



PAN ORIENT ENERGY CORP.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018**

March 10, 2020

Management's Discussion and Analysis

The following Management's Discussion and Analysis ("MD&A") of the operating and financial results of Pan Orient Energy Corp. ("Pan Orient" or the "Company") is prepared effective March 10, 2020 and should be read in conjunction with the audited consolidated financial statements and notes thereto for the years ended December 31, 2019 and December 31, 2018. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

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.

Pan Orient holds a 71.8% equity interest in Andora. The accounts of Andora are included in the consolidated financial statements and the 28.2% of non-controlling interest in the net assets of Andora are identified separately from the Company's shareholders' equity.

Pan Orient holds a 50.01% equity interest in Pan Orient Energy (Siam) Ltd. as a joint arrangement where the Company shares joint control with the 49.99% equity interest holder. The resulting joint arrangement is classified as a Joint Venture under IFRS 11 and is accounted for using the equity method of accounting where Pan Orient's 50.01% equity interest in the assets, liabilities, working capital, operations and capital expenditures of Pan Orient Energy (Siam) Ltd. are recorded in Investment in Thailand Joint Venture.

Please note that all amounts are in Canadian dollars unless otherwise stated, translation of items denominated in foreign currencies as at December 31, 2019 into Canadian dollars using December 31, 2019 exchange rates, represent the net amount to Pan Orient's interests unless otherwise stated, and BOPD refers to barrels of oil per day.

Forward-Looking Statements

This MD&A contains forward-looking information within the meaning of securities laws. Forward-looking statements and information concerning anticipated financial performance are based on management's assumptions using information currently available. Material factors or assumptions used to develop forward-looking information include potential business prospects, growth strategies, the ability to add production and reserves through development and exploration activities, projected capital costs, government legislation, well performance, the ability to market production, the commodity price environment and quality differentials and exchange rates. Although management considers its assumptions to be reasonable based on these factors, they may prove to be incorrect.

Forward-looking information is generally identifiable by the terminology used, such as "expect", "believe", "estimate", "should", "anticipate" and "potential" or other similar wording. Forward-looking information in this MD&A includes, but is not limited to, references to: renewal, extension or termination of oil and gas concessions and production sharing contracts; other regulatory approvals; well drilling programs and drilling plans; estimates of reserves and potentially recoverable resources, information on future production and project start-ups, and status of farmout and other transactions; potential purchases of common shares under the normal course issuer bid; and sufficiency of financial resources. By their very nature, the forward-looking statements contained in this MD&A require Pan Orient and its management to make assumptions that may not materialize or that may not be accurate. The forward-looking information contained in this MD&A is subject to known and unknown risks and uncertainties and other factors, which could cause actual results, expectations, achievements or performance to differ materially, including without limitation: imprecision of reserves estimates and estimates of recoverable quantities of oil, changes in project schedules, operating and reservoir performance, the effects of weather and climate change, the results of exploration and development drilling and related activities, changes in demand for oil and gas, the results of commercial negotiations, the timing and outcome of applications for government approvals, other technical and economic factors or revisions and other factors, many of which are beyond the control of Pan Orient. Although Pan Orient believes that the expectations reflected in its forward-looking statements are reasonable, it can give no assurances that the expectations of any forward-looking statements will prove to be correct.

The Company has provided or may provide forward-looking information with respect to reserves and resources estimates related to Thailand, Indonesia and Canada and estimated costs associated with work commitments in Thailand, Indonesia and Canada. Reserves and resources estimates are prepared by independent reservoir engineers and there are numerous uncertainties inherent in estimating quantities of oil and the cash flows to be derived therefrom. In general, estimates of economically recoverable volumes and the associated future net cash flows are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserves recovery, timing and amount of capital expenditures, marketability of commodities, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary from actual results. All such estimates are to some degree speculative, and classifications of reserves and resources volumes are only attempts to define the degree of speculation involved. The Company's actual production, revenues and development and operating expenditures with respect to its reserves and resources estimates will vary from estimates thereof and such variations could be material. The Company's estimated commitments are based on internally-prepared budgets and assumptions and, in the case where a tender process has been completed, actual contracted amounts. The estimated expenditures as provided by management will vary from the actual amounts required to carry out these commitments, and the difference may be significant.

Because forward-looking information addresses future events and conditions, it involves risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking information. These risks and uncertainties include, but are not limited to: commodity price volatility; well performance and marketability of production; transportation and refining availability and costs; exploration and development costs; the recoverability of estimated reserves and resources volumes; the Company's ability to add reserves through development and exploration activities; fluctuations in currency exchange rates; and changes in government legislation and regulations, including royalty and tax laws.

The forward-looking statements contained herein are as of March 10, 2020 and are subject to change after this date. Readers are cautioned that the foregoing list of factors that may affect future results is not exhaustive and as such undue reliance should not be placed on forward-looking statements. Except as required by applicable securities laws, with the exception of events or circumstances that occurred during the period to which this MD&A relates that are reasonably likely to cause actual results to differ materially from material forward-looking information that was previously disclosed to the public, the Company disclaims any intention or obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

Non-IFRS Measures

Management uses and reports certain non-IFRS measures in the evaluation of operating and financial performance. Unless identified as a non-IFRS measure in this section all amounts presented in this MD&A are calculated in accordance with IFRS.

Total corporate adjusted funds flow from (used in) operations is cash flow from (used in) operating activities prior to changes in non-cash working capital, unrealized foreign exchange gain or loss plus the corresponding amount from the Thailand operations which is recorded in Joint Venture for financial statement purposes. This measure is used by management to analyze operating performance and leverage. Adjusted funds flow as presented does not have any standardized meaning prescribed by IFRS and therefore it may not be comparable with the calculation of similar measures of other entities. Adjusted funds flow is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS.

The Company's 50.01% equity interest in Pan Orient Energy (Siam) Ltd. is accounted for under the equity method as an Investment in Joint Venture. Adjusted funds flow from Investment in Joint Venture is the Company's net interest of the cash generated from operating activities from continuing operations before changes in non-cash working capital from Pan Orient Energy (Siam) Ltd.

The following table reconciles adjusted funds flow from (used in) operations to cash flow from (used in) operating activities, which is the most directly comparable measure calculated in accordance with IFRS:

(\$thousands)	Three months ended December 31		Year ended December 31	
	2019	2018	2019	2018
Cash flow used in operating activities	(338)	(245)	(2,554)	(2,407)
Changes in non-cash working capital	(245)	(106)	436	706
Unrealized foreign exchange gain (loss)	(316)	1,323	(1,007)	2,047
Share of adjusted funds flow from Investment in Joint Venture	4,089	2,029	19,984	5,171
Total corporate adjusted funds flow from operations	3,190	3,001	16,859	5,517

Total corporate adjusted funds flow from operations, total corporate adjusted funds flow from operations per barrel and total corporate adjusted funds flow from operations per share (basic and diluted) do not have standardized meanings prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. Adjusted funds flow is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS. All references to total corporate adjusted funds flow from operations throughout this MD&A is cash flow from operating activities prior to changes in non-cash working capital, unrealized foreign exchange gain or loss plus the corresponding amount from Pan Orient's 50.01% interest in the Thailand operations which is recorded in Investment in Joint Venture for financial statement purposes. Pan Orient has a 50.01% ownership interest in Pan Orient Energy (Siam) Ltd., but does not have any direct interest in, or control over, the crude oil reserves, operations or working capital of on-shore Concession L53. Basic and diluted total corporate adjusted funds flow from operations per share is calculated in the same manner as basic and diluted earnings or loss per share.

The term "field netback" is a non-IFRS measure that does not have a standardized meaning prescribed by IFRS. Pan Orient believes the term provides useful information to investors. "Field netback" is calculated by subtracting royalty, transportation and operating expenses from revenues.

Petroleum and Natural Gas Properties

The Company's interests in principal properties are divided into three distinct groups: 1) partially developed concession located onshore Thailand, held by Pan Orient Energy (Siam) Ltd.; 2) undeveloped onshore interests in an Indonesian Production Sharing Contract ("PSC"); and 3) undeveloped Canadian oil sands leases, held by Andora.

Thailand

Concession L53

At December 31, 2019, the Company held a 50.01% equity interest in Pan Orient Energy (Siam) Ltd. which is the operator of and holds a 100% working interest in Concession L53/48 ("Concession L53") in Thailand. Concession L53 is partially developed, has oil production and an active exploration and development program.

Pan Orient's 50.01% equity interest in Pan Orient Energy (Siam) Ltd. is classified as a Joint Venture under IFRS and accounted for using the equity method. As a jointly controlled Joint Venture, Pan Orient's 50.01% equity interest in the working capital, assets, capital expenditures, liabilities and operations of Pan Orient Energy (Siam) Ltd. are recorded as Investment in Thailand Joint Venture. Pan Orient's 50.01% equity interest in Pan Orient Energy (Siam) Ltd. is the Company's only investment in Thailand.

