



PAN ORIENT ENERGY CORP.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019**

May 12, 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 May 12, 2020 and should be read in conjunction with the unaudited condensed interim consolidated financial statements and notes thereto for the three months ended March 31, 2020 and the audited consolidated financial statements and notes thereto and MD&A for the year ended December 31, 2019. 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.

The undeveloped onshore interests in Indonesian East Jabung Production Sharing Contract ("PSC") expired in January 2020 and the operator is determining final steps to be taken for formal approval of the expiry from the Government of Indonesia, including reclamation requirements. An impairment expense for the East Jabung PSC was recorded in the fourth quarter of 2019. The Company is withdrawing from operations in Indonesia. Operations in Indonesia for accounting purposes are considered discontinued operations effective January 1, 2020.

Please note that all amounts are in Canadian dollars unless otherwise stated, translation of items denominated in foreign currencies as at March 31, 2020 into Canadian dollars using March 31, 2020 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 May 12, 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 and funds flow used in operations from discontinued operation in Indonesia. 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 month ended March 31	
	2020	2019
Cash flow used in operating activities, continued operations ⁽¹⁾	(399)	(832)
Changes in non-cash working capital, continued operations ⁽¹⁾	(60)	100
Cash flow used in operating activities, discontinued operations ⁽¹⁾	(415)	(1,617)
Changes in non-cash working capital, discontinued operations ⁽¹⁾	72	1,632
Unrealized foreign exchange gain (loss)	1,518	(455)
Share of adjusted funds flow from Investment in Joint Venture	3,688	2,760
Total corporate adjusted funds flow from operations	4,404	1,588

(1) Activities of the Company in Indonesia are reported as discontinued operations effective January 1, 2020 and amounts presented in 2019 are updated for comparative purposes.

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 and funds flow from (used in) operations from discontinued operations in Indonesia. 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 two distinct groups: 1) partially developed concession located onshore Thailand, held by Pan Orient Energy (Siam) Ltd.; and 2) undeveloped Canadian oil sands leases, held by Andora. The undeveloped onshore interests at the East Jabung Production Sharing Contract ("PSC") in Indonesia expired in January 2020 and the operator is determining final steps to be taken for formal approval of the expiry by the Government of Indonesia, including reclamation requirements.

Thailand

Concession L53

At March 31, 2020, 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 is awaiting government approval that is anticipated in late June 2020. 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 held 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 is determining final steps to be taken for formal approval of the expiry from GOI, including reclamation requirements. Pan Orient is withdrawing from operations in Indonesia and the office in Jakarta was closed on March 31, 2020.

Canada

Andora is a private oil company, in which Pan Orient has a 71.8% ownership. As at March 31, 2020, Andora has interests in 47 sections (31.6 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 March 31, 2020.

Since mid-March 2020 there has been a severe decline in crude oil prices due to geopolitical events and the collapse of global demand for crude oil and related products resulting from COVID-19. This has resulted in dramatically lower prices for heavy oil and bitumen, and deterioration in the economics for commercial expansion at Sawn Lake. In the current market there is no expected commercial development at Sawn Lake. An impairment expense was recorded for the Sawn Lake interests in the first quarter of 2020. The Company will continue to monitor bitumen prices and other factors influencing the timing and extent of potential future SAGD development at Sawn Lake.

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%. Three 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.

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 any 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.

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.

Summarized financial information with respect to Andora is as follows:

Andora Energy Corporation (\$thousands)	As at and for the Three month ended March 31	
	2020	2019
Total assets	1,491	84,148
Total liabilities	3,876	8,826
Adjusted funds flow used in operations	(57)	(101)
Net loss	(78,309)	(88)

