

Executive Summary

The average Dubai crude oil price dropped from 61.3 USD/BBL in the second quarter to 49.7 USD/BBL in the third quarter as OPEC maintains crude oil production at an average of 31.5 million barrels per day during the period. Despite a decrease in U.S. crude oil production, from 9.4 million barrels per day in the second quarter to 9.2 million barrels per day in the third quarter according to the U.S. Energy Information Administration (EIA), oil prices were anchored by the slower economic growth in China, which added concerns to domestic oil demand and prompted the country to depreciate its currency to historically low levels and tightened its reserves to stimulate growth.

PTTEP has carried out cost savings measures under the SAVE to be SAFE initiative to protect the company's liquidity and profitability from low oil prices, as evident from lower operating and general and administrative costs over the first nine months of 2015 compared to the same period last year. Low oil prices, however, drove the company to recognize impairment loss amounting 1,385 MMUSD, which was the key driver behind the net loss for the third quarter of 2015. Nonetheless, many oil companies globally have recognized impairment losses since oil prices collapse from the second half of 2014 to present.

With China's economy slowing down and global capital markets facing higher volatility following the uncertainty around the U.S. interest rate increase, the International Monetary Funds (IMF) has lowered its 2015 global economic growth projection from 3.3% to 3.1% in October. In September, the Monetary Policy Committee of the Bank of Thailand lowered the country's GDP growth forecast in 2015 from 3.0% to 2.7% as the slowing global economy drove a contraction in exports, which affected the investment confidence in the private sector. Improving tourism sector, expected increase in public spending on infrastructural investments, as well as other stimulus packages, would alleviate growth concerns. The committee also maintained the interest rate at 1.50% but looming concerns on the U.S. interest rate increase drove the Thai Baht currency to depreciate against the US Dollar from 33.78 Baht / US Dollar at the end of the second quarter to 36.37 Baht / US Dollar at the end of the third quarter. The impact of Thai Baht depreciation on PTTEP is primarily through tax expense as a result of the difference between PTTEP's tax filing currency (Thai Baht) and functional currency (US Dollar). Please refer to the "Financial Performance" section for more details.

Nonetheless, the lower oil prices and recovering economy have encouraged domestic energy demand for the first eight months of 2015 amounting to 2.08 million barrels of oil equivalent per day (BOED), an increase of 1.5% year-on-year. Gas demand over the same period amounted to 0.93 million BOED, an increase of 2.2% year-on-year.

Business operations for the third quarter of 2015 for PTTEP and its subsidiaries (“the Group”) resulted in net losses of USD 1,284 million, a decrease of USD 1,319 million, or more than 100% when compared with net profits in the second quarter of 2015 of USD 35 million. The decrease was primarily due to the recognition of impairment loss on assets. In addition, income tax expenses also increased, while the Group recognized gain on financial derivatives.

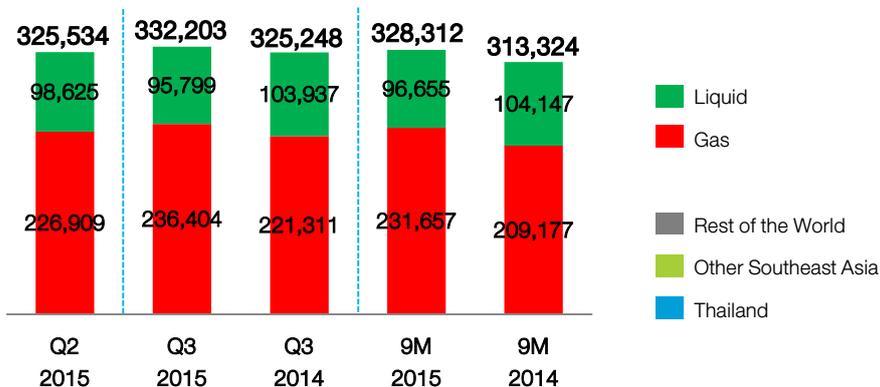
(Unit : Million USD)	Q2 2015	Q3 2015	Q3 2014 (Restated)	% Inc. (Dec.) YoY	% Inc. (Dec.) QoQ	9M 2015	9M 2014 (Restated)	% Inc. (Dec.) YTD
Total Revenue	1,486	1,512	2,092	(28)	2	4,440	5,989	(26)
Sales Revenue	1,436	1,362	1,959	(30)	(5)	4,233	5,690	(26)
EBITDA	1,022	929	1,409	(34)	(9)	3,035	4,086	(26)
Profit for the period	35	(1,284)	477	>(100)	>(100)	(986)	1,417	>(100)
Diluted earnings per share (USD)	0.005	(0.32)	0.12	>(100)	>(100)	(0.25)	0.36	>(100)
Profit from normal operation	194	264	426	(38)	36	705	1,355	(48)
Gain (loss) from non-recurring items	(159)	(1,548)	51	>(100)	>(100)	(1,691)	62	>(100)