Pan Orient Energy (Siam) Ltd. holds a 100% interest in Thailand Concession L53, which has oil production, development and exploration operations. Concession L53 is located approximately 60 kilometers west of Bangkok and consists of 24.44 square kilometers associated with the L53-A, L53-B, L53-D, L53-G and L53-DD fields that are held through production licenses (with a 20 year primary term ending from 2030 to 2037 plus an additional 10 year renewal period that can be applied for) and a 211.69 square kilometer reserved area of exploration lands for a period of up to five years with the payment of a surface reservation fee, which is reimbursable through work program expenditures. The reserved area of 211.69 square kilometers, reduced from the 955.74 square kilometers of exploration lands at January 7, 2016, encompasses all of the remaining prospects defined within Concession L53 and is based on full coverage 3D seismic data. Pan Orient Energy (Siam) Ltd. has submitted a production license application for the L53-AA South field, and will submit production license application for the L53-AA field (discovered with the L53-AA2 well). The reserved areas will expire in January 2021 after which only the production license areas will be retained. Crude oil revenue at Concession L53 is from sale of oil production to a refinery owned by the Thai National Oil Company.

The December 31, 2019 independent reserves evaluation for Thailand on-shore Concession L53 was prepared for Pan Orient Energy (Siam) Ltd., which is the operator and has a 100% working interest. The evaluation was conducted by Sproule International and was prepared in accordance with Canadian Securities Administrators National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities. Pan Orient has a 50.01% ownership interest in Pan Orient Energy (Siam) Ltd., but does not have any direct interest in, or control over, the crude oil reserves or operations of on-shore Concession L53. The values at December 31, 2019 identified as "Net to Pan Orient's 50.01% Equity Interest in Pan Orient Energy (Siam) Ltd." represent 50.01% of Pan Orient Energy (Siam) Ltd. reserves and values. Net to Pan Orient's 50.01% equity interest in Pan Orient Energy (Siam) Ltd., proved plus probable crude oil reserves were 1,834,000 barrels at December 31, 2019 from conventional sandstone reservoirs. Net to Pan Orient's 50.01% equity interest in Pan Orient Energy (Siam) Ltd., proved, probable and possible crude oil reserves were 3,789,000 barrels at December 31, 2019. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.

Indonesia

East Jabung PSC

Pan Orient holds a 49% non-operated interest in the East Jabung PSC located onshore Sumatra. Pan Orient was awarded the 6,227.72 square kilometers East Jabung PSC in 2011 and relinquished approximately 3,280 square kilometers of the East Jabung PSC's offshore area in 2014. A 440 kilometer 2D seismic program was completed in 2014. On June 1, 2015 Pan Orient completed a farm-out of a 51% participating interest and operatorship of the East Jabung PSC to a subsidiary of Repsol S.A. Pan Orient received an upfront cash payment of USD\$8 million, a firm commitment by the farminee to fund the first USD\$10.3 million towards the first exploration well and a contingent commitment to fund the first USD\$5.1 million towards an appraisal well, if justified.

In 2017, the Ayu-1X and Elok-1X wells were drilled but did not encounter commercial hydrocarbons. Drilling of the Ayu-1X and Elok-1X exploration wells satisfied the East Jabung PSC firm commitment of two exploration wells to be drilled prior to the expiry of the six year exploration phase. On January 11, 2019, the East Jabung PSC received approval for a four year exploration extension period of the PSC to January 20, 2023. The final remaining East Jabung PSC area after the extension is 1,245.56 square kilometers, representing 20% of the original PSC area. During the four year exploration extension period, the joint venture has the option of exiting or continuing with the East Jabung PSC on an annual basis. The Anggun-1X exploration well was drilled in the fourth quarter of 2019 but did not encounter commercial hydrocarbons. The operator of the East Jabung PSC has provided notice to the Government of Indonesia of withdrawal from the East Jabung PSC and Pan Orient is withdrawing from operations in Indonesia.

Canada

Andora is a private oil company, in which Pan Orient has a 71.8% ownership. As at December 31, 2019, Andora has interests in 78 sections (34.7 net sections) of Sawn Lake Alberta Crown oil sands within the central Alberta Peace River Oil Sands area. Andora is focused on developing the bitumen resources at the Sawn Lake property using steam assisted gravity drainage ("SAGD") development.

The Sawn Lake property is in a pre-commercial stage and the commercial viability of the SAGD recovery process at Sawn Lake has not yet been established. No proved or probable reserves were assigned at December 31, 2019.

A SAGD demonstration project at Sawn Lake commenced in 2013 and is located in the Central Block of Sawn Lake where Andora is the operator and holds a 50% working interest. The demonstration project consisted of one SAGD well pair drilled to a depth of 650 meters and a horizontal length of 780 meters and the SAGD facility for steam generation, water handling and bitumen treating. Steam injection commenced in May 2014 and produced bitumen from September 2014 to February 2016. The demonstration project successfully captured the key data associated with the objectives of the demonstration project and operations were suspended at the end of February 2016. The demonstration project has proven that the SAGD process works in the Bluesky formation at Sawn Lake, established characteristics of ramp up through stabilization of SAGD performance, indicated the productive capability, instantaneous steam-oil ratio ("ISOR"), and provided critical information required for well and facility design associated with future commercial development. Production results to date are not necessarily indicative of long-term performance or of ultimate recovery and the Sawn Lake demonstration project has not yet proven that it is commercially viable.

A September 30, 2019 Contingent Bitumen Resources Report ("Resources Report") by Sproule Associates Limited evaluated Andora's oil sands interests at Sawn Lake Alberta, Canada using Steam Assisted Gravity Drainage ("SAGD"). The Resources Report assigned an 85% chance of development for Sawn Lake, and the risked "Best Estimate" contingent resources for Andora are 193.6 million barrels of bitumen recoverable (139.0 million barrels net to Pan Orient's 71.8% interest in Andora) assigned to the Sawn Lake Central and the Sawn Lake South blocks of Sawn Lake, both of which are operated by Andora.

Andora is the operator of five oil sands leases with 36 gross sections (30.5 net sections) at Sawn Lake, where it has a working interest of either 50% or 100%. These five leases operated by Andora contain 100% of contingent resources assigned in the September 30, 2019 evaluation by Sproule Associates Limited. Six oil sands leases are operated by another company with 11 gross sections (1.1 net sections), where Andora is a non-operator with a 10% working interest. These non-operated leases had no contingent resources assigned in the September 30, 2019 evaluation.

Regulatory approval was received on December 5, 2017 for potential commercial expansion to 3200 BOPD at the Sawn Lake, Alberta SAGD project (in which Andora has a 50% working interest and is the operator) using Andora's proprietary Produced Water Boiler. Commercial expansion to 3200 BOPD would include a reactivation of the demonstration project SAGD facility and existing wellpair, drilling of an additional four wellpairs and expansion of the facility to generate the additional necessary steam. It is anticipated that additional steam generation would include the test installation of the Andora proprietary Produced Water Boiler. Andora believes that its Produced Water Boiler could achieve significant benefits for Sawn Lake SAGD field and enable development using a series of "battery scale" SAGD facilities (as supposed to a central processing facility). The lead time to acquiring the necessary equipment and commencing operations would be approximately 18 months and another 6 months is required for the start of bitumen production (after development of the steam chamber). An expansion is dependent on completion of detailed engineering and a higher commodity price environment to support project economics and financing.

Summarized financial information with respect to Andora is as follows:

Andora Energy Corporation (\$thousands)	As at and for the Three months ended December 31		As at and for the Year ended December 31	
	2019	2018	2019	2018
Total assets	85,197	84,610	85,197	84,610
Total liabilities	9,291	9,397	9,291	9,397
Adjusted funds flow used in operations	(49)	(12)	(227)	(276)
Net income (loss)	(84)	(77)	628	(375)

Financial and Operating Summary
(thousands of Canadian dollars except where indicated)

