



PAN ORIENT ENERGY CORP.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018**

November 13, 2019

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 November 13, 2019 and should be read in conjunction with the unaudited consolidated financial statements and notes thereto for the three and nine months ended September 30, 2019 and the audited consolidated financial statements and notes thereto and MD&A for the year ended 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 September 30, 2019 into Canadian dollars using September 30, 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; sufficiency of financial resources; review of asset portfolio and defining opportunities and strategies. 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 November 13, 2019 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, decommissioning expenditures, 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 a 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 September 30		Nine month ended September 30	
	2019	2018	2019	2018
Cash flow from (used) in operating activities	75	(39)	(2,216)	(2,162)
Changes in non-cash working capital	(458)	(386)	681	812
Unrealized foreign exchange gain (loss)	295	(364)	(692)	724
Share of adjusted funds flow from Investment in Joint Venture	6,479	1,193	15,895	3,142
Total corporate adjusted funds flow from operations	6,391	404	13,668	2,516

Total corporate adjusted funds flow from operations, total corporate adjusted funds flow from operations per barrel and total corporate adjusted funds flow from (used in) 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 throughout this MD&A is cash flow from operating activities prior to changes in non-cash working capital, decommissioning expenditures and settlements, 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 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 Indonesia Production Sharing Contract ("PSC"); and 3) undeveloped Canadian oil sands leases, held by Andora.

Thailand

Concession L53

At September 30, 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 and 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-DD and L53-G fields that are held through production licenses (with a 20 year primary term ending on January 7, 2036 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. 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, 2018 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, 2018 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 1,365,500 barrels at December 31, 2018 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 2,927,000 barrels at December 31, 2018. 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 which is 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 US \$8 million, a firm commitment by the farminee to fund the first 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.

In 2017, the Ayu-1X and Elok-1X wells were drilled but did not encounter commercial hydrocarbons, however drilling results were encouraging with significant indications of hydrocarbons significantly de-risking the petroleum system in this region. The joint venture approved a 2018 work program and budget that includes the drilling of the Anggun-1X exploration well. The Anggun-1X exploration well is primarily targeting the Gumai sandstone level at a location 4.6 kilometers northwest and 80 meters structurally up-dip of the AYU-1X exploration well which was drilled in 2017.

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. There were no reserves assigned to the East Jabung PSC at September 30, 2019.

Canada

Andora is a private oil company, in which Pan Orient has a 71.8% ownership. As at September 30, 2019, Andora had 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 September 30, 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.

The results of the demonstration project were used to update the reservoir model and used as an input in preparing the Update of the Evaluation of the Contingent Bitumen Resources in the Sawn Lake Area of Alberta of Andora Energy Corporation as of June 30, 2016 (“Sproule Contingent Bitumen Resources Report”), which is a National Instrument 51-101 compliant resources evaluation for Andora’s oil sands interests at Sawn Lake Alberta, Canada, as evaluated by Sproule Unconventional 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 196.9 million barrels of bitumen recoverable (141.4 million barrels net to Pan Orient’s 71.8% equity interest in Andora).

The Sawn Lake full field development plan using SAGD batteries incorporating Andora’s Produced Water Boiler has been defined and Andora is preparing a new contingent resources evaluation of its interests in the fourth quarter of 2019.

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 99.3% of contingent resources assigned in the June 30, 2016 evaluation by Sproule Unconventional Limited. Six oil sands leases are operated by another company with 42 gross sections (4.2 net sections), where Andora is a non-operator with a 10% working interest. These non-operated leases contain 0.7% of the contingent resources assigned in the June 30, 2016 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 September 30		As at and for the nine months ended September 30	
	2019	2018	2019	2018
Total assets	85,349	84,236	85,349	84,236
Total liabilities	9,374	9,048	9,374	9,048
Adjusted funds flow used in operations	(52)	(86)	(178)	(264)
Net income (loss)	(85)	(98)	712	(298)

