



PAN ORIENT ENERGY CORP.

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019**

(Unaudited)

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

(\$000s)	September 30 2019	December 31 2018
Assets		
Current		
Cash and cash equivalents	33,876	31,662
Accounts receivable	489	4,043
	34,365	35,705
Deposits	601	593
Investment in joint venture (note 4)	32,898	34,504
Right-of-use assets (note 5)	150	-
Property, plant and equipment (note 6)	404	433
Exploration and evaluation (note 7)	106,708	102,482
Total assets	175,126	173,717
Liabilities		
Current		
Accounts payable and accrued liabilities	2,116	2,876
Lease liabilities (note 8)	125	-
Decommissioning provision (note 9)	267	283
	2,508	3,159
Lease liabilities (note 8)	28	-
Deferred tax liabilities	5,596	6,699
Decommissioning provision (note 9)	2,234	1,895
Total liabilities	10,366	11,753
Shareholders' equity		
Share capital (note 10)	92,116	91,851
Contributed surplus	27,469	26,965
Non-controlling interest	17,009	16,808
Accumulated other comprehensive income	4,852	4,578
Retained earnings	23,314	21,762
Total shareholders' equity	164,760	161,964
Total liabilities and shareholders' equity	175,126	173,717
Segmented information (note 12)		
Commitments (note 13)		

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		Nine Months Ended	
	September 30	2018	September 30	2018
	2019		2019	2018
Other income				
Income (loss) from investment in joint venture (note 4)	1,351	(90)	3,704	(378)
Expenses				
Amortization and depreciation	38	10	114	30
Exploration and evaluation expense	-	3	-	30
Decommissioning expense (recovery)	1	-	(11)	-
General and administrative	520	581	1,934	1,742
Finance income	(125)	(151)	(278)	(389)
Stock-based compensation	142	113	674	542
Foreign exchange loss (gain)	(292)	368	621	(722)
	284	924	3,054	1,233
Income (loss) before taxes and non-controlling interest	1,067	(1,014)	650	(1,611)
Taxes				
Deferred income tax recovery	(23)	(26)	(1,103)	(78)
Net income (loss)	1,090	(988)	1,753	(1,533)
Other comprehensive income (loss)				
Foreign exchange gain (loss) on translation of foreign operations	167	(391)	(528)	197
Foreign exchange gain on translation of joint venture (note 4)	429	205	802	1,185
Total other comprehensive income (loss)	596	(186)	274	1,382
Total comprehensive income (loss)	1,686	(1,174)	2,027	(151)
Net income (loss) attributable to:				
Common shareholders	1,114	(960)	1,552	(1,449)
Non-controlling interest	(24)	(28)	201	(84)
Net income (loss)	1,090	(988)	1,753	(1,533)
Total comprehensive income (loss) attributable to:				
Common shareholders	1,710	(1,146)	1,826	(67)
Non-controlling interest	(24)	(28)	201	(84)
Total comprehensive income (loss)	1,686	(1,174)	2,027	(151)
Net income (loss) per share attributable to common shareholders (note 10)				
Basic and diluted	\$ 0.02	\$ (0.02)	\$ 0.03	\$ (0.03)

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, 2017	91,851	26,307	16,914	1,238	21,802	158,112
Net loss	-	-	(84)	-	(1,449)	(1,533)
Stock-based compensation expense	-	542	-	-	-	542
Capitalized stock-based compensation	-	15	-	-	-	15
Other comprehensive income	-	-	-	1,382	-	1,382
Balance as at September 30, 2018	91,851	26,864	16,830	2,620	20,353	158,518
Balance as at December 31, 2018	91,851	26,965	16,808	4,578	21,762	161,964
Net income	-	-	201	-	1,552	1,753
Stock-based compensation expense	-	674	-	-	-	674
Options exercised	222	-	-	-	-	222
Transfer from contributed surplus	153	(153)	-	-	-	-
Normal course issuer bid	(110)	(17)	-	-	-	(127)
Other comprehensive income	-	-	-	274	-	274
Balance as at September 30, 2019	92,116	27,469	17,009	4,852	23,314	164,760