	Three Months Ended December 31,		Year Ended December 31,		% Change
	2019	2018	2019	2018	
FINANCIAL					
Financial Statement Results – Excluding 50.01% Interest in Thailand Joint Venture (Note 1)					
Net income (loss) attributed to common shareholders	(26,856)	1,409	(25,304)	(40)	
Per share – basic and diluted	\$ (0.49)	\$ 0.03	\$ (0.46)	\$ (0.00)	
Cash flow from (used in) operating activities (Note 2)	(338)	(245)	(2,554)	(2,407)	6%
Per share – basic and diluted	\$ (0.01)	\$ (0.00)	\$ (0.05)	\$ (0.04)	6%
Cash flow from (used in) investing activities (Note 2)	(7,762)	(1,052)	(2,583)	(5,500)	-53%
Per share – basic and diluted	\$ (0.14)	\$ (0.02)	\$ (0.05)	\$ (0.10)	-53%
Cash flow used in financing activities (Note 2)	(718)	-	(706)	-	0%
Per share – basic and diluted	\$ (0.01)	-	\$ (0.01)	-	0%
Working capital	21,554	32,546	21,554	32,546	-34%
Working capital & non-current deposits	22,158	33,139	22,158	33,139	-33%
Long-term debt	-	-	-	-	0%
Shares outstanding (thousands)	54,496	54,900	54,496	54,900	-1%
Capital Commitments (Note 3)	719	738	719	738	-3%
Working Capital and Non-current Deposits					
Beginning of period – Excluding Thailand Joint Venture	32,458	32,993	33,139	36,897	-10%
Adjusted funds flow from (used in) operations (excluding Thailand joint venture) (Note 5)	(898)	972	(3,125)	346	-1003%
Issuance of common shares	-	-	222	-	0%
Consolidated capital expenditures (Note 7)	(8,433)	(998)	(12,833)	(4,256)	202%
Amounts (advanced to) received from Thailand Joint Venture	(7)	31	(519)	159	-426%
Disposal of petroleum and natural gas assets (Note 8)	-	-	-	133	-100%
Dividend received from Thailand Joint Venture	-	-	6,624	-	0%
Finance lease payments	(47)	-	(130)	-	0%
Normal course issuer bid	(671)	-	(798)	-	0%
Effect of foreign exchange	(244)	141	(422)	(140)	201%
End of period - Excluding Thailand Joint Venture	22,158	33,139	22,158	33,139	-33%
Pan Orient 50.01% interest in Thailand Joint Venture Working Capital and Non-Current Deposits	10,493	6,385	10,493	6,385	64%
Economic Results – Including 50.01% Interest in Thailand Joint Venture (Note 7)					
Total corporate adjusted funds flow from (used in) operations by region (Note 5)					
Canada (Note 6)	(593)	1,021	(2,692)	651	-514%
Thailand (Note 17)	(9)	(7)	(41)	(32)	28%
Indonesia	(296)	(42)	(392)	(273)	44%
Adjusted funds flow from (used in) operations (excl. Thailand Joint Venture)	(898)	972	(3,125)	346	-1003%
Share of Thailand Joint Venture (Note 7)	4,089	2,029	19,984	5,171	286%
Total corporate adjusted funds flow from operations	3,191	3,001	16,859	5,517	206%
Per share – basic and diluted	\$ 0.06	\$ 0.05	\$ 0.31	\$ 0.10	205%
Capital Expenditures – Petroleum and Natural Gas Properties (Note 7)					
Canada (Note 6)	205	233	604	897	-33%
Indonesia	8,228	765	12,229	3,359	264%
Consolidated capital expenditures (excl. Thailand Joint Venture)	8,433	998	12,833	4,256	202%
Share of Thailand Joint Venture capital expenditures	2,872	2,321	9,113	3,835	138%
Total capital expenditures (incl. Thailand Joint Venture)	11,305	3,319	21,946	8,091	171%
Disposition – Petroleum and Natural Gas Properties (Note 8)	-	-	-	(133)	-100%
Investment in Thailand Joint Venture					
Beginning of period	32,898	32,864	34,504	32,185	7%
Net income from Joint Venture	1,186	492	4,890	114	4189%
Other comprehensive gain from Joint Venture	37	1,179	839	2,364	-65%
Dividend paid	-	-	(6,624)	-	0%
Amounts (received from) advanced to Joint Venture	7	(31)	519	(159)	-426%
End of period	34,128	34,504	34,128	34,504	-1%

	Three Months Ended December 31,		Year Ended December 31,		% Change
	2019	2018	2019	2018	
<i>(thousands of Canadian dollars except where indicated)</i>					
Thailand Operations					
Economic Results –50.01% Interest in Thailand Joint Venture (Note 4)					
Oil sales (bbls)	113,324	33,702	386,877	91,090	325%
Average daily oil sales (BOPD) by Concession L53	1,232	366	1,060	250	325%
Average oil sales price, before transportation (CDN\$/bbl)	\$ 62.64	\$ 83.75	\$ 74.65	\$ 84.82	-12%
Reference Price (volume weighted) and differential					
Crude oil (Brent \$US/bbl)	\$ 63.32	\$ 64.54	\$ 63.91	\$ 69.62	-8%
Exchange Rate \$US/\$Cdn	1.34	1.34	1.35	1.32	2%
Crude oil (Brent \$Cdn/bbl)	\$ 84.96	\$ 86.78	\$ 86.48	\$ 91.91	-6%
Sale price / Brent reference price	74%	97%	86%	92%	-6%
Adjusted funds flow from (used in) operations (Note 5)					
Crude oil sales	7,099	2,823	28,882	7,727	274%
Government royalty	(369)	(137)	(1,503)	(379)	297%
Transportation expense	(272)	(68)	(934)	(172)	443%
Operating expense	(846)	(386)	(2,385)	(1,236)	93%
Field netback	5,612	2,232	24,060	5,940	305%
General and administrative expense (Note 9)	(299)	(227)	(953)	(835)	14%
Interest income	21	21	43	37	16%
Foreign exchange gain (loss)	23	(4)	68	(3)	-2367%
Current income tax	(1,277)	-	(3,275)	-	0%
Thailand - Adjusted funds flow from operations	4,080	2,022	19,943	5,139	288%
Adjusted funds flow from (used in) operations / barrel (CDN\$/bbl) (Note 5)					
Crude oil sales	\$ 62.64	\$ 83.75	\$ 74.65	\$ 84.82	-12%
Government royalty	(3.26)	(4.07)	(3.88)	(4.16)	-7%
Transportation expense	(2.40)	(2.02)	(2.41)	(1.89)	28%
Operating expense	(7.47)	(11.45)	(6.16)	(13.57)	-55%
Field netback	\$ 49.52	\$ 66.21	\$ 62.19	\$ 65.20	-5%
General and administrative expense (Note 9)	(2.64)	(6.74)	(2.46)	(9.17)	-73%
Interest Income	0.19	0.62	0.11	0.41	-73%
Foreign exchange gain (loss)	0.20	(0.12)	0.18	(0.03)	-634%
Current income tax	(11.27)	-	(8.47)	-	0%
Thailand – Adjusted funds flow from operations	\$ 36.00	\$ 59.97	\$ 51.55	\$ 56.41	-9%
Government royalty as percentage of crude oil sales	5%	5%	5%	5%	0%
Income tax & SRB as percentage of crude oil sales	18.0%	-	11.3%	-	0%
As percentage of crude oil sales					
Expenses - transportation, operating, G&A and other	19%	24%	14%	28%	-14%
Government royalty, SRB and income tax	23%	5%	17%	5%	12%
Adjusted funds flow from operations, before interest income	57%	72%	69%	67%	3%
Wells drilled					
Gross	1	2	7	2	250%
Net	0.5	1	3.5	1	250%
Financial Statement Presentation					
Results – Excl. 50.01% Interest in Thailand Joint Venture (Note 1)					
General and administrative expense (Note 9)	(9)	(7)	(41)	(32)	28%
Adjusted funds flow used in consolidated operations	(9)	(7)	(41)	(32)	28%
Adjusted fund flow included in Investment in Thailand Joint Venture					
Net income from Thailand Joint Venture	1,186	492	4,890	114	4189%
Add back non-cash items in net loss	2,903	1,537	15,094	5,057	198%
Adjusted funds flow from Thailand Joint Venture	4,089	2,029	19,984	5,171	286%
Thailand – Economic adjusted funds flow from operations (Note 4)	4,080	2,022	19,943	5,139	288%

	Three Months Ended December 31,		Year Ended December 31,		% Change
	2019	2018	2019	2018	
<i>(thousands of Canadian dollars except where indicated)</i>					
Canada Operations (Note 6)					
Interest income	119	105	397	494	-20%
General and administrative expenses (Note 9)	(397)	(420)	(2,082)	(1,910)	9%
Realized foreign exchange gain	1	13	1	20	-95%
Unrealized foreign exchange loss (Note 16)	(316)	1,323	(1,008)	2,047	-149%
Canada – Adjusted funds flow from (used in) operations	(593)	1,021	(2,692)	651	-514%
Indonesia Operations					
General and administrative expense (Note 9)	(274)	(63)	(442)	(255)	73%
Exploration recovery	-	30	-	-	0%
Realized foreign exchange gain (loss)	(22)	(9)	50	(18)	-378%
Indonesia – Adjusted funds flow used in operations	(296)	(42)	(392)	(273)	44%

	Year Ended December 31,		% Change
	2019	2018	
<i>(thousands of Canadian dollars except where indicated)</i>			
RESERVES AND CONTINGENT RESOURCES			
Onshore Thailand – Concession L53 (50.01% economic interest) (Note 1)	(Note 11)	(Note 10)	
Proved oil reserves (thousands of barrels)	618	451	37%
Proved plus probable oil reserves (thousands of barrels)	1,834	1,366	34%
Net present value of proved + probable reserves, after tax discounted at 10%	43,690	39,507	11%
Per Pan Orient share – basic (Note 12)	\$ 0.80	\$ 0.72	11%
Canada (Pan Orient's 71.8% share of the oil sands leases of Andora at Sawn Lake, Alberta)	(Note 13)		

INTERNATIONAL INTERESTS AT DECEMBER 31, 2019

<i>All amounts reflect Pan Orient's economic interest</i>	Status	Net Square Kilometers	December 31, 2019 Financial Commitments (Cdn thousands)	2019 Avg. Production (BOPD)	P+P Reserves (thousands of barrels)
Onshore Thailand Concession (Recorded in Investment in Joint Venture)					
L53/48 (Pan Orient 50.01% ownership in Pan Orient Energy (Siam) Ltd. as at December 31, 2019) (Note 1 & 14)	Partially developed	119	- to January 2021 (Note 14)	1,060	1,834
Onshore Indonesia PSC (Consolidated subsidiary)					
East Jabung PSC, South Sumatra (49% interest & non-operator) (Note 15)	Undeveloped	610	- to January 2020		
		729	-		