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

	Three Months Ended March 31,		% Change
	2020	2019	
FINANCIAL			
Financial Statement Results – Excluding 50.01% Interest in Thailand Joint Venture (Note 1)			
Net loss attributed to common shareholders	(57,117)	(849)	6628%
Per share – basic and diluted	\$ (1.05)	\$ (0.02)	6628%
Cash flow used in operating activities (Note 2 & 3)	(399)	(832)	-52%
Per share – basic and diluted	\$ (0.01)	\$ (0.04)	-52%
Cash flow from (used in) investing activities (Note 2 & 3)	4,202	(101)	-4260%
Per share – basic and diluted	\$ 0.08	\$ (0.00)	-4260%
Cash flow used in financing activities (Note 2 & 3)	(699)	-	
Per share – basic and diluted	\$ (0.01)	\$ 0.00	
Change in cash and cash equivalents from discontinued operations (Note 3)	(526)	638	-182%
Working capital	25,779	30,970	-17%
Working capital & non-current deposits	26,386	31,566	-16%
Long-term debt	-	-	
Shares outstanding (thousands)	53,400	54,900	-3%
Capital Commitments (Note 4)	719	2,068	-65%
Working Capital and Non-current Deposits			
Beginning of period – Excluding Thailand Joint Venture	22,158	33,139	-33%
Adjusted funds flow from (used in) continued operations (Note 3 & 6)	1,059	(1,187)	-189%
Adjusted funds flow from (used in) discontinued operations (Note 3)	(343)	15	-2387%
Consolidated capital expenditures (Note 7)	(85)	(705)	-88%
Amounts (advanced to) received from Thailand Joint Venture	(2)	113	-102%
Dividend received from Thailand Joint Venture	4,300	-	
Finance lease payments	(121)	(26)	365%
Normal course issuer bid	(689)	-	
Effect of foreign exchange	109	217	-50%
End of period – Excluding Thailand Joint Venture	26,386	31,566	-16%
Pan Orient 50.01% interest in Thailand Joint Venture Working Capital and Non-Current Deposits	5,862	6,413	-9%
Economic Results – Including 50.01% Interest in Thailand Joint Venture			
Total corporate adjusted funds flow from (used in) operations by region (Note 6)			
Canada	1,065	(1,179)	-190%
Thailand (Note 8)	(6)	(8)	-25%
From continued operations	1,059	(1,187)	-189%
Indonesia - Discontinued Operations	(343)	15	-2387%
Adjusted funds flow from (used in) operations (excl. Thailand Joint Venture)	716	(1,172)	-161%
Share of Thailand Joint Venture (Notes 1 & 5)	3,688	2,760	34%
Total corporate adjusted funds flow from operations	4,404	1,588	177%
Per share – basic and diluted	\$ 0.08	\$ 0.03	180%
Capital Expenditures - Petroleum and Natural Gas Properties (Note 7)			
Canada	85	124	-31%
Indonesia - Discontinued Operations	-	581	-100%
Consolidated capital expenditures (excl. Thailand Joint Venture)	85	705	-88%
Share of Thailand Joint Venture capital expenditures	3,779	2,678	41%
Total capital expenditures (incl. Thailand Joint Venture & discontinued ops)	3,864	3,383	14%
Investment in Thailand Joint Venture			
Beginning of period	34,127	34,504	-1%
Net income from Joint Venture	556	654	-15%
Other comprehensive gain (loss) from Joint Venture	(176)	135	-230%
Dividend paid	(4,300)	-	0%
Amounts (received from) advanced to Joint Venture	2	(113)	-102%
End of period	30,209	35,180	-14%