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

	Three Months Ended September 30,		Nine Months Ended September 30,		% 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	1,114	(960)	1,552	(1,449)	-207%
Per share – basic and diluted	\$ 0.02	\$ (0.02)	\$ 0.03	\$ (0.03)	-207%
Cash flow from (used in) operating activities (Note 2)	75	(39)	(2,216)	(2,162)	2%
Per share – basic and diluted	\$ 0.00	\$ (0.00)	\$ (0.04)	\$ (0.04)	3%
Cash flow from (used in) investing activities (Note 2)	4,049	(240)	5,179	(4,448)	-216%
Per share – basic and diluted	\$ 0.07	\$ (0.00)	\$ 0.09	\$ (0.08)	-216%
Cash flow from financing activities (Note 2)	188	-	12	-	0%
Per share – basic and diluted	\$ 0.00	-	\$ 0.00	-	0%
Working capital	31,857	32,403	31,857	32,403	-2%
Working capital & non-current deposits	32,458	32,993	32,458	32,993	-2%
Long-term debt	-	-	-	-	0%
Shares outstanding (thousands)	55,084	54,900	55,084	54,900	0%
Capital Commitments (Note 3)	2,049	660	2,049	660	210%
Working Capital and Non-current Deposits					
Beginning of period – Excluding Thailand Joint Venture	28,902	34,992	33,139	36,897	-10%
Adjusted Fund flow used in operations (excluding Thailand joint venture) (Note 4)	(88)	(789)	(2,227)	(626)	256%
Issuance of common shares	222	-	222	-	100%
Consolidated capital expenditures (Note 5)	(2,482)	(1,136)	(4,400)	(3,258)	35%
Amounts (advanced to) received from Thailand Joint Venture	(682)	55	(512)	128	-500%
Disposal of petroleum and natural gas assets (Note 6)	-	-	-	133	-100%
Dividend received from Thailand Joint Venture	6,624	-	6,624	-	0%
Finance lease payments	(29)	-	(83)	-	0%
Normal course issuer bid	(5)	-	(127)	-	0%
Effect of foreign exchange	(4)	(129)	(178)	(281)	-37%
End of period - Excluding Thailand Joint Venture	32,458	32,993	32,458	32,993	-2%
Pan Orient 50.01% interest in Thailand Joint Venture Working Capital and Non-Current Deposits	9,401	6,615	9,401	6,615	42%
Economic Results – Including 50.01% Interest in Thailand Joint Venture (Note 7)					
Total corporate adjusted funds flow from (used in) operations by region (Note 4)					
Canada (Note 8)	(8)	(682)	(2,099)	(370)	467%
Thailand (Note 1 & 9)	(16)	(10)	(32)	(25)	28%
Indonesia	(64)	(97)	(96)	(231)	-58%
Adjusted funds flow from (used in) operations (excl. Thailand Joint Venture)	(88)	(789)	(2,227)	(626)	256%
Share of Thailand Joint Venture (Note 7)	6,479	1,193	15,895	3,142	406%
Total corporate adjusted funds flow from operations	6,391	404	13,668	2,516	443%
Per share – basic and diluted	\$ 0.12	\$ 0.01	\$ 0.25	\$ 0.05	443%
Capital Expenditures – Petroleum and Natural Gas Properties (Note 5)					
Canada (Note 8)	153	168	399	664	-40%
Indonesia	2,329	968	4,001	2,594	54%
Consolidated capital expenditures (excl. Thailand Joint Venture)	2,482	1,136	4,400	3,258	35%
Share of Thailand Joint Venture capital expenditures	1,930	897	6,241	1,514	312%
Total capital expenditures (incl. Thailand Joint Venture)	4,412	2,033	10,641	4,772	123%
Disposition – Petroleum and Natural Gas Properties (Note 6)	-	-	-	(133)	-100%
Investment in Thailand Joint Venture					
Beginning of period	37,060	32,804	34,504	32,185	7%
Net income (loss) from Joint Venture	1,351	(90)	3,704	(378)	-1080%
Other comprehensive gain from Joint Venture	429	205	802	1,185	-32%
Dividend paid	(6,624)	-	(6,624)	-	0%
Amounts (received from) advanced to Joint Venture	682	(55)	512	(128)	-500%
End of period	32,898	32,864	32,898	32,864	0%