- Pan Orient holds a 50.01% equity interest in Pan Orient Energy (Siam) Ltd. as a joint arrangement where the Company shares joint control with the 49.99% equity interest holder. The resulting joint arrangement is classified as a Joint Venture under IFRS 11 and is accounted for using the equity method of accounting where Pan Orient's 50.01% equity interest in the assets, liabilities, working capital, operations and capital expenditures of Pan Orient Energy (Siam) Ltd. are recorded in Investment in Thailand Joint Venture.
- As set out in the Consolidated Statements of Cash Flows in the Consolidated Financial Statements of Pan Orient Energy Corp.
- Refer to Commitments note disclosure of the December 31, 2019 and December 31, 2018 Consolidated Financial Statements.
- For the purpose of providing more meaningful economic results from operations for Thailand, the amounts presented include 50.01% of results of the Thailand Joint Venture. Pan Orient has a 50.01% ownership interest in Pan Orient Energy (Siam) Ltd., but does not have any direct interest in, or control over, the crude oil reserves, operations or working capital of on-shore Concession L53.
- Total corporate adjusted funds flow from operations is cash flow from operating activities prior to changes in non-cash working capital, unrealized foreign exchange gain or loss plus the corresponding amount from Pan Orient's 50.01% interest in the Thailand Joint Venture which is recorded in Joint Venture for financial statement purposes. This measure is used by management to analyze operating performance and leverage. Adjusted funds flow as presented does not have any standardized meaning prescribed by IFRS and therefore it may not be comparable with the calculation of similar measures of other entities. Adjusted funds flow is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS.
- The Sawn Lake Demonstration Project in Alberta has not yet proven that it is commercially viable and all related costs and revenues are being capitalized as exploration and evaluation assets until commercial viability is achieved.
- Cost of capital expenditures excluded decommissioning costs, the impact of changes in foreign exchange and capitalized stock-based compensation expense.

- (8) In 2018, the Sawn Lake joint venture sold some inventory of pipe to outside third party.
- (9) General & administrative expenses, excluding non-cash accretion on decommissioning provision. The nominal amount of G&A shown in the three months and year ended 2019 and 2018 for Thailand operations related to G&A of the holding company of Pan Orient Energy (Siam) Ltd.
- (10) Thailand reserves as at December 31, 2018 as evaluated by Sproule International Limited of Calgary assessed at forecast crude oil reference prices and costs. The US\$ reference price for crude oil per barrel (US\$ UK Brent per barrel) in the evaluation is \$70.00 for 2019, \$72.00 for 2020, \$73.00 for 2021, \$74.46 for 2022, \$75.95 for 2023, and prices increase at 2.0% per year thereafter. Foreign exchange rate used of Cdn\$1=US\$0.77 for 2019, Cdn\$1=US\$0.80 for 2020 and Cdn\$1=US\$0.80 thereafter. The engineered values disclosed may not represent fair market value.
- (11) Thailand reserves as at December 31, 2019 as evaluated by Sproule International Limited of Calgary assessed at forecast crude oil reference prices and costs. The US\$ reference price for crude oil per barrel (US\$ UK Brent per barrel) in the evaluation is \$65.00 for 2020, \$68.00 for 2021, \$70.00 for 2022, \$71.40 for 2023, \$72.83 for 2024 and prices increase at 2.0% per year thereafter. Foreign exchange rate used of Cdn\$1=US\$0.76 for 2020, Cdn\$1=US\$0.77 for 2021 and Cdn\$1=US\$0.80 thereafter. The engineered values disclosed may not represent fair market value.
- (12) Per share values calculated based on 54,496,007 and 54,900,407 Pan Orient Shares outstanding at December 31, 2019 and 2018, respectively.
- (13) The evaluation of Andora's contingent resources of the oil sands project at Sawn Lake Alberta, Canada as at September 30, 2019 was conducted by Sproule Associates Limited. The evaluation assigned an 85% chance of development for Sawn Lake, or a 15% development risk, and the risked "Best Estimate" contingent resources for Andora were 193.6 million barrels of bitumen recoverable (139.0 million barrels net to Pan Orient's interest in Andora). Andora's unrisks "Best Estimate" contingent resources were 227.8 million barrels (163.6 million net to Pan Orient's interest in Andora) of recoverable bitumen as at September 30, 2019.
- (14) At December 31, 2019 Concession L53/48 in Thailand consisted of 24.44 square kilometers associated with the L53-A, L53-B, L53-D, L53-G and L53-DD fields held through production licenses (with a 20 year primary term to January 7, 2036 plus an additional 10 year renewal period that can be applied for) and 211.69 square kilometers of "reserved area" exploration lands. The Company has submitted the application for the production license for the L53-AA South field and approval is expected to be received in approximately June of 2020. The "reserved area" exploration lands expire on January 7, 2021.
- The original nine year exploration period for Concession L53 expired on January 7, 2016. The Government of Thailand approved a 215.87 square kilometer "reserved area" within Concession L53 for up to five years, with the payment of a surface reservation fee of \$0.8 million gross (\$0.4 million net to Pan Orient), for each year the Company elects to retain the reserved area. The Company 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. The Company 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.
- (15) Pursuant to a June 1, 2015 farmout agreement, the Company transferred a 51% direct working interest and operatorship of the East Jabung PSC. The farminee committed to funding US\$10.2 million towards the first and second exploration wells and a contingent commitment to fund the first US\$5.1 million towards an appraisal well, if justified. The drilling of the Ayu-1X and Elok-1X exploration wells in 2017 qualified for the two wells under the firm 3 year exploration work program. The original November 21, 2017 expiry date of the East Jabung PSC was extended by the Government of Indonesia to January 20, 2019. On January 11, 2019 the East Jabung PSC joint venture received approval for a four year exploration extension period with an exploration area of 1,245.56 square kilometers, where the joint venture has the option of exiting or continuing with the PSC on an annual basis. The Anggun-1X well was drilled in the fourth quarter of 2019. In January 2020 the PSC joint venture provided notice to the Government of Indonesia of withdrawal from the East Jabung PSC.
- (16) Realized and unrealized foreign exchange gain or loss mainly related to the U.S. dollars denominated cash balances held in Canada.
- (17) The nominal amount of G&A shown in the three months and year ended 2019 and 2018 for Thailand operations related to G&A of the holding company of Pan Orient Energy (Siam) Ltd.
- (18) Tables may not add due to rounding.

2019 HIGHLIGHTS

Thailand (net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture)

- Successful 2019 drilling program with two new producing wells at the L53-DD field (L53-DD3 and L53-DD4 appraisal wells), discovery of the L53-AA South field with the L53-DD5ST1 exploration well and production from the new L53-B1 appraisal well. These four wells added 447 BOPD of average oil sales in 2019.
- Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, oil sales from Concession L53 in 2019 increased to 1,060 BOPD from 249 BOPD in 2018 (a 325% increase) based on the strength of the L53-DD field discovered in October 2018. Oil sales by field in 2019 were 843 BOPD from L53DD, 94 BOPD from L53G, 59 BOPD from L53A, 36 BOPD from L53D, 9 BOPD from L53B and 19 BOPD from the new L53AA South field which commenced production in November 2019. The L53-DD Production License was approved by the Government of Thailand on April 25, 2019.
- The 2019 Concession L53 field netback per barrel was \$62.19 per barrel compared with \$65.20 in 2018. The realized oil price in 2019 decreased \$10.17 per barrel, or 12%, due to an 8% lower Brent crude oil reference price and a temporary higher differential to Brent during the fourth quarter before new oil sales contracts were established to adjust for the IMO 2020 regulations which came into effect January 1, 2020. Largely offsetting the realized oil price decline was a 55% reduction in operating expenses to \$6.16 per barrel (from \$13.57 per barrel in 2018). Effective February 1, 2020 a new crude oil sales agreement was agreed to that would see, on a comparable basis, the average 26% discount to Brent experienced through the October to December 2019 period reduced to a 2.75% discount to Brent.
- Strong 2019 financial results in Thailand net to Pan Orient's share of the Thailand Joint Venture with adjusted funds flow from operations of \$19.9 million funding capital expenditures of \$9.1 million, a \$6.6 million dividend to Pan Orient in August 2019, and increasing Thailand Joint Venture working capital and long-term deposits at December 31, 2019 to \$10.5 million.
- December 31, 2019 reserve report assigned proved plus probable crude oil reserves of 1.8 million barrels, net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture (an increase of 34%) and a net present value using forecast prices and costs discounted at 10% per year of \$43.7 million (an increase of 11%). Positive technical revisions of proved plus probable reserves were reported for each of the five existing L53/48 fields totaling 1,548,000 barrels (57% of December 31, 2018 proved plus probable reserves) based on reservoir performance. The reserve report also assigned 2.0 million barrels of possible reserves, up from 1.6 million barrels at December 31, 2018. It is noted that the December 31, 2019 reserve report assumed a realized price which is at a 10% discount to the Brent reference oil price.

Indonesia East Jabung Production Sharing Contract (Pan Orient is non-operator with a 49% ownership interest)

- The Anggun-1X exploration well in the East Jabung Production Sharing Contract ("PSC") was drilled in the fourth quarter of 2019. The main targets were the Gumai sandstone zone, which indicated minor amounts of oil and gas but predominantly water, and Batu Raja limestone zone which proved to be a tight, low permeability limestone with no reservoir potential. The well was subsequently plugged and abandoned. The estimated cost of the well was \$15.1million net to Pan Orient, with \$3.3 million reported in 2018 and \$11.8 million reported in 2019.
- The Operator of the East Jabung PSC has provided notice to the Government of Indonesia of withdrawal from the East Jabung PSC and Pan Orient is withdrawing from operations in Indonesia.
- In the fourth quarter of 2019 the Company reported a \$28.6 million impairment charge on East Jabung Exploration and Evaluation assets offset by the \$1.6 million associated reduction in accumulated other comprehensive income related to foreign currency translation for a net impairment expense of \$27.0 million.