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 September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
Cash Provided From (Used in)				
Operating Activities				
Net income (loss)	1,090	(988)	1,753	(1,533)
Adjustments for non-cash items:				
Deferred income tax recovery	(23)	(26)	(1,103)	(78)
Amortization and depreciation	38	10	114	30
Stock-based compensation	142	113	674	542
Accretion	15	12	50	35
Loss (income) from investment in joint venture (note 4)	(1,351)	90	(3,704)	378
Decommissioning expense (recovery)	1	-	(11)	-
Unrealized foreign exchange loss (gain)	(295)	364	692	(724)
Changes in non-cash working capital	458	386	(681)	(812)
Cash flow from (used in) operating activities	75	(39)	(2,216)	(2,162)
Investing Activities				
Exploration and evaluation	(2,482)	(1,136)	(4,400)	(3,258)
Dispositions of exploration and evaluation assets	-	-	-	133
Dividend from investment in joint venture (note 4)	6,624	-	6,624	-
Changes in non-cash working capital	(93)	896	2,955	(1,323)
Cash flow from (used in) investing activities	4,049	(240)	5,179	(4,448)
Financing Activities				
Issuance of common shares	222	-	222	-
Normal course issuer bid	(5)	-	(127)	-
Finance lease payments	(29)	-	(83)	-
Cash flow from financing activities	188	-	12	-
Change in cash and cash equivalents	4,312	(279)	2,975	(6,610)
Effect of foreign exchange on cash and cash equivalents	286	(493)	(761)	443
Cash and cash equivalents, beginning of period	29,278	32,267	31,662	37,662
Cash and cash equivalents, end of period	33,876	31,495	33,876	31,495

See accompanying notes to the condensed interim consolidated financial statements.

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

1) CORPORATE INFORMATION

Pan Orient Energy Corp. ("Pan Orient" or 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.

Pan Orient is an oil and natural gas company based in Calgary, Alberta, with properties onshore Indonesia and interests in Pan Orient Energy (Siam) Ltd. which has properties onshore Thailand, and interests in Andora Energy Corporation ("Andora") which has properties in northern Alberta, Canada.

2) BASIS OF PRESENTATION

Statement of Compliance

The interim condensed consolidated financial statements for the Company should be read in conjunction with the audited consolidated financial statements as at and for the year ended December 31, 2018. The following disclosures are incremental to those included with the annual consolidated financial statements. Certain 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 in note 3 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 November 13, 2019.

3) ADOPTION OF NEW ACCOUNTING STANDARDS

IFRS 16 – Leases

IFRS 16 "Leases" is effective for periods ending on or after January 1, 2019. This standard introduces a single recognition and measurement model for lessees, which requires recognition of lease assets and lease obligations on the statement of financial position. The Company adopted this standard using the modified retrospective approach. Accordingly, comparative information in the Company's financial statements is not restated. The Company selected to not recognize leases whose term ends within 12 months of initial application, as well as not recognize leases which assets are considered to be a low dollar value. Lease payments associated with these leases are recognized as an expense as incurred over the lease term. The Company's Thailand joint venture adopted this standard and the effect on adoption and subsequent measurements are included in the profit or loss from investment in joint venture (note 4).

On adoption, lease liabilities were measured at the present value of the remaining lease payments discounted using the Company's incremental borrowing rate of 8% on January 1, 2019. Right-of-use assets were measured at an amount equal to the lease liability.