	Three Months Ended September 30,		Nine Months Ended September 30,		% 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 7)					
Oil sales (bbls)	130,415	19,644	273,553	57,388	377%
Average daily oil sales (BOPD) by Concession L53	1,418	214	1,002	210	377%
Average oil sales price, before transportation (CDN\$/bbl)	\$ 77.99	\$ 92.34	\$ 79.63	\$ 85.45	-7%
Reference Price (volume weighted) and differential					
Crude oil (Brent \$US/bbl)	\$ 61.99	\$ 75.37	\$ 64.15	\$ 72.61	-12%
Exchange Rate \$US/\$Cdn	1.34	1.32	1.36	1.31	4%
Crude oil (Brent \$Cdn/bbl)	\$ 83.27	\$ 99.82	\$ 87.05	\$ 94.86	-8%
Sale price / Brent reference price	94%	93%	91%	90%	2%
Adjusted funds flow from (used in) operations (Note 4)					
Crude oil sales	10,171	1,814	21,783	4,904	344%
Government royalty	(539)	(90)	(1,134)	(242)	369%
Transportation expense	(321)	(36)	(662)	(104)	537%
Operating expense	(613)	(302)	(1,539)	(850)	81%
Field netback	8,698	1,386	18,448	3,708	398%
General and administrative expense (Note 9)	(241)	(202)	(654)	(608)	8%
Interest income	-	-	22	16	38%
Foreign exchange gain (loss)	4	(1)	45	1	
Current income tax	(1,998)	-	(1,998)	-	
Thailand - Adjusted funds flow from operations	6,463	1,183	15,863	3,117	409%
Adjusted funds flow from (used in) operations / barrel (CDN\$/bbl) (Note 4)					
Crude oil sales	\$ 77.99	\$ 92.34	\$ 79.63	\$ 85.45	-7%
Government royalty	(4.13)	(4.58)	(4.15)	(4.22)	-2%
Transportation expense	(2.46)	(1.83)	(2.42)	(1.81)	34%
Operating expense	(4.70)	(15.37)	(5.63)	(14.81)	-62%
Field netback	\$ 66.69	\$ 70.56	\$ 67.44	\$ 64.61	4%
General and administrative expense (Note 9)	(1.85)	(10.28)	(2.39)	(10.59)	-77%
Interest Income	-	-	0.08	0.28	-71%
Foreign exchange gain (loss)	0.03	(0.05)	0.16	0.02	844%
Current income tax	(15.32)	-	(7.30)	-	
Thailand – Adjusted funds flow from operations	\$ 49.56	\$ 60.22	\$ 57.99	\$ 54.31	7%
Government royalty as percentage of crude oil sales	5%	5%	5%	5%	0%
Income tax & SRB as percentage of crude oil sales	20%	-	9%	-	
As percentage of crude oil sales					
Expenses - transportation, operating, G&A and other	12%	30%	13%	33%	-20%
Government royalty, SRB and income tax	25%	5%	14%	5%	9%
Adjusted funds flow from operations, before interest income	64%	65%	73%	62%	11%
Wells drilled					
Gross	4	-	6	-	
Net	2.0	-	3.0	-	
Financial Statement Presentation					
Results – Excl. 50.01% Interest in Thailand Joint Venture (Note 1)					
General and administrative expense (Note 9)	(16)	(10)	(32)	(25)	28%
Adjusted funds flow used in consolidated operations	(16)	(10)	(32)	(25)	28%
Adjusted fund flow included in Investment in Thailand Joint Venture					
Net income (loss) from Thailand Joint Venture	1,351	(90)	3,704	(378)	-1080%
Add back non-cash items in net loss	5,128	1,283	12,191	3,520	246%
Adjusted funds flow from Thailand Joint Venture	6,479	1,193	15,895	3,142	406%
Thailand – Economic adjusted funds flow from operations (Note 7)	6,463	1,183	15,863	3,117	409%