Financial Performance

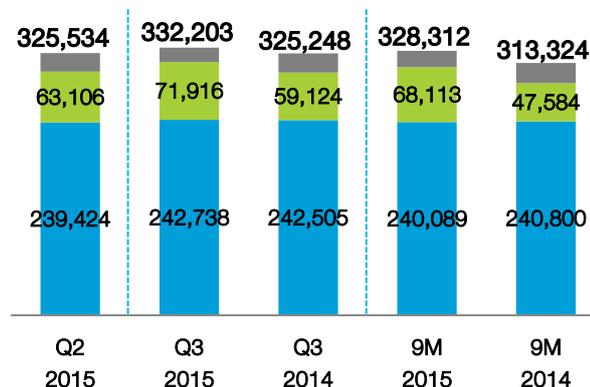
Average Sales Volume

Unit: Barrels of Oil Equivalent per Day

By Product Type



By Geographical Region



Summary of Operating Results segregated by segments

Average selling price and Dubai crude oil price (Unit : USD)	Q2	Q3	Q3	%	%	9M	9M	%
	2015	2015	2014 (Restated)	Inc. (Dec.) YoY	Inc. (Dec.) QoQ	2015	2014 (Restated)	Inc. (Dec.) YTD
Average selling price (/BOE)	48.47	44.55	65.15	(32)	(8)	47.22	65.93	(28)
Average Dubai crude (/BBL)	61.30	49.74	101.41	(51)	(19)	54.31	103.97	(48)

Net income (loss) (Unit : Million USD)	Q2	Q3	Q3	%	%	9M	9M	%
	2015	2015	2014 (Restated)	Inc. (Dec.) YoY	Inc. (Dec.) QoQ	2015	2014 (Restated)	Inc. (Dec.) YTD
Exploration and production	116	(1,299)	390	>(100)	>(100)	(980)	1,310	>(100)
Thailand	162	23	381	(94)	(88)	365	1,211	(70)
Overseas	(46)	(1,322)	9	>(100)	>(100)	(1,345)	99	>(100)
- Other Southeast Asia	2	(176)	113	>(100)	>(100)	(94)	270	>(100)
- Australia	(40)	(468)	(59)	>(100)	>(100)	(559)	(119)	>(100)
- Americas	(4)	(629)	(3)	>(100)	>(100)	(637)	(15)	>(100)
- Africa	(4)	(17)	(50)	66	>(100)	(22)	(52)	58
- Middle East	-	(32)	8	>(100)	(100)	(33)	15	>(100)
Pipeline transportation	88	99	88	13	13	302	185	63
Head office and others	(169)	(84)	(1)	>(100)	50	(308)	(78)	>(100)
Total	35	(1,284)	477	>(100)	>(100)	(986)	1,417	>(100)

Quarterly Comparison of the Results of Operations

Third quarter of 2015 compared with Third quarter of 2014

Overall Results of Operations

For the results of operations for the third quarter of 2015, PTTEP and its subsidiaries had net losses of USD 1,284 million (loss of USD 0.32 per share), a decrease of USD 1,761 million or more than 100% when compared with the net profits for the third quarter of 2014 of USD 477 million (earning of USD 0.12 per share). The decrease was primarily due to a recognition of impairment loss on assets of USD 1,385 million as a result of a decline in the crude oil price. In addition, sale revenue decreased of USD 597 million from a decrease in the average selling price to USD 44.55 per BOE (third quarter of 2014 : USD 65.15 per BOE), even though sales volume increased to 332,203 BOED (third quarter of 2014 : 325,248 BOED) from Zawtika Project, which commenced its gas sale in Myanmar in March 2014 and reached its full production capacity in August 2014.

For the third quarter of 2015, the Group reported net loss from non-recurring items in the amount of USD 1,548 million, a decrease of USD 1,599 million when compared with the gain from non-recurring of USD 51 million for the third quarter of 2014. The loss from non-recurring items was primarily due to impairment loss on assets. It was also increased from an increase in income tax expenses affected by the functional currency and income tax expenses affected by revaluation of foreign currency transactions to Thai Baht in accordance with the Revenue Code during the third quarter of 2015 when compared with the third quarter of 2014.

Results of Operations by Segments

For the third quarter of 2015, the Group reported net loss of USD 1,284 million, a decrease of USD 1,761 million or more than 100% when compared with net profits for the third quarter of 2014 of USD 477 million. The decrease in net profits was primarily due to a decrease in net profits from the exploration and production segment of USD 1,689 million or more than 100% and an increase in net losses from head office and others segment of USD 83 million or more than 100%.

Exploration and production segment

Thailand

For the third quarter of 2015, the Group reported net profits of USD 23 million, a decrease of USD 358 million or 94% when compared with the net profits for the third quarter of 2014 of USD 381 million. The decrease in net profits was primarily due to a reduction in sales revenue consistent with the downward trend of oil price. In addition, the segment recognized an impairment loss on assets of one project in production phase due to the decline in the crude oil price. However, petroleum income tax expenses decreased as a result of a decrease in net petroleum income.

Overseas

For the third quarter of 2015, the Group reported net loss of USD 1,322 million, a decrease of USD 1,331 million or more than 100% when compared with the net profits for the third quarter of 2014 of USD 9 million, primarily due to an increase in net losses reported by America and Australia segments as well as a decrease in operating results of Other Southeast Asia segment.

For the third quarter of 2015, the America segment reported net loss of USD 629 million, an increase in net loss of USD 626 million or more than 100% when compared with net loss for the third quarter of 2014 of USD 3 million, primarily due to a recognition of impairment loss on assets of one project in exploration phase resulted from a decline in the crude oil price and defer development plan.

