

The Company has properties in three countries, each of which is considered a separate operating segment. The three segments consist of: 1) 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 three and nine months ended September 30, 2012 and 2011:

(\$000s)	Three Months Ended September 30		Nine Months Ended September 30	
	2012	2011	2012	2011
Petroleum revenue				
Thailand	7,808	18,083	45,964	55,053
Indonesia	-	-	-	-
Canada	-	-	-	-
Total	7,808	18,083	45,964	55,053
Current income tax expense (recovery) ⁽¹⁾				
Thailand	4	298	3,408	1,969
Indonesia	-	-	-	-
Canada	(516)	-	15,575	-
Total	(512)	298	18,983	1,969
Depletion and depreciation				
Thailand	2,312	1,943	8,950	5,649
Indonesia	(3)	(10)	20	23
Canada	26	35	87	107
Total	2,335	1,968	9,057	5,779
Net income (loss) attributable to common shareholders				
Thailand	1,459	4,353	13,269	15,587
Indonesia	(269)	(153)	(435)	(788)
Canada	(2,816)	(318)	72,949	(2,381)
Total	(1,626)	3,882	85,783	12,418
Capital expenditures ⁽²⁾				
Thailand	3,961	10,310	30,730	38,069
Indonesia	7,975	5,032	26,483	19,526
Canada	85	22	259	236
Total	12,021	15,364	57,472	57,831

(1) Includes SRB, income tax and estimated taxes payable on sale of the Thai assets (note 5)

(2) Does not include decommissioning provision and acquisition activities

Pan Orient Energy Corp.
Notes to Condensed Consolidated Financial Statements (Unaudited)

11) COMMITMENTS

As at September 30, 2012 the Company's estimated outstanding capital commitments are as follows:

Country and Concession Name	Remaining Work Program Commitment	Obligation Period Ending	Estimated Net Financial Commitment	
			USD (\$000s)	CAD ⁽¹⁾ (\$000s)
Thailand⁽³⁾				
L 53/48	<ul style="list-style-type: none"> ▪ Geological studies ▪ Study and training fund 	<ul style="list-style-type: none"> January 2013 January 2013 	<ul style="list-style-type: none"> 25 32 	<ul style="list-style-type: none"> 25 32
Total Thailand			57	57
Indonesia^{(2) (3)}				
Citarum	<ul style="list-style-type: none"> ▪ Drill three exploration wells 	October 2013	12,880	12,612
Batu Gajah	<ul style="list-style-type: none"> ▪ 400 km² 3D seismic and geological studies 	January 2013	14,200	13,905
	<ul style="list-style-type: none"> ▪ Drill one exploration well 	January 2013	5,500	5,386
South CPP	<ul style="list-style-type: none"> ▪ 200 km 2D seismic and geological studies 	November 2013	4,600	4,504
	<ul style="list-style-type: none"> ▪ Drill one exploration well 	November 2013	2,500	2,448
East Jabung	<ul style="list-style-type: none"> ▪ Seismic processing and geological studies 	November 2013	48	47
	<ul style="list-style-type: none"> ▪ Drill one pre-exploration well 	November 2013	10,000	9,792
	<ul style="list-style-type: none"> ▪ 250 km² 2D seismic and geological studies 	November 2013	3,372	3,302
	<ul style="list-style-type: none"> ▪ Geological studies ▪ Drill one exploration well 	<ul style="list-style-type: none"> November 2014 November 2014 	<ul style="list-style-type: none"> 75 3,000 	<ul style="list-style-type: none"> 73 2,938
Total Indonesia			56,175	55,007
Consolidated Total			56,232	55,064

(1) Translated at September 30, 2012 exchange rates.

(2) Amounts recorded in the consolidated financial statements and work commitments related to these PSCs include amounts paid by Pan Orient on behalf of a partner's carried interest (3% for the Citarum, Batu Gajah and South CPP PSC's at September 30, 2012).

(3) Refer to Note 12 for Subsequent Events. Amounts included in the commitment table at September 30, 2012 do not include subsequent events and represent the interest of Pan Orient as at September 30, 2012.

Indonesia financial commitments as provided above represent the work program required under the initial 3-year exploration period of the PSC. With respect to Citarum, Batu Gajah and South CPP, extension of this initial exploration period has been successfully negotiated with the Government of Indonesia (GOI) to the dates indicated above. If Pan Orient exercises its options to continue beyond the exploration period, additional commitments will be determined on a year-by-year basis through submission of a work program and approval from the GOI.

The Company has planned activities to meet the stated obligations, however the actual timing of completion of the work commitments is dependent upon a number of factors that may or may not be in control of the Company. Extensions for work programs are discussed with the GOI each September as part of process in setting the work program for the following year. Although extension of the exploration period is a departure from the original contract, it is considered standard practice in Indonesia. In the past, such applications on behalf of Pan Orient have been approved by the GOI and management has no reason to believe that future requests will not be granted approval; however, there is no guarantee. Upon default of a commitment related to any of the first three years of a PSC, the operator is required to relinquish 15% of the original PSC area, the actual acreage at the discretion of the operator. To date, Citarum, Batu Gajah and South CPP have complied with these penalty relinquishments. Depending on the stage of the PSC, failure to fulfill the required commitments may also result in penalty payment equal to the unspent commitments and/or forfeiture of the PSC.

The expenditures as provided in the table above represent management's estimates of the minimum amounts to fulfill the work program requirements in Thailand and Indonesia. 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.

12) SUBSEQUENT EVENTS

In October 2012, the Company purchased an additional 20% participating interest in the Citarum PSC in consideration for assuming the partner's work program obligations and the payment of a future payment contingent upon the delivery of petroleum from a commercial development of hydrocarbon from discoveries made within the Citarum PSC.

In October 2012, the Company completed the access agreement with the surface rights holder of lands covering a large portion of the Batu Gajah and South CPP PSCs. In consideration for unlimited access to an extensive road network and surface lands covering the Batu Gajah and South CPP PSCs through the entire exploration, development and production period, the Company will hold in trust a 20% carried interest in both the South CPP and Batu Gajah PSCs for the surface rights holder and will continue to pay certain access fees as mandated by the various Government of Indonesia bodies. All costs incurred by the Company in relation to the 20% carried interest will be preferentially recovered from the future cost recovery on any potential future discovery that is brought on stream.

In November 2012, the Company entered into an agreement for a farm-in at Thailand on-shore Concession L45/50 whereby the Company will become operator and will earn up to a 60% interest by the acquisition of approximately 80 square kilometers of 3D seismic data late in first quarter of 2013 following by the drilling of up to two exploration wells. The farm-in is subject to approval by the Government of Thailand.