The impacts of the adoption of IFRS 16 as at January 1, 2019 are as follows:

Condensed consolidated statement of financial position adjustments

(\$000s)	As reported as at December 31, 2018	Effect on adoption	Restated balance as at January 1, 2019
Right-of-use assets	-	233	233
Lease liabilities – current portion	-	(119)	(119)
Lease liabilities – non-current portion	-	(114)	(114)
Total	-	-	-

Pan Orient Energy Corp.
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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. Initial recognition of the investment in Joint Venture was recorded at fair value. The carrying amount is subsequently increased or decreased to recognize the Company's share of the profit or loss from the joint venture. 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. The carrying amount of the Company's Investment in Joint Venture is as follows:

Nine months ended: (\$000s)	September 30	
	2019	2018
Investment in joint venture, beginning of period	34,504	32,185
Change in amounts due from joint venture	512	(128)
Net income (loss) from joint venture, after tax	3,704	(378)
Dividend paid	(6,624)	-
Foreign currency translation	802	1,185
Investment in joint venture, end of period	32,898	32,864
Pan Orient Energy (Siam) Ltd. ⁽¹⁾		
Summarized Financial Information		
(\$000s)	September 30	December 31
	2019	2018
Current assets	22,271	15,562
Non-current assets	68,198	65,497
Current liabilities	(4,646)	(3,645)
Non-current liabilities	(30,356)	(19,492)
Net assets	55,467	57,922
Pan Orient's Investment in Joint Venture		
Pan Orient's 50.01% share of net assets of Pan Orient Energy (Siam) Ltd.	27,737	28,965
Fair value adjustment on initial recognition	8,924	8,924
Amortization of fair value adjustment on initial recognition	(2,482)	(1,592)
Change in amounts due from joint venture, since initial recognition	(1,281)	(1,793)
Investment in joint venture	32,898	34,504

(1) Represents 100% of net assets of Pan Orient Energy (Siam) Ltd. and the Company has 50.01% equity interest in Pan Orient Energy (Siam) Ltd.

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. ⁽¹⁾ Summarized Statement of Comprehensive Income (\$000s)	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
Oil revenue	20,340	3,629	43,561	9,808
Royalties	(1,080)	(179)	(2,269)	(483)
Interest income	1	1	44	32
Total net revenue	19,261	3,451	41,336	9,357
Production and operating	1,226	605	3,078	1,700
Transportation	641	73	1,323	209
Depletion, depreciation and amortization	5,641	2,146	13,259	6,168
Exploration expense	-	-	-	104
General and administrative	472	412	1,318	1,259
Foreign exchange loss (gain)	(6)	3	(92)	-
Total expenses	7,974	3,239	18,886	9,440
Income (loss) before income taxes	11,287	212	22,450	(83)
Current income tax expense	3,996	1	3,996	1
Deferred income tax expense (recovery)	3,806	90	9,266	(120)
Net income	3,485	121	9,188	36
Other comprehensive income	857	412	1,603	2,369
Total comprehensive income	4,342	533	10,791	2,405
Pan Orient's share of loss from joint venture under equity method, (50.01% net to Pan Orient)				
Pan Orient's share of net income	1,742	60	4,594	18
Amortization of fair value adjustment	(391)	(150)	(890)	(396)
Net income (loss) from joint venture	1,351	(90)	3,704	(378)

(1) Represents 100% of comprehensive income or loss of Pan Orient Energy (Siam) Ltd. and the Company has 50.01% equity interest in Pan Orient Energy (Siam) Ltd.

5) RIGHT-OF-USE ASSETS

(\$000s)	Equipment		Total
	Office lease	Rentals	
Initial recognition, January 1, 2019	111	122	233
Amortization	(53)	(32)	(85)
Foreign currency translation	1	1	2
At September 30, 2019	59	91	150

6) PROPERTY, PLANT AND EQUIPMENT

A reconciliation of the carrying amount of property, plant and equipment as at September 30, 2019 is set out below.

(\$000s)	Indonesia	Canada	Total
Cost			
At December 31, 2018	308	1,353	1,661
At September 30, 2019	308	1,353	1,661
Accumulated amortization and depreciation			
At December 31, 2018	(308)	(920)	(1,228)
Amortization and depreciation	-	(29)	(29)
At September 30, 2019	(308)	(949)	(1,257)
Net book value			
At December 31, 2018	-	433	433
At September 30, 2019	-	404	404

Pan Orient Energy Corp.
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7) EXPLORATION AND EVALUATION

A reconciliation of the carrying amount of exploration and evaluation (“E&E”) assets as at September 30, 2019 is set out below.