	Three Months Ended March 31,		% Change
	2020	2019	
<i>(thousands of Canadian dollars except where indicated)</i>			
Thailand Operations			
Economic Results – Including 50.01% Interest in Thailand Joint Venture (Note 5)			
Oil sales (bbls)	107,951	45,601	137%
Average daily oil sales (BOPD) by Concession L53	1,186	507	134%
Average oil sales price, before transportation (CDN\$/bbl)	\$ 63.63	\$ 80.17	-21%
Reference Price (volume weighted) and differential			
Crude oil (Brent \$US/bbl)	\$ 48.94	\$ 62.24	-21%
Exchange Rate \$US/\$Cdn	1.35	1.37	-1%
Crude oil (Brent \$Cdn/bbl)	\$ 66.24	\$ 85.25	-22%
Sale price / Brent reference price	96%	94%	2%
Adjusted funds flow from (used in) operations (Note 6)			
Crude oil sales	6,869	3,656	88%
Government royalty	(354)	(178)	99%
Transportation expense	(252)	(103)	145%
Operating expense	(740)	(449)	65%
Field netback	5,523	2,926	89%
General and administrative expense (Note 8)	(239)	(196)	22%
Foreign exchange gain	6	22	-73%
Current income tax	(1,608)	-	0%
Thailand – Adjusted funds flow from operations	3,682	2,752	34%
Adjusted funds flow from (used in) operations / barrel (CDN\$/bbl) (Note 6)			
Crude oil sales	\$ 63.63	\$ 80.17	-21%
Government royalty	(3.28)	(3.90)	-16%
Transportation expense	(2.33)	(2.26)	3%
Operating expense	(6.85)	(9.85)	-30%
Field netback	51.16	64.17	-20%
General and administrative expense (Note 8)	(2.21)	(4.30)	-48%
Foreign exchange gain	0.06	0.48	-88%
Current income tax	(14.90)	-	0%
Thailand – Adjusted funds flow from operations	\$ 34.11	\$ 60.35	-43%
Government royalty as percentage of crude oil sales	5%	5%	0%
Income tax & SRB as percentage of crude oil sales	23%	-	23%
As percentage of crude oil sales			
Expenses - transportation, operating, G&A and other	18%	20%	-2%
Government royalty, SRB and income tax	28%	5%	23%
Adjusted funds flow from operations, before interest income	54%	75%	-22%
Wells drilled			
Gross	4	2	100%
Net	2.0	1.0	100%
Financial Statement Presentation			
Results – Excl. 50.01% Interest in Thailand Joint Venture (Note 1)			
General and administrative expense (Note 8)	(6)	(8)	-25%
Adjusted funds flow used in consolidated operations	(6)	(8)	-25%
Adjusted fund flow Included in Investment in Thailand Joint Venture			
Net income from Thailand Joint Venture	556	654	-15%
Add back non-cash items in net income	3,132	2,106	49%
Adjusted funds flow from Thailand Joint Venture	3,688	2,760	34%
Thailand – Economic adjusted funds flow from operations (Note 5)	3,682	2,752	34%
Canada Operations			
Interest income	109	67	63%
General and administrative expenses (Note 8)	(562)	(791)	-29%
Unrealized foreign exchange gain (loss) (Note 9)	1,518	(455)	-434%
Canada – Adjusted funds flow from (used in) operations	1,065	(1,179)	-190%
Indonesia - Discontinued Operations			
General and administrative expense (Note 8)	(61)	(51)	20%
Realized foreign exchange gain (loss)	(282)	66	-527%
Indonesia – Adjusted funds flow from (used in) operations	(343)	15	-2387%

- (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) The East Jabung PSC expired in January 2020 and the Company is withdrawing from operations in Indonesia. The operation in Indonesia for accounting purposes going forward is considered a discontinued operation and the amounts presented in 2019 are updated for comparative purposes.
- (4) Refer to Commitments note disclosure of the March 31, 2020 and March 31, 2019 Interim Condensed Consolidated Financial Statements.
- (5) 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.
- (6) Total corporate adjusted funds flow from (used in) 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.
- (7) Cost of capital expenditures excluded decommissioning costs and the impact of changes in foreign exchange.
- (8) General & administrative expenses, excluding non-cash accretion on decommissioning provision and lease liabilities. The nominal amount of G&A shown in the three months ended March 31, 2020 and March 31, 2019 for Thailand operations related to G&A of the holding company of Pan Orient Energy (Siam) Ltd.
- (9) Realized and unrealized foreign exchange gain or loss mainly related to the U.S. dollars denominated cash balances held in Canada.
- (10) Tables may not add due to rounding.

HIGHLIGHTS

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

- The first phase of the 2020 drilling program was completed in the first quarter with four wells:
 - The L53-DD6ST2 appraisal well in the L53-DD field was placed on production February 11th and added, on average, 262 BOPD in February and 308 BOPD in March, net to Pan Orient's 50.01% equity interest. Test results are not necessarily indicative of long-term performance or ultimate recovery.
 - The L53-AA2 exploration well represents a potential new pool discovery and confirmation of the potential of this well through a 90 day production test period will commence as soon as the Thailand interprovincial mandatory quarantine period is lifted.
 - The L53-AA1 exploration well, targeting a structural closure approximately 1.2 kilometers due south of the L53-AA2 well AA sand penetration, was abandoned after failing to encounter oil bearing sands.
 - The L53-AAST1 sidetrack exploration well targeted a structural closure separate and up dip and due west of the L53-AA2 exploration well, but also failed to encounter oil bearing sands.
 - In addition to these four wells, the L53-BB1 exploration well commenced drilling on February 4th at a surface location 1.1 kilometers north of the L53-DD wellpad. Drilling was suspended three days later at 150 meters true vertical depth, far above the estimated depths of any potential reservoir targets, in order to reinforce the L53BB wellpad. This work has been completed and the drilling of L53-BB1 will recommence as the first well of the second phase of the drilling program.
- Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, oil sales from Concession L53 in the first quarter of 2020 were 1,186 BOPD, with 791 BOPD from the L53-DD field. Oil sales averaged 1,184 BOPD in April 2020 and the April realized oil price was US\$22.70, a 22% premium to the Brent reference price.
- Concession L53 field netback was \$51.16 per barrel in the first quarter of 2020, an increase of 3% from \$49.52 per barrel in the fourth quarter of 2019. Field netback during the first quarter of 2020 on a per barrel of oil basis, was a realized price of \$63.63, less a 5% royalty to the Thailand government of \$3.28, transportation expenses of \$2.33 and operating expenses of \$6.85. Although the Brent crude oil reference price decreased 22% to US\$48.94 during the first quarter of 2020, the realized price increased 2% resulting from a new crude oil sales agreement effective February 1, 2020 and a higher exchange rate for the US dollar. The Concession L53 realized price as compared to the Brent reference price in 2020 was 83% in January, 98% in February and 113% in March.
- Strong financial results in Thailand in the first quarter of 2020, net to Pan Orient's share of the Thailand Joint Venture, with adjusted funds flow from operations of \$3.7 million (\$34.11 per barrel) primarily funding capital expenditures of \$3.8 million, a \$4.3 million dividend paid to Pan Orient in January 2020, and Thailand Joint Venture working capital and long-term deposits at March 31, 2020 of \$5.9 million.