Sawn Lake (Operated by Andora Energy Corporation, in which Pan Orient has a 71.8% ownership)

- Capital expenditures in 2019 for Andora were \$573 thousand for capital expenditures at Sawn Lake, capitalized operating expenses for the suspended demonstration project facility and wellpair at Sawn Lake Central and capitalized G&A.
- A September 30, 2019 Contingent Bitumen Resources Report ("Resources Report") by Sproule Associates Limited evaluated Andora's oil sands interests at Sawn Lake Alberta, Canada using Steam Assisted Gravity Drainage ("SAGD"). The Resources Report assigned an 85% chance of development for Sawn Lake, and the risked "Best Estimate" contingent resources for Andora are 193.6 million barrels of bitumen recoverable (139.0 million barrels net to Pan Orient's 71.8% interest in Andora) assigned to the Sawn Lake Central and the Sawn Lake South blocks, both of which are operated by Andora. The risked "Best Estimate" after tax net present value for Andora's interests is \$199 million discounted at 10% (\$143 million net to Pan Orient's 71.8% interest in Andora), and \$74 million discounted at 15% (\$53 million net to Pan Orient's 71.8% interest in Andora).

The Resources Report reflects the development plan for Sawn Lake Central and Sawn Lake South of staged development with five standardized "battery scale" SAGD facilities where growth is primarily funded by cash flow generated by the project. Full field development is with SAGD batteries of 5000 to 6000 BOPD each, which utilizes Andora's proprietary Produced Water Boiler ("PWB") technology using water from SAGD production to generate steam and meet water recycle requirements in Alberta. This strategy is intended to significantly reduce financial, reservoir and operating risk.

The first stage of Sawn Lake commercial development would be reactivation of the existing SAGD facility and wellpair at Sawn Lake Central (Andora operator with 50% working interest), and expansion to install the first PWB and drill an additional wellpair at an estimated cost of \$11 million net to Andora. A further potential expansion with the drilling of an additional three wellpairs plus facilities work, at an estimated cost of \$16 million net to Andora, would be to increase Andora's share of production from 620 BOPD to 1547 BOPD. Regulatory approval was received in December 2017 for commercial operation of the existing Sawn Lake Central project at 3200 BOPD (1600 BOPD net to Andora's 50%) using Andora's PWB. The lead time to acquiring the necessary equipment and commence operations would be approximately 18 months and another 6 months is required until the start of bitumen production (after development of the steam chamber).

- Andora is working with joint venture partners to assess commercial development at Sawn Lake and it is recognized that crude oil prices, and specifically Western Canada Select benchmark prices, and Government of Canada policy, will have a significant impact on project economics and financing, and on decisions regarding the timing and extent of future development.

Corporate

- Total corporate adjusted funds flow from operations (including Pan Orient's 50.01% equity interest in the Thailand Joint Venture) for 2019 of \$16.9 million (\$0.31 per share) with \$3.2 million (\$0.06 per share) in the fourth quarter of 2019, each as a result of strong Thailand oil production and netbacks.
- The loss attributable to common shareholders for 2019 was \$25.3 million (\$0.46 loss per share), with a loss of \$26.9 million (\$0.49 per share) in the fourth quarter of 2019, resulting from a net \$27.0 million impairment charge for the East Jabung Indonesia Exploration and Evaluation assets.
- Under the renewed normal course issuer bid Pan Orient is authorized to purchase, for cancellation, up to 4,504,064 of its common shares (10% of the public float) during the period of May 16, 2019 to May 16, 2020. To December 31, 2019 Pan Orient repurchased 654,400 common shares at an average price of \$1.22 per share.
- Pan Orient has a strong financial position at December 31, 2019 with working capital and non-current deposits of \$22.2 million and no long-term debt. In addition, the Thailand Joint Venture has \$10.5 million in working capital and long-term deposits, net to Pan Orient's 50.01% equity interest, and Thailand funds flow from operations will fund the 2020 Thailand exploration and development activities.

OUTLOOK

THAILAND

Concession L53 Onshore (Pan Orient Energy (Siam) Ltd., in which Pan Orient has 50.01% ownership)

Oil sales in January and February 2020 at Concession L53, net to Pan Orient's 50.01% interest, averaged 1,106 BOPD, with 1,041 BOPD in January and 1,177 BOPD in February.

The Thailand capital budget is \$12 million net to Pan Orient's 50.01% interest for 2020, with \$10 million firm and \$2 million contingent on oil prices, which includes the drilling of five exploration wells (including sidetracks), three development or appraisal wells (within the L53DD field), one L53DD water disposal well and a number of workovers. This program will be funded through Thailand cash flow.

The 2020 drilling program commenced with the drilling of the L53-DD6ST2 appraisal well which has been on production since February 11th. Oil production from the L53-DD6ST2 well February 15th to March 6th has averaged 409 BOPD (net to Pan Orient's 50.01% interest) from the BB/CC sand and a water cut of 1.1%. Test results are not necessarily indicative of long-term performance or ultimate recovery.

The L53-AA2 exploration well was the second well drilled in the program. Confirmation of the potential of this well through a 90 day production test period will commence as soon as approval from the Government of Thailand is received. The L53-AA1 exploration well, that was targeting a structural closure approximately 1.2 kilometers due south of the L53-AA2 well AA sand penetration, has been abandoned after failing to encounter oil bearing sands. L53-AA1 was immediately sidetracked (L53-AAST1), targeting a structural closure separate and up dip and due west of the L53-AA2 exploration well but also failed to encounter oil bearing sands.

The drilling rig will now be demobilized with the drilling program planned to re-start in the second half of April 2020 utilizing a new drilling rig under contract with a substantially reduced day rate in comparison to the rig that just completed drilling the L53AA pad wells. Drilling will recommence initially with a water disposal well at the L53DD well pad, followed by the L53-BB1 exploration well that is targeting multiple sands on trend and north of the L53-DD field and then the L53AC-E exploration well targeting the West A1-A4 fault compartments within the Kampaeng Saen basin, immediately north of the producing L53-D field. An additional two appraisal wells will also be drilled within the L53-DD field to complete this drilling program.

On January 7, 2021 the 211.69 square kilometers of "reserved area" exploration lands will expire and only exploration and development lands within production license areas will remain (with a 20 year primary term to January 7, 2036 plus an additional 10 year renewal period that can be applied for). Pan Orient Energy (Siam) Ltd. has 24.44 square kilometers associated with the L53-A, L53-B, L53-D, L53-G and L53-DD fields, has submitted a production license application for the L53-AA South field, and will submit production license applications for any other new discoveries. For this reason, the 2020 work program is focused on exploration drilling, and it is the intention that at the end of 2020 all main prospects will have been drilled and have production license applications approved.

CANADA

Sawn Lake (Operated by Andora Energy Corporation, in which Pan Orient has a 71.8% ownership)

These are uncertain times for bitumen producers, especially junior companies, with the challenges of volatile prices, pipeline egress, regulatory uncertainty and access to capital. Sawn Lake is a quality SAGD project that has regulatory approval, the right development plan based on Andora's proprietary produced water boiler and an existing facility that can be expanded for commercial production. Pan Orient is looking to have the project move forward in some manner for the benefit of Pan Orient shareholders.

Corporate

The Company maintains a strong cash position for conducting key exploration and development activities and to provide financial flexibility. Pan Orient is constantly reviewing its exploration and development asset portfolio in Thailand and Canada with the aim of maximizing corporate value and achieving the best allocation of resources. The near-term strategy for Pan Orient is to complete exploration drilling and development activities in Thailand prior to the “reserved area” exploration lands expiring in January 2021, and to monitor events impacting the Sawn Lake SAGD heavy oil project in the coming months to decide on how to best proceed.

Net income from Thailand Joint Venture

The Company holds a 50.01% equity interest in Pan Orient Energy (Siam) Ltd. (“POS”), which is considered a Joint Venture under IFRS and is accounted for using the equity method. Pan Orient has a 50.01% ownership interest in Pan Orient Energy (Siam) Ltd., but does not have any direct interest in, or control over, the crude oil reserves, operations or working capital of Concession L53. Distributions received from the joint venture reduce the carrying amount of the investment whereas funding to the joint venture increases 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 or loss includes its share of the joint venture’s other comprehensive income or loss.