For the third quarter of 2015, the Australia segment reported net loss of USD 468 million, an increase in the net loss of USD 409 million or more than 100% when compared with net loss for the third quarter of 2014 of USD 59 million, primarily due to a recognition of impairment loss on assets of one project in production phase resulted from a decline in the crude oil price, while the expenditure for the write-off of exploration well decreased.

For the third quarter of 2015, the other Southeast Asia segment reported net loss of USD 176 million, a decrease in net profit of USD 289 million or more than 100% when compared with the net profits for the third quarter of 2014 of USD 113 million. The decrease in net profits primarily due to a recognition of impairment loss on assets of one project in production phase resulted from a decline in the crude oil price and an increase in exploration expenses which mainly came from the write-off of exploration wells in the Myanmar M3 project.

Head office and others segment

The head office and others segments reported net losses for the third quarter of 2015 of USD 84 million, an increase in net loss of USD 83 million or more than 100% when compared with the net loss for the third quarter of 2014 of USD 1 million. The increase in net loss was primarily due to an increase in income tax expense from the revaluation of foreign exchange transactions into Thai Baht under the Revenue Code because Thai Baht depreciated against USD as of September 30, 2015.

Third quarter of 2015 compared with Second quarter of 2015

Overall Results of Operations

For the results of operations for the third quarter of 2015, PTTEP and its subsidiaries had net loss of USD 1,284 million (loss of USD 0.32 per share), a decrease in net profit of USD 1,319 million or more than 100% when compared with the net profits for the second quarter of 2015 of USD 35 million (earning of USD 0.005 per share). The decrease in net profit was primarily due to a recognition of impairment loss on assets of USD 1,385 million resulted from the decline in the crude oil price. In addition, income tax expenses also increased of USD 79 million, primarily due to the an increase in the loss on foreign exchange transactions because Thai Baht depreciated against USD as of September 30, 2015. However, during the third quarter of 2015, the Group recognized gain on financial derivatives, primarily from oil price hedging contracts, of USD 102 million, while in the second quarter of 2015, the Group reported loss on financial derivatives of USD 55 million.

For the third quarter of 2015, the Group reported the loss from non-recurring items in the amount of USD 1,548 million, an increase of USD 1,389 million from the loss from non-recurring of USD 159 million for the second quarter of 2015. The loss from non-recurring items was primarily due to a recognition of impairment loss on assets. In addition, there was an increase in income tax expenses affected by the functional currency and the impact of revaluation of foreign currency transactions to Thai Baht in accordance with the Revenue Code when compared with the second quarter of 2015. However, during the third quarter of 2015, the Group has recognized gain on financial derivatives, primarily from the oil price hedging contracts.

Results of Operation by Segments

For the third quarter of 2015, the Group reported net loss of USD 1,284 million, a decrease of USD 1,319 million or more than 100% when compared with the net profits for the second quarter of 2015 of USD 35 million. The decrease in net profits was primarily due to decreases in net profits from the exploration and production segment of USD 1,415 million or more than 100%, while head office and others segments reported a decrease in net loss of USD 85 million or more than 50%.

Exploration and production segment

Thailand

For the third quarter of 2015, the Group reported net profits of USD 23 million, a decrease of USD 139 million or 86% when compared with the net profits for the second quarter of 2015 of USD 162 million. The decrease in net profits was primarily due to a recognition of impairment loss on assets of one project in production phase resulted from a decline in crude oil price. However, depreciation, depletion and amortization expenses decreased mainly for Contract 4 project.

Overseas

For the third quarter of 2015, the Group reported net loss of USD 1,322 million, an increase of USD 1,276 million or more than 100% when compared with the net losses for the second quarter of 2015 of USD 46 million, primarily due to decreases in net loss in America, Australia as well as decreases in the operating results of Other Southeast Asia segment.

For the third quarter of 2015, the America segment reported net loss of USD 629 million, an increase in net loss of USD 625 million or more than 100% when compared with net loss for the second quarter of 2015 of USD 4 million, primarily due to a recognition of impairment loss on assets of one project in exploration phase resulted from a decline in the crude oil price and defer development plan.

For the third quarter of 2015, the Australia segment reported net loss of USD 468 million, an increase in net loss of USD 428 million or more than 100% when compared with net loss for the second quarter of 2015 of USD 40 million, primarily due to a recognition of impairment loss on assets of one project in production phase resulted from a decline in the crude oil price.

For the third quarter of 2015, the Other Southeast Asia segment reported net loss of USD 176 million, a decrease in net profit of USD 178 million or more than 100% when compared with net profit for the second quarter of 2015 of USD 2 million. The decrease in net profit primarily due to a recognition of impairment loss on assets of one project in production phase resulted from a decline in the crude oil price and an increase in exploration expenses which mainly came from the write-off of exploration wells in the Myanmar M3 project, while the income tax expenses were decreased.

Head office and others segment

The head office and others segment reported net loss for the third quarter of 2015 of USD 84 million, a decrease in net loss of USD 85 million or 50% when compared with the net loss for the second quarter of 2015 of USD 169 million, primarily due to a recognition of gain on financial derivatives for oil price hedging contracts, while the segment reported net loss on financial derivatives instrument in the second quarter of 2015.