(\$000s)	Indonesia	Canada	Total
At December 31, 2018	17,174	85,308	102,482
Additions	4,001	399	4,400
Changes in decommissioning costs	(5)	318	313
Foreign currency translation	(487)	-	(487)
At September 30, 2019	20,683	86,025	106,708

During the nine months ended September 30, 2019, general and administrative costs totaling \$0.4 million (September 30, 2018 – \$0.6 million) directly related to exploration and evaluation activities have been capitalized as E&E assets.

As at September 30, 2019 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. Andora is currently in the process of completing detailed engineering and assessing potential marketing arrangements.

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.

8) LEASE LIABILITIES

(\$000s)	Total
Initial recognition, January 1, 2019	233
Lease payments	(83)
Accretion	14
Foreign currency translation	(11)
At September 30, 2019	153
Less current portion	(125)
Non-current portion	28

Lease liabilities were measured at the present value of the remaining lease payments discounted using an incremental borrowing rate of 8%.

9) DECOMMISSIONING PROVISION

A reconciliation of the Company’s decommissioning provision at September 30, 2019 is set out below.

(\$000s)	Indonesia	Canada	Total
At December 31, 2018	467	1,711	2,178
Revisions to obligations	(16)	318	302
Accretion	12	24	36
Foreign currency translation	(15)	-	(15)
At September 30, 2019	448	2,053	2,501
Less current portion	(267)	-	(267)
Non-current portion	181	2,053	2,234

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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 1.84% for inflation (December 31, 2018 – 1.94%, required to settle the Company's decommissioning provision are estimated to be \$3.5 million at September 30, 2019 (December 31, 2018 – \$3.6 million). Payments to settle the provision will be made over the operating lives of the underlying assets and are estimated to be incurred between 2020 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 1.56% at September 30, 2019 (December 31, 2018 – 2.23%).

10) SHARE CAPITAL

(a) Authorized

Unlimited Common Voting Shares
 Unlimited Preferred Shares

(b) Issued and Outstanding Class A Common Shares

	Shares Issued	Shares Outstanding	Amount (\$000s)
Common Shares			
Balance as at December 31, 2018	54,900,407	54,900,407	\$ 91,851
Issuance of common shares	250,000	250,000	222
Transfer from contributed surplus for options exercised	-	-	153
Shares purchased under normal course issuer bid	-	(66,000)	(110)
Shares cancelled	(66,000)	-	-
Balance as at September 30, 2019	55,084,407	55,084,407	\$ 92,116

In May 2019, 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 4,504,064 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 shares under the bid commenced on May 16, 2019 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.

The Company has purchased 66,000 shares under a normal course issuer bid at prices ranging from \$1.84 to \$2.13 per share, averaging \$1.93.

Pan Orient Energy Corp.
Notes to the Condensed interim consolidated financial statements
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(c) Options to Purchase Common Shares

	Number of Options ⁽¹⁾	Weighted Average Exercise Price (\$)
Options outstanding at December 31, 2018	3,990,000	1.26
Granted	1,375,000	1.90
Exercised	(250,000)	0.89
Options outstanding at September 30, 2019	5,115,000	1.45

(1) These options are held by directors, senior management, employees and consultant of the Company.