	Three Months Ended September 30,		Nine Months Ended September 30,		% Change
	2019	2018	2019	2018	
<i>(thousands of Canadian dollars except where indicated)</i>					
Canada Operations (Note 8)					
Interest income	125	151	278	389	-29%
General and administrative expenses (Note 9)	(427)	(469)	(1,685)	(1,490)	13%
Realized foreign exchange gain (loss)	(1)	-	-	7	-100%
Unrealized foreign exchange gain (loss)	295	(364)	(692)	724	-196%
Canada – Adjusted funds flow used in operations	(8)	(682)	(2,099)	(370)	467%
Indonesia Operations					
General and administrative expense (Note 9)	(63)	(90)	(168)	(192)	-13%
Exploration expense	-	(3)	-	(30)	-100%
Realized foreign exchange gain (loss)	(1)	(4)	72	(9)	-900%
Indonesia – Adjusted funds flow used in operations	(64)	(97)	(96)	(231)	-58%

- (1) 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.
- (2) As set out in the Consolidated Statements of Cash Flows in the unaudited Consolidated Financial Statements of Pan Orient Energy Corp.
- (3) Refer to Commitments in Note 13 of the September 30, 2019 and Note 11 of the September 30, 2018 Notes to the Interim Condensed Consolidated Financial Statements.
- (4) Total corporate adjusted funds flow from operations is cash flow from operating activities prior to changes in non-cash working capital, decommissioning expenditures and settlements, unrealized foreign exchange gain or loss plus the corresponding amount from Pan Orient's 50.01% interest in Thailand Joint Venture which is recorded in Investment 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) Cost of capital expenditures, excluding decommissioning costs, the impact of changes in foreign exchange rates and capitalized stock-based compensation expense.
- (6) In 2018, the Sawn Lake joint venture sold some inventory of pipe to outside third party.
- (7) 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.
- (8) 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.
- (9) General & administrative expenses, excluding non-cash accretion on decommissioning provision. With respect to Thailand operations, the nominal amount of G&A shown in the first nine months of 2019 and 2018 is related to G&A of the holding company of Pan Orient Energy (Siam) Ltd.
- (10) Tables may not add due to rounding.

HIGHLIGHTS

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

- Successful 2019 drilling program to date with two appraisal wells in the first quarter (L53-DD3 and L53-DD4) brought on production, a new pool discovery in the third quarter with the L53-DD5ST1 exploration well and the L53-B1 appraisal well in the fourth quarter which will be put on production. The L53-DD3 and L53-DD4 wells commenced production on April 25th after approval of the L53-DD Production License, the L53-DD5ST1 well commenced a 90 day production test for the new pool discovery on November 6th and the L53-B1 well will be put on production this week.
- Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, oil sales from Concession L53 in 2019 increased from 507 BOPD in the first quarter and 1,072 BOPD in the second quarter to 1,418 BOPD in the third quarter as a result of strong production from the four L53-DD wells.
- Adjusted funds flow from Thailand operations of \$15.9 million (\$57.99 per barrel) in the first nine months of 2019. Adjusted funds flow from operations of \$6.5 million (\$49.56 per barrel) in the third quarter compared with \$6.6 million (\$68.16 per barrel) in the second quarter. The reduction on a per barrel basis is due to 4% lower sales price and current income tax during the third quarter equivalent to \$15.32 per barrel. The Thailand operation became taxable in the third quarter of 2019 as cashflow from operations and realized foreign exchange gains exceeded available tax pools.
- Pan Orient received a dividend of \$6.6 million from the Thailand Joint Venture during the third quarter. A strong financial position is maintained in Thailand with working capital and long-term deposits at September 30, 2019, net to Pan Orient's 50.01% equity interest, of \$9.4 million.

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

- Drilling rig acceptance procedures for the Anggun-1X exploration well were completed and drilling commenced November 14th. The Operator of the East Jabung PSC has revised the estimated dry hole cost of the Anggun-1X well, including the permanent road to US\$20.5 million (Cdn\$27.1 million), with Pan Orient's 49% share of US\$10.0 million (Cdn\$13.3 million). Total capital costs for the Anggun-1X well from inception to September 30, 2019 have been USD \$10.5 million on a gross basis (USD \$5.1 million or CAD \$7.0 million net to Pan Orient).