Comparison of the Results of Operations for the nine months period ended

Overall Results of Operations

For the results of operations for the nine months period ended September 2015, PTTEP and its subsidiaries had net loss of USD 986 million (loss of USD 0.25 per share), a decrease in operating result of USD 2,403 million or more than 100% when compared with net profit for the nine months period ended September 2014 of USD 1,417 million (earning of USD 0.36 per share). The decrease in net profit was primarily due to recognition of impairment loss on assets of USD 1,385 million resulted from the decline in the crude oil price. In addition, sales revenue decreased USD 1,457 million as a result of a decrease in average selling price to USD 47.22 per BOE (for the nine months of 2014 : USD 65.93 per BOE), even though sales volume increased to 328,312 BOED (for the nine months of 2014 : 313,324 BOED) from the Zawtika Project, which commenced its gas sales in Myanmar in March 2014 and reached its full production capacity in August 2014. In addition, depreciation, depletion and amortization expenses also increased USD 324 million from increases in completed assets and production volumes of Zawtika project as well as increases in completed assets of Arthit, S1 and Contract 4 projects. However, the income tax expenses and operating expenses decreased USD 478 million and USD 134 million, respectively.

For the nine months period ended 2015, the Group reported loss from non-recurring items in the amount of USD 1,691 million, a decrease of USD 1,753 million from gain from non-recurring items of USD 62 million for the nine months period of 2014, primarily due to recognition of impairment loss on assets. In addition, the Group also recognized increases in income tax expenses affected by the functional currency and income tax expenses affected by revaluation of foreign currency transactions to Thai Baht in accordance with the Revenue Code because Thai Baht was depreciated against USD.

Results of Operation by Segments

For the nine months period ended September 2015, the Group reported net loss of USD 986 million, a decrease in net profit of USD 2,403 million or more than 100% when compared with net profit for the nine months period ended September 2014 of USD 1,417 million. The decrease in net profits was primarily due to a decrease in net profit from the exploration and production segment of USD 2,290 million or more than 100% and head office and others segments had recognized increases in net losses of USD 230 million or more than 100%.

Exploration and production segment

Thailand

For the nine months period ended September 2015, the Group reported net profits of USD 365 million, a decrease of USD 846 million or 70% when compared with the net profits for the nine months period ended September 2014 of USD 1,211 million. The decrease in net profits was primarily due to a reduction in sales revenue from a decline in selling price. In addition, the segment recognized an impairment loss on assets of one project in production phase and had higher depreciation expenses from additional completed asset in the projects of Arthit, S1 and Contract 4. However, petroleum royalties and remuneration expenses as well as income tax expenses decreased due to decreases in revenue from sales and profit.

Overseas

For the nine months period ended September 2015, the Group reported net loss of USD 1,345 million, a decrease of USD 1,444 million or more than 100% when compared with net profits for the nine months period ended September 2014 of USD 99 million. The decrease in net profits was primarily due to increases in net losses in America, Australia as well as decreases in the operating results of Other Southeast Asia segment.

For the nine months period ended September 2015, America segment reported net loss of USD 637 million, an increase in the net loss of USD 622 million or more than 100% when compared with net loss for the nine months period ended 2014 of USD 15 million, primarily due to a recognition of impairment loss on assets of one project in exploration phase resulted from a decline in the crude oil price and defer development plan.

For the nine months period ended 2015, the Australia segment reported net loss of USD 559 million, an increase in net loss of USD 440 million or more than 100% when compared with the net loss for the nine months period ended September 2014 of USD 119 million, primarily due to a recognition of impairment loss on assets of one project in production phase resulted from a decline in the crude oil price. In addition, revenue from sales decreased whereas there was a decrease in depreciation expenses.

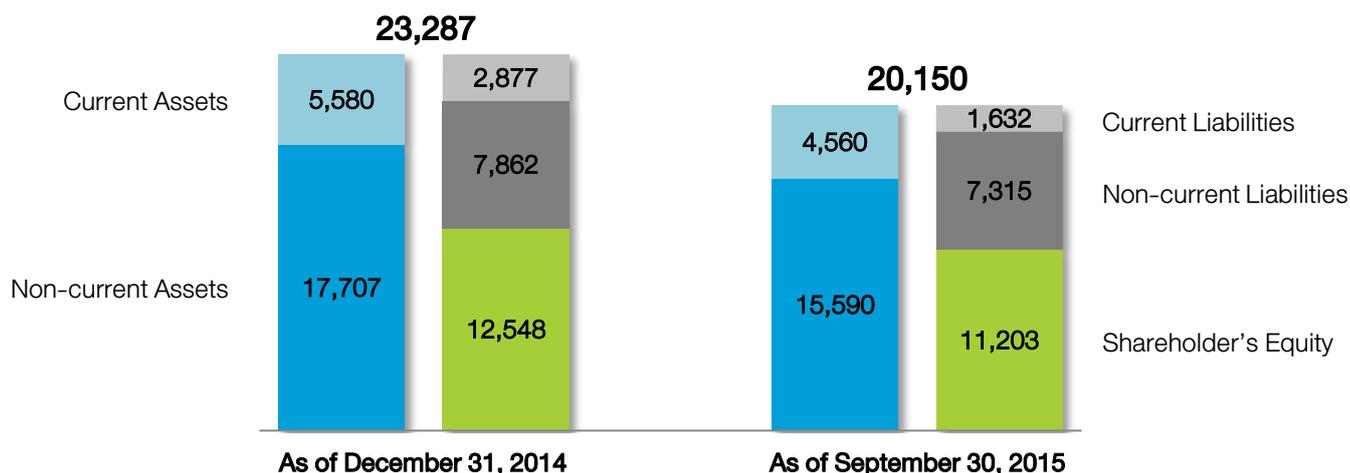
For the nine months period ended September 2015, the Other Southeast Asia segment reported net loss of USD 94 million, a decrease in net profits of USD 364 million or more than 100% when compared with the net profits for the nine months period ended 2014 of USD 270 million. The decrease in net profit primarily due to a recognition of impairment loss on assets of one project in production phase resulted from a decline in the crude oil price. The segment also recognized an increase in depreciation expenses for the Zawtika project, which commenced its gas sales in Myanmar in March 2014 and reached its full production capacity in August 2014.