Options Outstanding at September 30, 2019				Options Exercisable at September 30, 2019		
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)
1.09	1,560,000	1.09	3.36	1,040,000	1.09	3.36
1.43	2,180,000	1.43	0.35	2,180,000	1.43	0.35
1.90	1,375,000	1.90	4.47	458,337	1.90	4.47
1.09 – 1.90	5,115,000	1.45	2.38	3,678,337	1.39	1.71

(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 and nine months ended September 30, 2019 and 2018 are as follows:

	Nine Months Ended September 30	
	2019	2018
Risk free interest rate (%)	2	2
Expected lives (years)	5	5
Expected volatility (%)	55	56
Dividend per share (%)	-	-
Forfeiture rate (%)	11	12
Weighted average fair value, per option	\$0.92	\$0.54

(e) Andora Energy Corporation

i) Issued and Outstanding Class A Common Shares

As at September 30, 2019 Andora had 100.1 million (December 31, 2018 – 100.1 million) common shares issued and outstanding of which Pan Orient held 71.8% (December 31, 2018 – 71.8%).

ii) Options to Purchase Common Shares of Andora

				Number of options	Weighted average exercise price (\$)	
Balance as at December 31, 2018 & September 30, 2019				9,500,000	0.15	
Options Outstanding at September 30, 2019				Options Exercisable at September 30, 2019		
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	1.09	9,500,000	0.15	1.09

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, "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 September 30, 2019, Andora had drawn \$1.75 million (December 31, 2018 - \$1.0 million) 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 September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
Weighted average common shares – basic	54,863,470	54,900,407	54,875,647	54,900,407
Dilutive effect of stock options	1,937,287	-	1,298,667	-
Weighted average common shares – diluted	56,800,757	54,900,407	56,174,314	54,900,407

11) FINANCIAL INSTRUMENTS

As at September 30, 2019 the following financial instruments were denominated in currencies other than the Canadian dollar:

	September 30, 2019		December 31, 2018	
	US dollar (\$000s)	Indonesia Rupiah (000s)	US dollar (\$000s)	Indonesia Rupiah (000s)
Cash and cash equivalents	18,438	132,456	19,143	845,130
Accounts receivable	12	-	12	39,352,266
Deposits	36	218,431	24	-
Accounts payable and accrued liabilities	(1,498)	(9,583)	(1,402)	(7,377,201)
Net exposure in foreign currency	16,988	341,304	17,777	32,820,195
Net exposure in Canadian dollars ⁽¹⁾ (\$000s)	22,497	32	24,253	3,105

(1) Translated at September 30, 2019 and December 31, 2018 exchange rates.

Pan Orient Energy Corp.
Notes to the Condensed interim consolidated financial statements
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12) 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 September 30:

As at: (\$000s)	September 30, 2019				December 31, 2018			
	Thailand	Indonesia	Canada	Total	Thailand	Indonesia	Canada	Total
Property, plant and equipment	-	-	404	404	-	-	433	433
Exploration and evaluation	-	20,683	86,025	106,708	-	17,174	85,308	102,482
Other assets	32,898	1,745	33,371	68,014	34,516	4,071	32,215	70,802
Total assets	32,898	22,428	119,800	175,126	34,516	21,245	117,956	173,717

Nine Months Ended: (\$000s)	September 30, 2019				September 30, 2018			
	Thailand	Indonesia	Canada	Total	Thailand	Indonesia	Canada	Total
Income (loss) from joint venture	3,704	-	-	3,704	(378)	-	-	(378)
Amortization and depreciation	-	71	43	114	-	-	30	30
Exploration and evaluation expense	-	-	-	-	-	30	-	30
Decommissioning recovery	-	(11)	-	(11)	-	-	-	-
General and administrative	32	192	1,710	1,934	25	200	1,517	1,742
Finance income	-	-	(278)	(278)	-	-	(389)	(389)
Stock based compensation	-	-	674	674	-	-	542	542
Foreign exchange loss (gain)	-	(71)	692	621	-	9	(731)	(722)
Total expenses	32	181	2,841	3,054	25	239	969	1,233
Deferred income tax recovery	-	-	(1,103)	(1,103)	-	-	(78)	(78)
Net income (loss) attributable to:								
Common shareholders	3,672	(181)	(1,939)	1,552	(403)	(239)	(807)	(1,449)
Non-controlling interest	-	-	201	201	-	-	(84)	(84)
Total net income (loss)	3,672	(181)	(1,738)	1,753	(403)	(239)	(891)	(1,533)
Capital expenditures ⁽¹⁾	-	4,001	399	4,400	-	2,594	664	3,258