Income from Joint Venture Pan Orient Energy (Siam) Ltd. (Net to Pan Orient 50.01%)	Three months ended December 31				Year ended December 31			
	2019		2018		2019		2018	
	\$000s	\$ per bbl	\$000s	\$ per bbl	\$000s	\$ per bbl	\$000s	\$ per bbl
Crude oil revenue	7,099	62.64	2,823	83.75	28,882	74.65	7,727	84.82
Government royalty	(369)	(3.26)	(137)	(4.07)	(1,503)	(3.88)	(379)	(4.16)
Transportation expense	(272)	(2.40)	(68)	(2.02)	(934)	(2.41)	(172)	(1.89)
Production and Operating expense	(846)	(7.47)	(386)	(11.45)	(2,385)	(6.16)	(1,236)	(13.57)
Field netback	5,612	49.52	2,232	66.21	24,060	62.19	5,940	65.20
General and administrative	(290)	(2.56)	(220)	(6.53)	(912)	(2.36)	(803)	(8.82)
Interest income	21	0.19	21	0.62	43	0.11	37	0.41
Foreign exchange gain (loss)	23	0.20	(4)	(0.12)	68	0.18	(3)	(0.03)
Current income tax expense	(1,277)	(11.27)	-	-	(3,275)	(8.47)	-	-
Adjusted funds flow from operations	4,089	36.08	2,029	60.20	19,984	51.65	5,171	56.76
Depletion, depreciation and amortization	(2,395)	(21.13)	(810)	(24.03)	(9,025)	(23.33)	(3,895)	(42.76)
Accretion	(17)	(0.15)	(2)	(0.06)	(54)	(0.14)	(49)	(0.54)
Exploration expense recovery	9	0.08	(121)	(3.59)	9	0.02	(173)	(1.90)
Deferred tax expense	(220)	(1.94)	(504)	(14.95)	(4,853)	(12.54)	(444)	(4.87)
Net income	1,466	12.94	592	17.57	6,060	15.66	610	6.69
Amortization of fair value adjustment	(280)	(2.47)	(100)	(2.97)	(1,170)	(3.02)	(496)	(5.45)
Net income from Joint Venture	1,186	10.47	492	14.60	4,890	12.64	114	1.24

Note: Tables may not add due to rounding

Crude oil revenue earned within Thailand Joint Venture, net to Pan Orient 50.01% equity interest

Oil sales from Concession L53 in Thailand averaged 1,232 and 1,060 BOPD during the three months and year ended December 31, 2019 compared to 366 and 250 BOPD during the three months and year ended December 31, 2018. Oil production was higher in 2019 than in 2018 in both comparative periods due to the new oil field discovery at L53-DD during the fourth quarter of 2018.

Oil sales revenue from Concession L53 was \$7.1 million and \$28.9 million for the three months and year ended December 31, 2019 compared to \$2.8 million and \$7.7 million during the same periods of 2018. Oil revenue for the three months and year ended December 31, 2019 were higher than in 2018 due to higher production offset by lower realized prices. The realized price per barrel was \$62.64 and \$74.65 for the three months and year ended December 31, 2019 compared to \$83.75 and \$84.82 during the same comparative periods in 2018. The realized sales price from the Thailand Joint Venture has historically been in the range of 85% to 95% of the Brent reference price.

Royalties expense incurred within Thailand Joint Venture, net to Pan Orient 50.01% equity interest

Royalties on Concession L53 are paid to the Thailand government and are based on production volumes per concession ranging from 5% on production of less than 2,000 BOPD to 15% on production over 20,000 BOPD.

Production and operating expense incurred within Thailand Joint Venture, net to Pan Orient 50.01% equity interest

Production and operating costs of \$7.47 per barrel in the fourth quarter of 2019 which were lower on a per barrel basis compared to \$4.70 per barrel in the third quarter of 2019 and \$11.45 per barrel in the fourth quarter of 2018. Higher production lowered fixed operating costs per barrel.

Tax expense incurred within Thailand Joint Venture, net to Pan Orient 50.01% equity interest

Petroleum income tax in Thailand Joint Venture is 50% of taxable income which is calculated based on adjusted funds flow from operations less capital expenditures (deductible at varying rates), special remuneratory benefit tax (“SRB”), and other permitted deductions. The Thailand operations became taxable since the third quarter of 2019 as cashflow from operations and realized foreign exchange gains exceeded available tax pools.

Thailand SRB is a tax at sliding scale rates of 0 - 75% applied on a concession-by-concession basis to petroleum profits as defined in Thai tax legislation which includes deductions for expenses and capital spent. The rate is principally determined by revenue for the concession (production and pricing) but is subject to other adjustments such as changes in Thailand's consumer and wholesale price indices and cumulative meters drilled on the concession. There was no SRB tax paid since inception to date for Concessions L53 and because of the numerous factors involved in the SRB calculation, it is uncertain if SRB will be payable on the concession.

Depletion, Depreciation & Amortization ("DD&A") incurred within Thailand Joint Venture, net to Pan Orient 50.01% equity interest

Depletion is provided on costs accumulated using the unit-of production method based on an independent engineering estimate of the Thailand Joint Venture's share of proved plus probable reserves, before royalties. DD&A was \$21.13 and \$23.33 per barrel for the three months and year ended December 31, 2019 compared to \$24.03 and \$42.76 per barrel for the three months and year ended December 31, 2018. On a per barrel basis, the DD&A was overall lower in 2019 than in 2018 due to the L53-DD oil field discovery in October 2018 resulted in a significant increase in proved and probable reserves.

Taxes

(\$thousands)	Three months ended December 31		Year ended December 31	
	2019	2018	2019	2018
Deferred tax recovery	22	47	1,125	125

All taxes receivable, payable, expense and recovery are calculated based on management's application of current income tax laws in the jurisdictions where the taxes arise and may be assessed differently by the respective taxation authorities.

Alberta decreased corporate income tax rates effectively July 1, 2019 by 1% for 2019, and an additional 1% in each of 2020, 2021 and 2022 which resulted in a consolidated deferred tax recovery of \$1.1 million during the year ended December 31, 2019, of which \$1.0 million related to tax recovery from Andora.

General and Administrative ("G&A") Expenses

(\$thousands)	Three months ended December 31		Year ended December 31	
	2019	2018	2019	2018
Canada	439	490	2,281	2,196
Indonesia	387	183	827	737
Thailand (excluding Thailand Joint Venture)	9	7	41	32
Total G&A, net of overhead recoveries ⁽¹⁾	835	680	3,149	2,965
Allocated to capital projects ⁽²⁾	(153)	(190)	(583)	(768)
Cash G&A	682	490	2,566	2,197
Accretion expenses	12	14	62	49
Consolidated G&A expense	694	504	2,628	2,246
Share of G&A from Thailand Joint Venture	290	220	912	803
Accretion from Thailand Joint Venture	22	2	54	49
Total G&A attributable to the economic interests of Pan Orient (including 50.01% interest in Thailand Joint Venture)	1,006	726	3,594	3,098

(1) Overhead recoveries represent the portion of Pan Orient's G&A expenses charged by Andora, as operator, to the Sawn Lake joint venture operations and capital projects. Overhead recoveries were \$32 thousand and \$52 thousand for the years ended December 31, 2019 and 2018, respectively.

(2) Capitalized G&A allocated to capital projects represents compensation and other directly attributable costs associated with property acquisition, and exploration and development activities. Capitalized G&A relates to exploration and development activities at the East Jabung PSC in Indonesia and the Company's heavy oil demonstration project in Canada. Amounts capitalized reflect the nature of the Company's capital activities and are reassessed in each reporting period.

Total G&A, net of recoveries, was higher during the year ended December 31, 2019 than 2018 mainly attributed to higher expense for personnel due to employee severance for the Indonesia operation offset by lower office rent, legal expense and expenses related to information technology.

Capital Expenditures

	Three months ended December				Year ended December 31			
	2019		2018		2019		2018	
	\$000s	Net wells drilled	\$000s	Net wells drilled	\$000s	Net wells drilled	\$000s	Net wells drilled
Capital expenditures ⁽¹⁾								
Indonesia	8,228	0.5	764	-	12,229	0.5	3,359	-
Canada	205	-	234	-	604	-	897	-
Consolidated capital expenditures	8,433	0.5	998	-	12,833	0.5	4,256	-
Share of Thailand Joint Venture capital expenditures ⁽²⁾	2,872	0.5	2,321	1	9,113	3.5	3,835	1
Total capital expenditures attributable to the economic interest of Pan Orient (including 50.01% interest in Thailand Joint Venture)	11,305	1.0	3,319	1	21,946	4.0	8,091	1

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

(2) Pan Orient's 50.01% share of capital expenditures in the Thailand Joint Venture are accounted for using the equity method as an Investment in Joint Venture. Pan Orient has a 50.01% ownership interest in Pan Orient Energy (Siam) Ltd., but does not have any direct interest in, or control over, the crude oil reserves or operations of on-shore Concession L53.

Indonesia

Capital expenditures in Indonesia were \$12.2 million in 2019 for the East Jabung PSC related to the drilling of the Anggun-1X well during the fourth quarter of 2019 and capitalization of general and administrative expenses. The estimated cost of the well was \$15.1 million net to Pan Orient, with \$3.3 million reported in 2018 and \$11.8 million reported in 2019. In the fourth quarter of 2019, the Company reported a \$28.6 million impairment charge on East Jabung exploration and evaluation assets offset by \$1.6 million associated reduction in accumulated other comprehensive income related to foreign currency translation for a net impairment expense of \$27.0 million.

Canada

Capital expenditures of \$0.6 million in 2019 consisted of capitalization of ongoing expenses at the facility and wellpair at Sawn Lake Central and capitalization of general and administrative expenses.