Head office and others segment

For the nine months period ended September 2015, the head office and others segment reported net loss of USD 308 million, an increase in net losses of USD 230 million or more than 100% when compared with net loss for the nine months period ended 2014 of USD 78 million. The increase in net loss was primarily due to recognition of loss on foreign exchange and increase in income tax expenses affected by revaluation of foreign currency transactions into Thai Baht in accordance with the Revenue Code because Thai Baht was depreciated against USD on September 30, 2015. In addition, other revenues also decreased due to during the nine months period ended 2014, the segment had recognized other revenues from the restructuring of the ownership interests in Canada Oil Sands KKD project.

Financial Position

Unit: Million USD



Assets

As of September 30, 2015, PTTEP and its subsidiaries had total assets in the amount of USD 20,150 million (equivalent to Baht 732,839 million), a decrease of USD 3,137 million when compared with the total assets as of December 31, 2014 of USD 23,287 million (equivalent to Baht 767,607 million), primarily due to;

- (1) Current assets, which primarily comprise cash and cash equivalents, short-term investments, account receivable – parent company, and materials and supplies, decreased USD 1,020 million mainly from a decrease of USD 824 million in cash and cash equivalents offset with short-term investments. In addition, account receivable – parent company also decreased of USD 186 million.
- (2) Non-current assets, which primarily comprise exploration and production assets in joint venture projects that are recognized as part of the property, plant and equipment – net, intangible assets – net, goodwill and deferred tax assets, decreased USD 2,117 million mainly due to a recognition of impairment assets and depreciation expenses even though the Group has invested more in exploration and production assets during the period.

Liabilities

As of September 30, 2015, PTTEP and its subsidiaries had total liabilities of USD 8,947 million (equivalent to Baht 325,374 million) which include interest bearing debt of USD 3,277 million, a decrease of USD 1,792 million when compared with total liabilities as at December 31, 2014 of USD 10,739 million (equivalent to Baht 353,987 million), primarily due to;

- (1) Current liabilities, which primarily comprise current portion of long-term debts, accrued expenses and income tax payable, decreased USD 1,245 million mainly due to decreases in income tax payable and accrued expenses of USD 799 million. In addition, the current portion of long-term debts also decreased of USD 471 million mainly due to the repayment of unsecured and unsubordinated debentures amount of USD 700 million and a reclassification of long-term loan in Canadian Dollar of CAD 375 million (equivalent to USD 279 million) from non-current liabilities to current liabilities.

- (2) Non-current liabilities, which primarily comprise debentures and loans from financial institution, deferred tax liabilities, and provision for decommissioning costs, decreased of USD 547 million mainly from repayment of long-term loan in Canadian Dollar of CAD 100 million (equivalent to USD 75 million) and a reclassification of Canadian Dollar long-term loan from non-current liabilities to current liabilities in the amount of CAD 375 million (equivalent to USD 279 million).

Capital Structure

As of September 30, 2015, the capital structure of the Group comprises shareholders' equity in the amount of USD 11,203 million and total liabilities of USD 8,947 million, comprising of interest bearing debts of USD 3,277 million with a weighted average cost of debt of 4.16% and the average maturity of 7.86 years. 92% of these interest bearing debts were in USD and another 8% were in Canadian Dollar which are consistent with the assets and revenue of the Group that are primarily denominated in USD and partially denominated in Canadian Dollars to support operations at the Mariana Oil Sands project in Canada. The proportion of the fixed and floating interest rate debts is 75:25.

In the third quarter of 2015, the Group engaged in financing activities that impact the Group's capital structure as follows;