Corporate

- Total corporate adjusted funds flow from operations (including Pan Orient's 50.01% equity interest in the Thailand Joint Venture) for the first nine months of 2019 of \$13.7 million (\$0.25 per share) with \$6.4 million (\$0.12 per share) in the third quarter of 2019 as a result of strong Thailand oil production and netbacks.
- The net income attributable to common shareholders for the first nine months of 2019 was \$1.6 million (\$0.03 per share) with \$1.1 million (\$0.02 per share) in the third quarter of 2019.
- 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 September 30, 2019 Pan Orient repurchased 66,000 common shares at an average price of \$1.93 per share.
- Pan Orient maintains a strong financial position for exploration activities at the East Jabung PSC in Indonesia and potential development activities in Canada with working capital and non-current deposits at September 30, 2019 of \$32.5 million and no long-term debt. In addition, the Thailand Joint Venture is in a strong financial position for further exploration and development activities with working capital and long-term deposits of \$9.4 million and \$2.8 million of equipment inventory, net to Pan Orient's 50.01% equity interest.

OUTLOOK

INDONESIA

East Jabung PSC, Onshore Sumatra (Pan Orient 49% ownership & Non Operator)

The Anggun-1X exploration well has commenced drilling and the results will have a significant impact on Pan Orient's future strategy.

THAILAND

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

The L53-DD5ST1 exploration well commenced a 90 day production test for the new pool discovery on November 6th and the L53-B1 appraisal well is about to be put on production.

A five to six well drilling program is planned to commence in early January 2020 with four or five exploration wells and an appraisal well. The program will be focused on the general region of the L53-DD oil discovery, with one exploration well in the vicinity of the L53-D field further south in the Kamphaeng Saen basin. Pan Orient Energy (Siam) Ltd. will be preparing a new December 31, 2019 independent reserves evaluation for Concession L53/48 which will reflect 2019 drilling results and well performance.

CANADA

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

Andora is finalizing a new contingent resources evaluation of its interests at the Sawn Lake, Alberta steam assisted gravity drainage project. Andora will work with the Sawn Lake partners in determining the timing and extent of investment in future development.

Corporate

Pan Orient continues to maintain a strong cash position for conducting key exploration and development activities and provide financial flexibility. The results of the Anggun-1X well in Indonesia, results of the ongoing Thailand drilling program and the new independent evaluation reports on reserves and resources will be important in defining the go forward opportunities and strategies for Pan Orient.

Net Income (Loss) 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 includes its share of the joint venture's other comprehensive income or loss.

Income (loss) from Joint Venture Pan Orient Energy (Siam) Ltd. (Net to Pan Orient 50.01%)	Three months ended September 30				Nine months ended September 30			
	2019		2018		2019		2018	
	\$000s	\$ per bbl	\$000s	\$ per bbl	\$000s	\$ per bbl	\$000s	\$ per bbl
Crude oil revenue	10,171	77.99	1,814	92.34	21,783	79.63	4,904	85.45
Government royalty	(539)	(4.13)	(90)	(4.58)	(1,134)	(4.15)	(242)	(4.22)
Transportation expense	(321)	(2.46)	(36)	(1.83)	(662)	(2.42)	(104)	(1.81)
Production and operating expense	(613)	(4.70)	(302)	(15.37)	(1,539)	(5.63)	(850)	(14.81)
Field netback	8,698	66.69	1,386	70.56	18,448	67.44	3,708	64.61
General and administrative	(225)	(1.73)	(192)	(9.77)	(622)	(2.27)	(583)	(10.16)
Foreign exchange gain (loss)	4	0.03	(1)	(0.05)	45	0.16	1	0.02
Interest income	-	-	-	-	22	0.08	16	0.28
Current income tax expense	(1,998)	(15.32)	-	-	(1,998)	(7.30)	-	-
Adjusted funds flow from operations	6,479	49.68	1,193	60.73	15,895	58.11	3,142	54.75
Depletion, depreciation and amortization	(2,821)	(21.63)	(1,073)	(54.62)	(6,629)	(24.24)	(3,085)	(53.76)
Accretion	(12)	(0.09)	(14)	(0.71)	(38)	(0.14)	(47)	(0.82)
Exploration expense	-	-	-	-	-	-	(52)	(0.91)
Deferred tax recovery (expense)	(1,904)	(14.60)	(45)	(2.29)	(4,634)	(16.94)	60	1.05
Net income	1,742	13.36	61	3.11	4,594	16.79	18	0.31
Amortization of fair value adjustment	(391)	(3.00)	(151)	(7.69)	(890)	(3.25)	(396)	(6.90)
Net income (loss) from Joint Venture	1,351	10.36	(90)	(4.58)	3,704	13.54	(378)	(6.59)