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

Pan Orient Energy Corp.
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(Expressed in Canadian dollars, unless otherwise noted)
(Unaudited)

Three Months Ended: (\$000s)	September 30, 2019				September 30, 2018			
	Thailand	Indonesia	Canada	Total	Thailand	Indonesia	Canada	Total
Income (loss) from joint venture	1,351	-	-	1,351	(90)	-	-	(90)
Amortization and depreciation	-	24	14	38	-	-	10	10
Exploration and evaluation expense	-	-	-	-	-	3	-	3
Decommissioning expense	-	1	-	1	-	-	-	-
General and administrative	16	69	435	520	10	93	478	581
Finance income	-	-	(125)	(125)	-	-	(151)	(151)
Stock based compensation	-	-	142	142	-	-	113	113
Foreign exchange loss (gain)	-	2	(294)	(292)	-	4	364	368
Total expenses	16	96	172	284	10	100	814	924
Deferred income tax recovery	-	-	(23)	(23)	-	-	(26)	(26)
Net income (loss) attributable to:								
Common shareholders	1,335	(96)	(125)	1,114	(100)	(100)	(760)	(960)
Non-controlling interest	-	-	(24)	(24)	-	-	(28)	(28)
Total net income (loss)	1,335	(96)	(149)	1,090	(100)	(100)	(788)	(988)
Capital expenditures ⁽¹⁾	-	2,329	153	2,482	-	968	168	1,136

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

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

13) COMMITMENTS

As at September 30, 2019 the Company's estimated outstanding capital commitments are as follows:

		Estimated Net Financial Commitment	
Country and Concession Name	Remaining Work Program Commitment	Obligation Ending	CAD⁽¹⁾ (\$000s)
Thailand Joint Venture			
Concession L53	▪ Surface reservation fee ⁽²⁾	January 2021	-
Total Thailand			-
Indonesia			
East Jabung	▪ Geological studies	January 2020 ⁽³⁾	32
	▪ Drill one exploration well	January 2020 ⁽³⁾	1,298
Total Indonesia			1,330
Canadian Heavy Oil Sands – Andora Energy Corporation			
Sawn Lake, Alberta	▪ Natural gas pipeline tariff	April 1, 2022 to March 31, 2030	719
Total Canada			719
			2,049

(1) Translated at September 30, 2019 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 "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. During 2019, Pan Orient Energy (Siam) Ltd. paid the fourth year deposit for the remaining portion of the "reserved area" and received the refund from the third year deposit.

(3) The original expiry of the East Jabung PSC occurred on November 21, 2017 and was extended by the Government of Indonesia ("GOI") to January 20, 2019. The East Jabung PSC joint venture received approval in January 2019 for a four year exploration extension period of the PSC to January 20, 2023. Capital commitments for the first year of the PSC exploration extension include drilling of one exploration well and geological studies. The drilling of the Anggun-1X well is intended to qualify as the exploration well commitment of USD \$2 million (CAD \$1.3 million net to Pan Orient) in the PSC. The estimated total dry hole cost of the Anggun-1X well, including permanent road, well pad construction and drilling is USD \$20.5 million (CAD \$27.1 million), with Pan Orient's 49% share of USD \$10.0 million (CAD \$13.3 million). Total capital costs for the Anggun-1X well from inception to September 30, 2019 were USD \$10.5 million on a gross basis (USD \$5.1 million or CAD \$7.0 million net to Pan Orient). Additional commitments for the second to fourth year PSC extension will be determined on a year-by-year basis through submission of a work program and approval from the GOI. During the four year exploration extension period, the joint venture has the option of exiting or continuing with the PSC on an annual basis. The final remaining PSC area after the extension is 1,245.56 square kilometers, representing 20% of the original PSC area.

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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