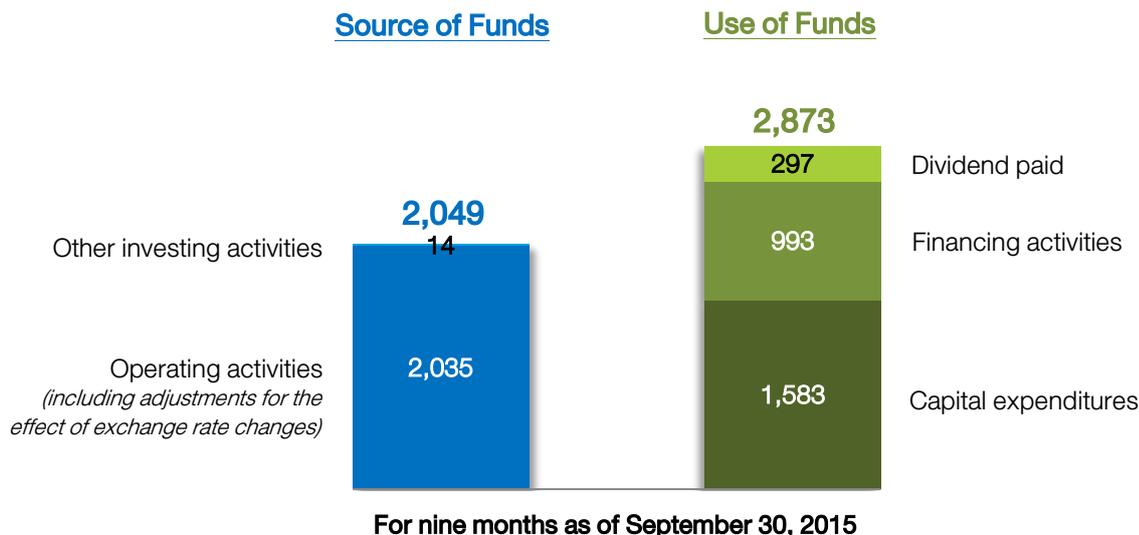
On July 19, 2015 and August 4, 2015, PTTEP Australia International Finance Limited (PTTEP AIF) has redeemed its unsecured and unsubordinated debentures on the maturity date in the amount of USD 500 million and USD 200 million respectively.

On September 21, 2015, PTTEP Canada International Finance Limited (PTTEP CIF) had early repaid its long-term loans with JP Morgan, Chase Bank, N.A., (Toronto Branch) in the amount of CAD 100 million.

On September 30, 2015, PTTEP had early repaid its long-term loans with Thanachart Bank Public Company Limited in the amount of USD 50 million.

Cash Flows

Unit: Million USD



As of September 30, 2015, PTTEP and its subsidiaries had cash and cash equivalents, including short-term investment which was deposit with banks and financial institution with a maturity of more than three months, but less than twelve months of USD 3,106 million, a decrease of USD 824 million when compared to cash and cash equivalents as at December 31, 2014 of USD 3,930 million.

Sources of funds in amount of USD 2,049 million primarily came from;

- Net cash received from operating activities as a result of net positive cash flows from revenue from sales, which offset with cash payments for expenditures and income tax expenses.
- Cash received from other investing activities which came from the dividend received from related parties and interest received from short-term investments and from loans

Uses of funds in the amount of USD 2,873 million were primarily for;

- Cash used for additional investment activities for exploration and production assets, and intangible assets, primarily in the PTTEP Australasia, Zawtika, and Arthit projects.
- Cash used for financing activities, primarily for repayments of debentures and long-term loan from financial institution as well as interest payments.
- Dividend paid for the operating result for the second half of 2014 and the first half of 2015.

Key Financial Ratios

	Q2 2015	Q3 2015	Q3 2014 (Restated)	9M 2015	9M 2014 (Restated)
Profitability Ratios (%)					
EBITDA to revenue from sales	69.69	66.76	70.56	70.11	70.59
Return on equity	0.28	(14.07)	13.33	(14.07)	13.33
Net profits margin	0.51	(26.45)	20.88	(26.45)	20.88
Leverage Ratios (times)					
Debt to equity	0.33	0.29	0.32	0.29	0.32
Debt to EBITDA	0.89	0.77	0.80	0.77	0.80

Remark:

EBITDA to revenue from sales = Profit before deduction of interest, tax, and depreciation to revenue from sales including revenue from pipeline transportation

Net profits margin = Last 12 months net profits to total revenue

Return on equity = Last 12 months net profits to weighted average shareholders' equity

Debt to equity = Interest Bearing Debt to total shareholders' equity

Debt to EBITDA = Interest Bearing Debt to last 12 months profit before deduction of interest, tax, and depreciation

Operational Highlights

As of the third quarter of 2015, PTTEP's domestic and international operations altogether sum to 39 projects in 11 countries. The following are key project highlights.

Projects in Thailand

PTTEP has 17 projects in Thailand, and the majority of projects are in the *producing phase*, located both in the Gulf of Thailand and onshore; including the Bongkot Project, the Arthit Project, and S1 Project and the Contract 4 Project. During the quarter, production operations were carried out continuously to maintain the production plateau. Sales volume from the projects in Thailand amounted to 242,738 BOED in the third quarter of 2015.

Projects in Southeast Asia

PTTEP has 13 projects in this region which are located in the Union of the Republic of Myanmar (Myanmar), the Socialist Republic of Vietnam (Vietnam) and the Republic of Indonesia (Indonesia). Sales volume from the projects in the Southeast Asia region amounted to 71,916 BOED in the third quarter of 2015.

Highlights of projects in the *producing phase* within this region include activities at the Zawtika Project and the Vietnam 16-1 Project. **The Zawtika Project**, which is located offshore in the Gulf of Moattama, Myanmar, carried out gas development operations continuously. The project is in the process of constructing 4 wellhead platforms for the development phase 1B to maintain current production level. The project also completed the drilling of 10 appraisal wells, which began during the third quarter last year, and is currently in the process of results evaluation. In the third quarter of 2015, sales volume from the Zawtika project averaged 349 MMSCFD (approximately 53,106 BOED).

The **Vietnam 16-1 Project**, located offshore in the southeast of Vietnam, successfully commenced production from the H5 area, which is situated in the south of Te Glac Trang Field (TGT), on 13 August 2015. The current production from the H5 area approximately stood at 11,000 barrels per day (BPD). As of the third quarter of 2015, sales volume from the Vietnam 16-1 project averaged 28,501 BPD of crude oil and 15 MMSCFD of natural gas (approximately 3,378 BOED).