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 1,418 BOPD during the three months ended September 30, 2019 compared to 1,072 BOPD during the second quarter of 2019 and 214 BOPD during the third quarter of 2018. Oil production in the third quarter of 2019 was higher than the other comparative periods due to the L53-DD oil field discovery from drilling L53-DD1 and L53-DD2 wells during the fourth quarter of 2018 and from the appraisal wells at L53-DD3 and L53-DD4 which started production in April.

Oil sales revenue from Concession L53 was \$10.2 million for the three months ended September 30, 2019 compared to \$8.0 million in the second quarter of 2019 and \$1.8 million in the third quarter of 2018. Revenue in the third quarter of 2019 was higher than the other comparative periods due to higher production offset by lower realized price. The realized price per barrel was \$77.99 for the three months ended September 30, 2019 compared to \$81.57 during the second quarter of 2019 and \$92.34 during the third quarter of 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, with the discount attributed to the high paraffin content of the petroleum and a portion which is heavier crude.

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 on a per barrel basis were \$4.70 per barrel in the third quarter of 2019 and were lower compared to \$4.89 per barrel in the second quarter of 2019 and \$15.37 per barrel in the third 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 in 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 as the Thailand Joint Venture continued to utilize its SRB loss carry forward deductions to shelter SRB taxes and because of the numerous factors involved in the SRB calculation, it is uncertain when 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 the estimate of the Thailand Joint Venture's share of proved plus probable reserves, before royalties. Estimate is based on the December 31, 2018 independent engineering evaluation with adjustment between reserve categories as estimated by the Company based on strong well performance and successful drilling results. DD&A was \$21.63 per barrel during the third quarter of 2019 compared to \$26.30 per barrel during the second quarter of 2019 and \$54.62 per barrel during the third quarter of 2018. On a per barrel basis, DD&A in the third quarter of 2019 has been lower than the prior periods due to the L53-DD oil field discovery in October 2018 resulted in significant increase in proved and probable reserves

Taxes

(\$thousands)	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Deferred tax recovery	23	26	1,103	78

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 nine months ended September 30, 2019, of which \$1.0 million related to tax recovery from Andora.

General and Administrative ("G&A") Expenses

(\$thousands)	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Canada	469	538	1,842	1,706
Indonesia	158	199	440	554
Thailand (excluding Thailand Joint Venture)	16	10	32	25
Total G&A, net of overhead recoveries ⁽¹⁾	643	747	2,314	2,285
Allocated to capital projects ⁽²⁾	(138)	(178)	(430)	(578)
Cash G&A	505	569	1,884	1,707
Accretion expenses	15	12	50	35
Consolidated G&A expense	520	581	1,934	1,742
Share of G&A from Thailand Joint Venture	225	192	622	583
Accretion from Thailand Joint Venture	6	14	32	47
Total G&A attributable to the economic interests of Pan Orient (including 50.01% interest in Thailand Joint Venture)	751	787	2,588	2,372

(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 \$22 thousand and \$26 thousand for the nine months ended September 30, 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 first nine months of 2019 than 2018 mainly attributed to 2018 year-end compensation partially offset by lower office rent and legal expense.