Thailand

Capital expenditures related to Thailand Joint Venture were \$9.1 million for 2019 in which \$6.1 million was related to the drilling of DD3, DD4, DD5, DD5ST1, DD6, DD6ST1 and B1 wells. \$1.1 million workover activities for 9 wells completed during 2019. Additional capital expenditures of \$1.9 million in 2019 included site construction, equipment inventory purchases, capitalized general and administrative expenses and other development activities

Liquidity and Capital Resources

Pan Orient's capital program, including the 50.01% share of the Thailand Joint Venture, was \$21.9 million for the year ended December 31, 2019 and was financed from existing working capital and adjusted funds flow from operations within the Thailand Joint Venture. At December 31, 2019 the Company's working capital plus non-current deposits was \$22.2 million compared to \$33.1 million at December 31, 2018 and the Company had estimated outstanding capital commitments of \$0.7 million. In addition to Pan Orient's consolidated working capital and non-current deposits, its investment in the Thailand Joint Venture includes \$10.5 million of its share of working capital and non-current deposits and \$2.7 million of equipment inventory to be utilized for future operations of the Thailand Joint Venture.

At December 31, 2019 Pan Orient's consolidated cash and cash equivalents were held in the jurisdictions where the Company operates as follows:

(\$thousands)	December 31, 2019	December 31, 2018
Cash and cash equivalents held in Canada	24,752	31,364
Cash and cash equivalents held in Indonesia	15	298
Consolidated cash and cash equivalents	24,767	31,662

Non-current deposits of \$0.6 million at December 31, 2019 consisted of deposits placed with the Alberta energy regulator in Canada for the interests of Andora at Sawn Lake.

Share Capital

Outstanding (thousands)	March 10, 2020	December 31, 2019	December 31, 2018
Common shares	54,496	54,496	54,900
Stock options	2,935	5,115	3,990
Total	57,431	59,611	58,890

On March 19, 2019, the Company granted options to directors, officers, employees and consultant to purchase an aggregate of 1,375,000 common shares under the Company's stock option plan. Each option has an exercise price of \$1.90 (being the March 18, 2019 closing price of the shares on the TSX Venture Exchange), vests as to one-third on the grant date and one-third on each of the first and second anniversaries of the grant date and expires on March 19, 2024. 2,180,000 options previously granted expired on February 5, 2020.

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 654,400 shares under a normal course issuer bid at prices ranging from \$1.08 to \$2.13 per share, averaging \$1.22 per share. Of the 654,400 shares, 454,400 shares were cancelled in 2019 and the remaining 200,000 were cancelled in January 2020.

Foreign Exchange

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. In each reporting period, the changes in the values of the Thai baht and U.S. dollar relative to the Company's reporting currency are recognized. The period end rates used to translate the Company's Thai baht and U.S. dollar denominated financial statement items for the reporting periods as specified are as follows:

	2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Rate at end of period								
Thai baht / Cdn \$ exchange	22.70	22.72	23.14	23.35	23.47	24.51	24.70	23.89
Cdn \$ / US \$ exchange	1.30	1.32	1.31	1.34	1.36	1.29	1.32	1.29

The Company holds U.S. dollars within Canada to meet U.S. dollar cash requirements of its foreign operations and at December 31, 2019 the Company held \$12.9 million denominated in U.S. dollars as cash and cash equivalents.

Thailand Joint Venture operations use Thai baht and Indonesia operations use the U.S. dollar as their functional currencies for reporting. These foreign currencies are translated into Canadian dollars at each reporting period end with the unrealized translation gain or loss recognized in accumulated other comprehensive income ("AOCI").

Accumulated Other Comprehensive Income in the consolidated statement of financial position is reported as follows:

(\$thousands)	Three months ended		Year ended	
	December 31		December 31	
	2019	2018	2019	2018
AOCI, beginning of period	4,852	2,620	4,578	1,238
Unrealized foreign currency translation gain (loss) from Indonesia	(378)	1,077	(906)	2,262
Unrealized foreign currency translation gain from Thailand Joint Venture	36	881	838	1,078
AOCI related to impairment of East Jabung PSC	(1,607)	-	(1,607)	-
AOCI, end of period	2,903	4,578	2,903	4,578

Selected Annual Information

\$thousands, except for per barrel and per share amounts	Years Ended December 31		
	2019	2018	2017
Oil revenue before royalties, included in Thailand Joint Venture ⁽¹⁾	28,882	7,727	5,987
Average daily oil sales (BOPD)	1,060	250	254
Average oil sales price (Cdn\$/bbl)	\$ 74.65	\$ 84.82	\$ 64.68
Total corporate adjusted funds flow from (used in) operations ⁽²⁾	16,859	5,517	(676)
Per share – basic and diluted	\$ 0.31	\$ 0.10	\$ (0.01)
Cash flow used in operating activity ⁽³⁾	(2,554)	(2,407)	(2,396)
Per share – basic and diluted	\$ (0.05)	\$ (0.04)	\$ (0.04)
Adjusted funds flow from (used in) operations by region ⁽²⁾			
Canada	(2,692)	651	(3,473)
Thailand	(41)	(32)	(38)
Indonesia	(392)	(273)	(881)
Adjusted funds flow from (used in) consolidated operations	(3,125)	346	(4,392)
Share of adjusted funds flow from Thailand Joint Venture ⁽¹⁾	19,984	5,171	3,716
Total corporate adjusted funds flow from (used in) operations	16,859	5,517	(676)
Disposal of petroleum and natural gas assets ⁽⁴⁾	-	133	133
Net loss attributable to common shareholders	(25,304)	(40)	(5,132)
Per share – basic and diluted	\$ (0.46)	\$ (0.00)	\$ (0.09)
Total assets	146,656	173,717	172,400
Total non-current liabilities	7,253	8,594	8,539
Working capital	21,554	32,546	32,536
Working capital plus non-current deposits	22,158	33,139	36,897
Long-term debt	-	-	-
Capital expenditures			
Canada	604	897	1,130
Indonesia	12,229	3,359	6,758
Consolidated capital expenditures	12,833	4,256	7,888
Share of capital expenditures from Thailand Joint Venture ⁽¹⁾	9,113	3,835	1,849
Total capital expenditures	21,946	8,091	9,737
Weighted average shares outstanding			
Basic	54,958	54,900	54,893
Diluted	54,958	54,900	54,893
Shares outstanding			
Basic	54,496	54,900	54,900
Diluted	54,496	54,900	54,900

(1) 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.

(2) Total corporate adjusted funds flow from operations is cash flow from operating activities prior to changes in non-cash working capital, decommissioning expenditures, unrealized foreign exchange gain or loss plus the corresponding amount from Pan Orient's 50.01% interest in the Thailand Joint Venture which is recorded in Joint Venture for financial statement purposes. This measure is used by management to analyze operating performance and leverage. Adjusted funds flow as presented does not have any standardized meaning prescribed by IFRS and therefore it may not be comparable with the calculation of similar measures of other entities. Adjusted funds flow is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS.

(3) As set out in the Consolidated Statements of Cash Flows in the Consolidated Financial Statements of Pan Orient Energy Corp.

(4) In 2018, the Sawn Lake joint venture sold some inventory of pipe to outside third party. In 2017, the Company sold some equipment inventory from its Indonesian operations to its Thailand Joint Venture.

Summary of Quarterly Results

	2019				2018			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial (\$thousands) except as indicated ⁽¹⁾								
Interest income	119	125	86	67	105	151	136	102
Cash flow from (used in) operating activities	(338)	75	158	(2,449)	(245)	(39)	2,547	(4,670)
Total assets	146,656	175,126	171,999	170,773	173,717	169,716	170,213	170,494
Working capital & non-current deposits	22,158	32,458	28,902	31,566	33,139	32,993	34,992	36,867
Shares outstanding (thousands)	54,496	55,084	54,837	54,900	54,900	54,900	54,900	54,900
Net income (loss) ⁽²⁾	(26,856)	1,114	1,287	(849)	1,409	(960)	(151)	(338)
Per share basic and diluted (\$)	(0.49)	0.02	0.02	(0.01)	0.03	(0.02)	(0.00)	(0.01)
Operations (\$thousands), including share of Thailand Joint Venture								
Daily oil sales (BOPD) net to Pan Orient ⁽³⁾	1,232	1,418	1,072	507	366	214	235	182
Total corporate adjusted funds flow from (used in) operations ⁽⁴⁾	3,191	6,391	5,689	1,588	3,001	404	1,294	818
Capital expenditures ⁽⁵⁾	11,305	4,412	2,846	3,383	3,319	2,033	1,970	769
Total corporate adjusted funds flow from (used in) operations (\$/bbl) ⁽⁴⁾								
Realized crude oil price	62.64	77.99	81.57	80.17	83.75	92.34	86.74	75.50
Royalties	(3.26)	(4.13)	(4.28)	(3.90)	(4.07)	(4.58)	(4.30)	(3.67)
Transportation & operating	(9.87)	(7.16)	(7.33)	(12.11)	(13.47)	(17.20)	(15.35)	(17.59)
Field Netback – Thailand Joint Venture	49.52	66.69	69.96	64.17	66.21	70.56	67.09	54.24
General and administrative ⁽⁶⁾	(1.15)	(5.61)	(7.57)	(22.76)	(21.30)	(38.74)	(34.86)	(47.89)
Exploration recovery (expense) ⁽⁷⁾	-	-	-	-	0.89	(0.15)	(1.22)	(0.06)
Interest income	0.64	0.96	1.11	1.47	3.74	7.69	7.11	6.23
Foreign exchange gain (loss)	0.67	2.28	(5.18)	(8.05)	39.26	(18.78)	22.41	37.45
Current income tax expense	(11.27)	(15.32)	-	-	-	-	-	-
Total corporate adjusted funds flow from operations	38.41	49.00	58.32	34.83	88.80	20.58	60.53	49.97

(1) Amounts presented were set out in the Consolidated Financial Statements of Pan Orient Energy Corp.