For projects in the *exploration phase*, important highlights include the drilling campaign in the **Myanmar M3 Project** which is located offshore in the Gulf of Moattama, in Myanmar. The project completed the appraisal drilling campaign. Four of the recently completed appraisal wells showed no commercial potential, which resulted in the expenditure write-off for those wells in the third quarter of 2015. The project is currently assessing the field's resource potential and its prospects for commerciality.

The exploration campaign of the **PSC-G and EP-2 Project**, which is located onshore in the Central Myanmar Basin, in Myanmar, is currently drilling the last of four planned exploration wells in accordance with the work commitment during the first exploration period. The drilling of the last exploration well is expected to be completed in the fourth quarter of 2015.

Projects in Australasia

PTTEP has 1 project in this region which is located in the Commonwealth of Australia (Australia) and comprises 15 concession permits.

Fields in the *producing phase* include the **Montara Field**, which produced at an average rate of 13,080 BPD, reduced from the previous quarter as a result of a planned maintenance shutdown during the third quarter of 2015.

Projects in the American Continent

PTTEP has 3 projects in this region located in Canada and the Federal Republic of Brazil (Brazil).

Projects in the *exploration phase* include the Mariana Oil Sands Project, the Barreirinhas AP1 Project, and the BM-ES-23 Project.

The **Mariana Oil Sands Project**, located in Alberta, Canada, submitted the development proposal for Thornbury Phase 1 to the government of Alberta in May. The project is also preparing for front-end engineering design (FEED) activities.

PTTEP has two projects in Brazil. The **Barreirinhas AP1 Project** is located in the Barreirinhas Basin, offshore to the northeast of Brazil. The project is preparing for 3D seismic acquisition and awaiting approval of its environmental impact assessment (EIA) report from Brazilian authorities. The seismic activities are expected to begin in the fourth quarter of 2015. The **BM-ES-23 Project** is located in the Espirito Santo basin, offshore, east of Brazil. The project plans to commence the drilling of Pacoca exploration well and Jujuba exploration well in the fourth quarter.

Projects in Africa and the Middle East

PTTEP has 5 projects in this region, located in the Sultanate of Oman (Oman), the People's Democratic Republic of Algeria (Algeria), the Republic of Mozambique (Mozambique) and the Republic of Kenya (Kenya).

The **Algeria 433a and 416b Project**, which is in the *development phase* and located onshore in the eastern part of Algeria, is in the process of commissioning for production start-up. The first sales from the project are expected in the fourth quarter of 2015.

The **Algeria Hassi Bir Rekaiz Project**, which is in the *exploration phase* located onshore in the eastern part of Algeria, is making progress under the Third Exploration Phase. The project completed the drilling of four out of six planned appraisal wells and is currently drilling the fifth appraisal well.

The **Mozambique Rovuma Offshore Area 1 Project**, which is also in the exploration phase, is a large gas project located offshore Mozambique. The project completed the drilling of six appraisal wells and, with respect to LNG development, selected the contractor for the onshore LNG Engineering Procurement and Construction Contract. In addition, the Decree Law to support the project operations has been approved by the government and ratified by the congress of the Republic of Mozambique. The project is currently in the process of selecting contractors for the installation of offshore facilities and preparing for project finance.

Portfolio Management

PTTEP continues to undertake portfolio management activities to achieve an optimal balance between project value-added and risk management, as well as to ensure that the Company's long term strategic objectives can be achieved. PTTEP consistently studies and analyses pertinent investment factors to keep abreast of the constant changes in the social, economic, and political landscape, and to incorporate these variables into investment considerations and decisions. The Company also reviews its list of target countries for expanding its investments (Focused Countries) by grouping the countries according to petroleum potential and suitability with the Company's strategic directions and goals. The analysis covers factors such as geography, petroleum fiscal policy, operational and political risks, as well as PTTEP's competitive advantage. Significant portfolio management activities during the third quarter include the divestment of 20% participating interest in the Myanmar PSC-G and EP-2 project to a subsidiary of Mitsui Oil Exploration Co., Ltd. (MOECO) and Palang Sophon Offshore Pte. Ltd. In addition, PTTEP submitted the notice of withdrawal from the Mozambique Rovuma Onshore project, which is subject to the approval from the government of Mozambique, and received an approval for the notice of withdrawal for the Kenya L10A project from the government of Kenya.

Moreover, PTTEP has plans to selectively develop projects which have petroleum discoveries, as well as actively seek out opportunities to acquire additional projects, with a particular focus on projects in the producing phase or those which are in the final stages of development and almost ready to produce.

Sustainable Development

PTTEP's strategic direction and long-term goals for sustainable growth are founded on the core philosophy that addresses the following three areas: business, social and environmental aspects. In September 2015, PTTEP was listed for the second consecutive year on the Dow Jones Sustainability Index (DJSI) under the World Index of Oil and Gas Sector. The achievement is a testament to PTTEP's determination to develop the organization to reach the target of sustainable growth and an important step towards the aspiration to become a leading Asian E&P company driven by technology and green practices.

In order to continuously improve PTTEP's sustainable development practices and maintain its listing on the DJSI, the Company has outlined a sustainable development work plan for short-term and long-term, which has also been included in the Company's 2015 corporate objectives.