Capital Invested

	Three months ended September 30		2018		Nine months ended September 30		2018	
	2019	2018	2019	2018	2019	2018	2019	2018
	Net wells drilled	Net wells drilled	Net wells drilled	Net wells drilled	Net wells drilled	Net wells drilled	Net wells drilled	Net wells drilled
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
Capital expenditures ⁽¹⁾								
Indonesia	2,329	-	968	-	4,001	-	2,594	-
Canada	153	-	168	-	399	-	664	-
Consolidated capital expenditures	2,482	-	1,136	-	4,400	-	3,258	-
Share of Thailand joint venture capital expenditures ⁽²⁾	1,930	2	897	-	6,241	3	1,514	-
Total capital expenditures attributable to the economic interest of Pan Orient (including 50.01% interest in Thailand Joint Venture)	4,412	2	2,033	-	10,641	3	4,772	-

(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.

Thailand

The Company's share of capital expenditures from the Thailand Joint Venture for the three months ended September 30, 2019 were \$1.9 million mainly comprised of drilling costs at the L53-DD5, L53-DD5ST1, L53-DD6 and L53-DD6ST1 wells, workover activities and capitalized general and administrative expense.

Indonesia

Capital expenditures in Indonesia for the three months ended September 30, 2019 were \$2.3 million for the East Jabung PSC. \$2.2 million related to the planned Anggun-1X exploration well and \$0.1 million of capitalized general and administrative expense.

Canada

Capital expenditures in Canada for the three months ended September 30, 2019 of \$0.2 million for capitalization of ongoing expenses at the Sawn Lake facility and capitalized general and administrative expense.

Liquidity and Capital Resources

Pan Orient's capital program, including the 50.01% share of the Thailand Joint Venture, was \$10.6 million for the nine months ended September 30, 2019 and was financed from existing working capital and adjusted funds flow from operations within the Thailand Joint Venture. At September 30, 2019 the Company's working capital plus non-current deposits was \$32.5 million compared to \$33.1 million at December 31, 2018. The Company had estimated outstanding capital commitments of \$2.0 million at September 30, 2019 compared to \$0.8 million at December 31, 2018. In addition to Pan Orient's consolidated working capital and non-current deposits, its investment in the Thailand Joint Venture includes \$9.4 million of its share of working capital and non-current deposits, no long term debt and \$2.8 million of equipment inventory to be utilized for future operations of the Thailand Joint Venture.

At September 30, 2019 Pan Orient's consolidated cash and cash equivalents were held in the jurisdictions where the Company operates as follows:

(\$thousands)	September 30, 2019	December 31, 2018
Cash and cash equivalents held in Canada	32,350	31,364
Cash and cash equivalents held in Indonesia	1,526	298
Consolidated cash and cash equivalents	33,876	31,662

Non-current deposits of \$0.6 million at September 30, 2019 consisted of the deposit with the Alberta energy regulator in Canada for the interests of Andora at Sawn Lake.

Share Capital

Outstanding (thousands)	November 13, 2019	September 30, 2019	December 31, 2018
Common shares	55,084	55,084	54,900
Stock options	5,115	5,115	3,990
Total	60,199	60,199	58,890

During the first quarter of 2019, the Company granted options to directors, officers and employees 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.

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.

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				2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Rate at end of period								
Thai baht / Cdn \$ exchange	22.72	23.14	23.35	23.47	24.51	24.70	23.89	25.67
Cdn \$ / US \$ exchange	1.32	1.31	1.34	1.36	1.29	1.32	1.29	1.25

The Company holds U.S. dollars within Canada to meet U.S. dollar cash requirements of its foreign operations and at September 30, 2019 the Company held \$18.4 million (December 31, 2018: \$19.1 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		Nine months ended	
	September 30		September 30	
	2019	2018	2019	2018
AOCI, beginning of period	4,256	2,806	4,578	1,238
Unrealized foreign currency translation gain (loss) from Indonesia	167	(391)	(528)	197
Unrealized foreign currency translation gain from Thailand Joint Venture	429	205	802	1,185
AOCI, end of period	4,852	2,620	4,852	2,620

