

Extractive Sector Transparency Measures Act Report

Reporting Year

From: 2016-01-01

To: 2016-12-31

Reporting Entity Name

Pan Orient Energy Corp.

Reporting Entity ESTMA Identification Number

E256629

Subsidiary Reporting Entities (if necessary)

Attestation: Please check one of the the boxes below and provide the required information

Attestation (by Reporting Entity)

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.

Attestation (through independent audit)

In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest that I engaged an independent auditor to undertake an audit of the ESTMA report for the entity(ies) and reporting year listed above. Such an audit was conducted in accordance with the Technical Reporting Specifications issued by Natural Resources Canada for independent attestation of ESTMA reports.

The auditor expressed an unmodified opinion, dated 2017-05-16, on the ESTMA report for the entity(ies) and period listed above.

The independent auditor's report can be found at http://www.panorient.ca/index.php?option=com_content&view=article&id=100&Itemid=115

Director or Officer of Reporting Entity Full Name:

William Ostlund

Position Title:

Vice President, Finance & Chief Financial Officer

Date: 2017-05-24

Extractive Sector Transparency Measures Act - Annual Report

Reporting Year
Reporting Entity Name

From: 2016-01-01 To: 2016-12-31
Pan Orient Energy Corp.

Reporting Entity ESTMA Identification
Number

E256629

Subsidiary Reporting Entities (if
necessary)

Payments by Payee

Country	Payee Name	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid to Payee	Notes
Canada	Government of Alberta		\$ 60,000	\$ 140,000					\$ 200,000	Crown oil royalties, surface and mineral lease rentals
Canada	Northern Sunrise County	\$ 220,000							\$ 220,000	Property tax
Thailand	National Government - Department of Mineral Fuels		\$ 450,000	\$ 1,650,000					\$ 2,100,000	Royalties, surface reservation fee (refundable deposit if capital spending criteria met). Payments were made in Thai Baht at 1 CAD to 26.2306 THB and was converted based on the exchange rate as the Company's financial year end. (See Note 2 below)
Indonesia	National Government - Directorate General of Tax	\$ 450,000							\$ 450,000	Branch profit tax. Payments were made in Indonesian Rupiah at 1 CAD to 9,921.34 IDR and was converted based on the exchange rate as the Company's financial year end. (See Note 2 below)
Total		\$ 670,000	\$ 510,000	\$ 1,790,000					\$ 2,970,000	

Notes:

1. All payments are reported 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.
2. All reported payment have been rounded to the nearest CAD \$10,000.
3. None of the payments above were in-kind payments.

Extractive Sector Transparency Measures Act - Annual Report

Reporting Year

From: 2016-01-01

To: 2016-12-31

Reporting Entity Name

Pan Orient Energy Corp.

Reporting Entity ESTMA Identification Number

E256629

Subsidiary Reporting Entities (if necessary)

Payments by Project

Country	Project Name	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid by Project	Notes
Canada	Sawn Lake SAGD Project	\$ 220,000	\$ 60,000	\$ 140,000					\$ 420,000	
Thailand	Concession L53		\$ 450,000	\$ 1,650,000					\$ 2,100,000	
Indonesia	East Jabung Production Sharing Contract	\$ 450,000							\$ 450,000	
Total		\$ 670,000	\$ 510,000	\$ 1,790,000					\$ 2,970,000	

Notes:

1. All payments are reported 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.
2. All reported payment have been rounded to the nearest CAD \$10,000.
3. None of the payments above were in-kind payments.

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, 2016 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.



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INDEPENDENT AUDITORS REPORT

To the Audit Committee of Pan Orient Energy Corp. and the Minister of Natural Resources Canada

We have audited the accompanying Schedule of Payments by Payee totaling \$2,970,000 and the Schedule of Payments by Project totaling \$2,970,000 of Pan Orient Energy Corp. for the year ended December 31, 2016 and notes, comprising a summary of significant accounting policies (together “the schedules”). The schedules have been prepared by management in accordance with the financial reporting provisions in Sections 2, 3, 4 and 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”).

Management’s Responsibility for the Schedules

Management is responsible for the preparation of the schedules in accordance with the financial reporting framework referred to above, and for such internal control as management determines is necessary to enable the preparation of the schedules that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these schedules based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedules. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity’s preparation of the schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the Schedule of Payments by Payee totaling \$2,970,000 and the Schedule of Payments by Project totaling \$2,970,000 of Pan Orient Energy Corp. for the year ended December 31, 2016 are prepared, in all material respects, in accordance with the financial reporting framework referred to above.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the schedules, which describes the basis of accounting. The schedules are prepared to provide information to the Audit Committee 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.

Our report is intended solely for the Audit Committee of Pan Orient Energy Corp. and the Minister of Natural Resources Canada and should not be used by parties other than the Audit Committee of Pan Orient Energy Corp. and the Minister of Natural Resources Canada.

KPMG LLP

Chartered Professional Accountants

May 16, 2017
Calgary, Canada