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

- Following the unsuccessful Anggun-1X exploration well in the fourth quarter of 2019, the operator of the East Jabung Production Sharing Contract ("PSC") provided notice to the Government of Indonesia in January 2020 of withdrawal from the East Jabung PSC and is determining final steps to be taken for formal approval of the expiry from the GOI, including reclamation requirements.
- Pan Orient is withdrawing from operations in Indonesia and the office in Jakarta was closed March 31, 2020.
- Activities of the Company in Indonesia are reported in 2020 as discontinued operations. For the first quarter of 2020, discontinued operations in Indonesia was \$343 thousand in expenses, with \$61 thousand of G&A expense and \$282 thousand in realized and unrealized foreign exchange losses on currency exchange rates since the end of 2019.

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

- Since mid-March 2020 there has been a severe decline in crude oil prices due to geopolitical events and the collapse of global demand for crude oil resulting from COVID-19. This has resulted in dramatically lower prices for heavy oil and bitumen, and deterioration in the economics for commercial expansion at Sawn Lake. In the current market there is no expected commercial development at Sawn Lake. The Company reported a non-cash impairment charge of \$85.8 million on Sawn Lake Exploration and Evaluation assets in the first quarter of 2020 offset by the associated \$5.6 million reduction in deferred tax liabilities for a net impairment expense of \$80.2 million. The net impairment charge of \$80.2 million is reported as \$57.6 million attributable to common shareholders of Pan Orient and \$22.6 million attributable to the non-controlling interest (being the other shareholders of Andora).
- Capital expenditures in the first quarter of 2020 for Andora were \$85 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. Subsequent to the impairment of Sawn Lake recorded at March 31, 2020, no operating expenses or G&A will be capitalized.

Corporate

- Total corporate adjusted funds flow from operations (including Pan Orient's 50.01% equity interest in the Thailand Joint Venture) of \$4.4 million (\$0.08 per share) in the first quarter of 2020. The increase from \$3.2 million (\$0.06 per share) in the fourth quarter of 2019 is largely due to foreign exchange gains of \$1.5 million in Canada on cash holdings denominated in US dollars.
- The loss attributable to common shareholders for the first quarter of 2020 was \$57.1 million (\$1.05 loss per share), resulting from a net \$57.6 million impairment charge for the Sawn Lake, Alberta Exploration and Evaluation assets.
- Under the 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 May 14, 2020 Pan Orient has repurchased 2,190,900 common shares at an average price of \$0.78 per share, with 1,536,500 common shares repurchased during the period of January 1 to April 20, 2020 at an average price of \$0.59 per share. As at May 14, 2020 there are 53.0 million common shares outstanding. The Company intends to renew the normal course issuer bid.
- Pan Orient has a strong financial position at March 31, 2020 with working capital and non-current deposits of \$26.4 million and no long-term debt. In addition, the Thailand Joint Venture has \$5.9 million in working capital and long-term deposits, net to Pan Orient's 50.01% equity interest, and even at the lower current crude oil prices Thailand funds flow from operations are expected to fund the remaining 2020 Thailand exploration and development activities.

OUTLOOK

THAILAND

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

The Company plans to commence the second phase of the drilling program in the second half of May, with the exact timing subject to the lifting of the Thailand interprovincial 14 day mandatory quarantine period currently in place. The program will consist of two firm exploration wells and one water disposal well. Two additional appraisal wells at the L53DD field await final government approval anticipated in late June 2020, and will be deferred to the latter part of 2020.