Key sustainable development activities carried out by PTTEP during the third quarter of 2015 are summarized below from the perspective of the following three areas which make up our core philosophy:

Business

PTTEP aims for technological enhancements to support its business to achieve sustainable growth and apply those technologies to its projects to improve operating performance and reduce costs. In September, PTTEP began the trial use of unmanned aerial vehicles (drones) to assist the inspection of flare stacks at the Bongkot North field in the Gulf of Thailand after a successful demonstration at the Sang Kajai field in Suphanburi province during the first half of the year. Furthermore, PTTEP is preparing for a trial use of electromagnetic technologies in exploration activities to improve production levels at the Sirikit oil field by the end of 2015.

PTTEP continues to develop technological capabilities to push the organization towards the aforementioned objective. This includes preparing human resources to drive technical development to support investments in Tight Oil / Tight Gas projects as part of the company objectives in both short-term and long-term.

Social

PTTEP is dedicated to carrying out its business operations with responsibility to society, and recognizes its stakeholders in areas where it operates. During the third quarter of 2015, PTTEP engaged in the following noteworthy activities:

- The PTTEP Thai Heritage World Heritage project – The project began renovations on the Khao Yai Visitor Center, the Thung Yai Naresuan - Huai Kha Khaeng Exhibition Center, and eight nature trails in the in the world heritage forest to ensure that they are in good working condition. The renovations were completed in July 2015.
- The Crab Hatchery Learning Center Project at the Hua Khao Community in Songkhla province - The project serves to breed crab larvae and release them back into their marine habitats as part of the natural conservation program. In the third quarter, the project and the local community of released over 10 million crab larvae in the Songkla provincial area.
- The PTTEP Health Care project – The project provides medical check-ups to more than 400 locals at the Suan Taeng district in Suphanburi province.

- The “30 CSR Activities, 30th Anniversary of PTTEP” project – The project was launched on the occasion of PTTEP’s 30th anniversary to provide opportunities for PTTEP employees to participate in CSR activities. A total of 5 CSR activities including reforestation, DIY notebooks, blood donation and renovation of school buildings, were held from July to September.

Environment

PTTEP has an environmental management system which encompasses a project’s entire life cycle, and is a subset of PTTEP’s Safety, Security, Health and Environment Management System (SSHE MS). During the third quarter of 2015, PTTEP had a Lost Time Injury Frequency (LTIF) score of 0.13, and a Total Recordable Incident Rates (TRIR) score of 1.14. The Company’s performance on both safety indicators is better than the average of the members in the International Association of Oil and Gas Producers (IOGP).

Moreover, PTTEP aims to become a Low Carbon Footprint organization, and has set a goal to reduce its greenhouse gas (GHG) emissions by not less the 20% in the year 2020 versus its 2012 base year figure. As of the third quarter of 2015, PTTEP reduced its greenhouse gas (GHG) emissions by 4.8% below its 2012 levels.

Business Outlook for 2015

Crude oil price, which is one of the key factors that drive PTTEP's financial performance, is expected to remain at low levels for the fourth quarter of 2015. The global crude oil market continues to be oversupplied by approximately 1.8 million barrels per day as OPEC production shows no sign of curbing from record high levels whilst non-OPEC production level is expected to remain high. Dubai crude oil price, therefore, is expected to move around the 50 USD/BBL range during the fourth quarter of 2015. Furthermore, the likelihood of having Iran sanctions lifted increases as the U.S. made progress in passing the Iran nuclear deal in September and may lead to additional Iranian crude exports by approximately 0.5 million barrels per day by mid-year 2016.

From the demand side, the slowdown of Chinese economy remains the biggest concern. China's Purchasing Managers' Index (PMI), which indicates the growth of small-to-medium enterprises, reached its 6-year low in September. Consequently, growth forecasts for the Chinese economy are trimmed for next year. The other key driver is the expectation for U.S. Federal Open Market Committee's (FOMC) to increase interest rates at the December meeting, despite maintaining the federal funds rate at 0-0.25% at the September meeting, following improvements in U.S. economic data, such as GDP and unemployment rate.

On the other hand, oil prices could be supported by a continuous decline in U.S. crude oil production, which began in the second quarter. Combined with the reduction in U.S. rig count, crude oil supply from the U.S. is expected to decline further. Moreover, the European Central Bank may extend the magnitude and duration of quantitative easing (QE) to spur regional economies.

The Thai Baht exchange rate is another key driver to the company's performance, although the majority of its impact does not affect the cash flow. PTTEP anticipates that the currency may depreciate further to the level of 36.5 Thai Baht / US Dollar should the U.S. FOMC decide to increase the federal funds rate in the fourth quarter.

To prepare risk mitigation plans in light of the highly volatile oil prices and turbulent business environment, PTTEP simulates scenarios with crude oil prices and Thai Baht/US Dollar exchange rate at various levels, as well as progressing with the SAVE to be SAFE campaign to reduce operating costs in the short-term and long-term. Regarding its financial management, PTTEP stresses financial discipline and a strong capital structure where debt-to-equity ratios are at appropriate levels corresponding to the business profile and liquidity levels are sufficient to cope with volatile oil prices and economic conditions, while business opportunities can also be seized. Last but not least, the Company also assesses counter-party risks and prepares mitigation plans accordingly.