Summary of Quarterly Results

	2019			2018			2017	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Financial (\$thousands) except as indicated ⁽¹⁾								
Interest income	125	86	67	105	151	136	102	88
Cash flow from (used in) operating activities	75	158	(2,449)	(245)	(39)	2,547	(4,670)	(485)
Total assets	175,126	171,999	170,773	173,717	169,716	170,213	170,494	172,400
Working capital & non-current deposits	32,458	28,902	31,566	33,139	32,993	34,992	36,867	36,897
Shares outstanding (thousands)	55,084	54,837	54,900	54,900	54,900	54,900	54,900	54,900
Net income (loss) ⁽²⁾	1,114	1,287	(849)	1,409	(960)	(151)	(338)	(578)
Per share basic and diluted (\$)	0.02	0.02	(0.01)	0.03	(0.02)	(0.00)	(0.01)	(0.01)
Operations (\$thousands), including share of Thailand Joint Venture								
Oil revenue (BOPD) net to Pan Orient ⁽³⁾	1,418	1,072	507	366	214	235	182	233
Total corporate adjusted funds flow from (used in) operations ⁽⁴⁾	6,391	5,689	1,588	3,001	404	1,294	818	507
Capital expenditures ⁽⁵⁾	4,412	2,846	3,383	3,319	2,033	1,970	769	3,922
Total corporate adjusted funds flow from (used in) operations (\$/bbl) ⁽⁴⁾								
Realized crude oil price	77.99	81.57	80.17	83.75	92.34	86.74	75.50	70.80
Royalties	(4.13)	(4.28)	(3.90)	(4.07)	(4.58)	(4.30)	(3.67)	(3.35)
Transportation & operating	(7.16)	(7.33)	(12.11)	(13.47)	(17.20)	(15.35)	(17.59)	(15.37)
Field Netback – Thailand Joint Venture	66.69	69.96	64.17	66.21	70.56	67.09	54.24	52.07
General and administrative ⁽⁶⁾	(5.61)	(7.57)	(22.76)	(21.30)	(38.74)	(34.86)	(47.89)	(40.29)
Exploration recovery (expense) ⁽⁷⁾	-	-	-	0.89	(0.15)	(1.22)	(0.06)	-
Interest income	0.96	1.11	1.47	3.74	7.69	7.11	6.23	4.70
Foreign exchange gain (loss)	2.28	(5.18)	(8.05)	39.26	(18.78)	22.41	37.45	7.13
Current income tax expense	(15.32)	-	-	-	-	-	-	-
Total corporate adjusted funds flow from (used in) operations	49.00	58.32	34.83	88.80	20.58	60.53	49.97	23.61

(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. 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.

(4) 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 Investment 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 and lease liabilities.

(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.

Q4 2017 – Total corporate adjusted funds flow from operations of \$0.5 million. Adjusted funds flow from operations in Thailand was \$0.9 million with average daily oil sales from Concession L53 of 233 BOPD (\$42.01 per barrel), net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture. Net loss attributable to common shareholders was \$0.6 million (\$0.01 per share) for the quarter. Pan Orient had capital expenditures of \$2.9 million in the fourth quarter of 2017, with \$2.7 million in Indonesia for costs associated with drilling of the Ayu-1X and Elok-1X wells 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 \$1.0 million for the drilling of the L53-AC-C1 exploration well and capitalized general & administrative expenses. At December 31, 2017, working capital and non-current deposits (excluding the Thailand Joint Venture) totaled \$36.9 million and the Company had no long-term debt.

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 (excluding the Thailand Joint Venture) 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 (excluding the Thailand Joint Venture) 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 (excluding the Thailand Joint Venture) 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 fourth 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 (excluding the Thailand Joint Venture) 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.

Additional Information

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



PAN ORIENT ENERGY CORP.

1505, 505 - 3rd Street SW, Calgary Alberta Canada T2P 3E6