(2) Net income (loss) attributed to common shareholders.

(3) Oil revenue generated within the Thailand Joint Venture, net to Pan Orient.

(4) Total corporate adjusted funds flow from operations is cash flow from operating activities prior to changes in non-cash working capital, unrealized foreign exchange gain or loss plus the corresponding amount from Pan Orient's 50.01% interest in the Thailand Joint Venture which is recorded in Joint Venture for financial statement purposes. This measure is used by management to analyze operating performance and leverage. Adjusted funds flow as presented does not have any standardized meaning prescribed by IFRS and therefore it may not be comparable with the calculation of similar measures of other entities. Adjusted funds flow is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS.

(5) Including the 50.01% interest in the Thailand Joint Venture. Excluding decommissioning costs, impact of change in foreign exchange rates and capitalized stock-based compensation expense.

(6) General and administrative costs excluding accretion expense on decommissioning costs.

(7) Exploration expense consists of exploration costs incurred at the Batu Gajah and Citarum PSCs in Indonesia.

(8) Tables may not add due to rounding.

Q1 2018 – Total corporate adjusted funds flow from operations of \$0.8 million. Adjusted funds flow from operations in Thailand was \$0.7 million with average daily oil sales from Concession L53 of 182 BOPD (\$42.45 per barrel), net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture. Net loss attributable to common shareholders was \$0.3 million (\$0.01 per share) for the quarter. Pan Orient had capital expenditures of \$0.3 million in the first quarter of 2018, with \$0.1 million in Indonesia for costs associated with the Anggun-1X exploration well and capitalized general & administrative expenses, and \$0.2 million in Canada at the Sawn Lake SAGD property of Andora. In addition, Pan Orient's share of Thailand Joint Venture capital expenditures was \$0.7 million for workover activities and capitalized general & administrative expenses. The Sawn Lake joint venture sold some inventory of pipe to outside third party for \$133 thousand. At March 31, 2018, working capital and non-current deposits totaled \$36.9 million and the Company had no long-term debt.

Q2 2018 – Total corporate adjusted funds flow from operations of \$1.3 million. Adjusted funds flow from operations in Thailand was \$1.2 million with average daily oil sales from Concession L53 of 235 BOPD (\$57.97 per barrel), net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture. Net loss attributable to common shareholders was \$0.2 million (\$0.00 per share) for the quarter. Pan Orient had capital expenditures of \$2.0 million in the second quarter of 2018, with \$1.5 million in Indonesia for costs primarily associated with the Anggun-1X exploration well, and \$0.3 million in Canada at the Sawn Lake SAGD property of Andora. In addition, Pan Orient's share of Thailand Joint Venture capital expenditures was \$0.2 million for workover activities and capitalized general & administrative expenses. At June 30, 2018, working capital and non-current deposits totaled \$35.0 million and the Company had no long-term debt.

Q3 2018 – Total corporate adjusted funds flow from operations of \$0.4 million. Adjusted funds flow from operations in Thailand was \$1.2 million with average daily oil sales from Concession L53 of 214 BOPD (\$60.22 per barrel), net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture. Net loss attributable to common shareholders was \$1.0 million (\$0.02 loss per share) for the quarter. Pan Orient had capital expenditures of \$1.1 million in the third quarter of 2018, with \$1.0 million in Indonesia for costs primarily associated with the Anggun-1X exploration well, and \$0.2 million in Canada at the Sawn Lake SAGD property of Andora. In addition, Pan Orient's share of Thailand Joint Venture capital expenditures was \$0.9 million for workover activities and construction costs for the L53-DD1 exploration well related to the access road and site. At September 30, 2018, working capital and non-current deposits totaled \$33.0 million and the Company had no long-term debt.

Q4 2018 – Total corporate adjusted funds flow from operations of \$3.0 million. Adjusted funds flow from operations in Thailand was \$2.0 million with average daily oil sales from Concession L53 of 366 BOPD (\$66.21 per barrel), net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture. Net income attributable to common shareholders was \$1.4 million (\$0.03 per share) for the quarter. Pan Orient had capital expenditures of \$3.3 million in the third quarter of 2018, with \$0.8 million in Indonesia for costs primarily associated with the Anggun-1X exploration well, and \$0.2 million in Canada at the Sawn Lake SAGD property of Andora. In addition, Pan Orient's share of Thailand Joint Venture capital expenditures was \$2.3 million related to site construction and access road at the new discovery L53-DD oil field, drilling of L53-DD1 and L53-DD1 wells, workover programs, reservoir engineering, and other development activities and capitalized general and administrative expenses. At December 31, 2018, working capital and non-current deposits totaled \$33.1 million and the Company had no long-term debt.

Q1 2019 – Total corporate adjusted funds flow from operations of \$1.6 million. Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, adjusted funds flow from operations of \$2.7 million with average daily oil sales from Concession L53 of 507 BOPD (\$60.35 per barrel) and working capital and long-term deposits at March 31, 2019 of \$6.4 million. Net loss attributable to common shareholders was \$0.8 million (\$0.02 loss per share) for the quarter. Pan Orient had capital expenditures of \$3.3 million in the first quarter of 2019, with \$0.6 million in Indonesia for costs primarily associated with the Anggun-1X exploration well, and \$0.1 million in Canada at the Sawn Lake SAGD property of Andora. In addition, Pan Orient's share of Thailand Joint Venture capital expenditures was \$2.8 million mainly related to the drilling of the L53-DD3 and L53-DD4 wells, workovers and capitalized general and administrative expense. At March 31, 2019, working capital and non-current deposits (excluding the Thailand Joint Venture) totaled \$31.6 million and the Company had no long-term debt.

Q2 2019 – Total corporate adjusted funds flow from operations of \$5.7 million. Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, adjusted funds flow from operations of \$6.7 million with average daily oil sales from Concession L53 of 1,072 BOPD (\$68.16 per barrel) and working capital and long-term deposits at June 30, 2019 of \$11.4 million. Net income attributable to common shareholders was \$1.3 million (\$0.02 per share) for the quarter. Pan Orient had capital expenditures of \$2.8 million in the second quarter of 2019, with \$1.1 million in Indonesia for costs primarily associated with the Anggun-1X exploration well, and \$0.1 million in Canada at the Sawn Lake SAGD property of Andora. In addition, Pan Orient's share of Thailand Joint Venture capital expenditures was \$1.6 million mainly related to the remaining drilling costs and workover activities at the L53-DD3 and L53-DD4 wells and capitalized general and administrative expense. At June 30, 2019, working capital and non-current deposits (excluding the Thailand Joint Venture) totaled \$28.9 million and the Company had no long-term debt.

Q3 2019 – Total corporate adjusted funds flow from operations of \$6.4 million. Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, adjusted funds flow from operations of \$6.4 million with average daily oil sales from Concession L53 of 1,418 BOPD (\$49.56 per barrel) and working capital and long-term deposits at September 30, 2019 of \$9.4 million. Net income attributable to common shareholders was \$1.1 million (\$0.02 per share) for the quarter. Pan Orient had capital expenditures of \$2.5 million in the third quarter of 2019, with \$2.3 million in Indonesia for costs primarily associated with the Anggun-1X exploration well, and \$0.2 million in Canada at the Sawn Lake SAGD property of Andora. In addition, Pan Orient's share of Thailand Joint Venture capital expenditures was \$1.9 million mainly related to the drilling costs at the L53-DD5, L53-DD5ST1, L53-DD6 and L53-DD6ST1 wells, workover activities and capitalized general and administrative expense. At September 30, 2019, working capital and non-current deposits (excluding the Thailand Joint Venture) totaled \$32.5 million and the Company had no long-term debt.

Q4 2019 – Total corporate adjusted funds flow from operations of \$3.2 million. Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, adjusted funds flow from operations of \$4.1 million with average daily oil sales from Concession L53 of 1,232 BOPD (\$36.00 per barrel) and working capital and long-term deposits at December 31, 2019 of \$10.5 million. Net loss attributable to common shareholders was \$26.9 million (\$0.49 loss per share) for the quarter. The Company reported a \$28.6 million impairment charge on East Jabung exploration and evaluation assets offset by the \$1.6 million associated reduction in accumulated other comprehensive income related to foreign currency translation for a net impairment expense of \$27.0 million. Pan Orient had capital expenditures of \$8.4 million in the fourth quarter of 2019, with \$8.2 million in Indonesia for costs primarily associated with the Anggun-1X exploration well, and \$0.2 million in Canada at the Sawn Lake SAGD property of Andora. In addition, Pan Orient's share of Thailand Joint Venture capital expenditures was \$2.9 million mainly related to the drilling costs at the L53-B1 appraisal well, workover activities and capitalized general and administrative expense. At December 31, 2019, working capital and non-current deposits (excluding the Thailand Joint Venture) totaled \$22.2 million and the Company had no long-term debt.

Additional Information

Additional information relating to the Company can be found on SEDAR at www.sedar.com



PAN ORIENT ENERGY CORP.

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