The L53-BB1 exploration well had commenced drilling on February 4, 2020 and suspended February 7th in order to reinforce the L53BB wellpad. This work has been completed and drilling is anticipated to recommence in the next two weeks. The second well in the program will be the L53DW-1 water disposal well with a surface location at the L53DD field. The purpose of this well will be to substantially reduce the approximately \$2,600 per day in water trucking costs (net to Pan Orient's 50.01% interest) from the L53DD field facility.

The third, and last firm well in the program will be the L53AC-E1 exploration well (identified as the West A1-A4 prospect in the February 14, 2020 Company presentation), targeting a prospect 4.7 kilometers north of the producing L53-D field.

CANADA

Corporate

Pan Orient is committed to maintaining a strong cash position during these challenging and uncertain times. The focus for the remainder of 2020 is to complete exploration drilling and development activities in Thailand prior to the “reserved area” exploration lands expiring in January 2021, and to finance these activities with funds flow from operations generated in Thailand.

COVID-19 CORONAVIRUS

The Company's operations in Thailand have been affected by the worldwide COVID-19 coronavirus pandemic. The Thailand government imposed a state of emergency in late March, giving it wide-ranging powers to address the crisis. Social distancing and personal hygiene were strongly encouraged, and many businesses closed. An overnight curfew was imposed in early April and the government issued a travel ban on all foreigners entering Thailand. These measures have been effective. New confirmed cases of COVID-19 in Thailand peaked at the end of March and early April, followed a week or so later by a peak in deaths. Overall, the infection and death rate has been much lower in Thailand than in most western nations.

Prudent measures have been taken by the Company to help protect the health and safety of staff, which are of paramount importance. The Company and its joint venture partner were fortunate to have completed the first phase of the 2020 Thailand drilling program before the real effects of the pandemic were felt. The second phase of the drilling program was to have commenced in late April but has now been delayed to the second half of May, with the exact timing being subject to the lifting of the Thailand interprovincial 14 day mandatory quarantine period currently in place.

The economic effects of the pandemic have been severe. World demand for oil has dropped precipitously and has been exacerbated by excess supply from Saudi Arabia and Russia. In the current environment, no commercial development is expected at Sawn Lake and the Company has recorded a non-cash impairment expense for Sawn Lake.

As detailed earlier in this press release, Pan Orient is well-positioned to withstand these unprecedented events. The Company is optimistic about a slow return to normal operations and less volatile market conditions but the outlook for world oil prices remains challenging.

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 March 31			
	2020		2019	
	\$000s	\$ per bbl	\$000s	\$ per bbl
Crude oil revenue	6,869	63.63	3,656	80.17
Government royalty	(354)	(3.28)	(178)	(3.90)
Transportation expense	(252)	(2.33)	(103)	(2.26)
Production and Operating expense	(740)	(6.85)	(449)	(9.85)
Field netback	5,523	51.16	2,926	64.17
General and administrative	(233)	(2.16)	(188)	(4.12)
Foreign exchange gain	6	0.06	22	0.48
Current income tax expense	(1,608)	(14.90)	-	-
Adjusted funds flow from operations	3,688	34.16	2,760	60.53
Depletion, depreciation and amortization	(2,379)	(22.04)	(1,244)	(27.28)
Accretion	(6)	(0.07)	(8)	(0.18)
Exploration expense	-	-	(5)	(0.11)
Deferred tax expense	(457)	(4.22)	(700)	(15.35)
Net income	846	7.84	803	17.61
Amortization of fair value adjustment	(290)	(2.69)	(149)	(3.27)
Net income from Joint Venture	556	5.15	654	14.34

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 1,186 BOPD during the three months ended March 31, 2020 compared to 507 BOPD during the first quarter of 2019. Oil production in the first quarter of 2020 was higher than the first quarter of 2019 due to increased production at the L53-DD oil field with approval of the L53-DD Production License in April 2019 and the drilling of additional appraisal wells.

Oil sales revenue from Concession L53 was \$6.9 million for the three months ended March 31, 2020 compared to \$3.7 million in the first quarter of 2019. Revenue in the first quarter of 2020 was higher than the first quarter in 2019 due to higher production partially offset by lower realized price per barrel. The realized price per barrel was \$63.63 for the three months ended March 31, 2020 compared to \$80.17 during the first quarter of 2019.

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 \$6.85 per barrel in the first quarter of 2020 and were lower compared to \$9.85 per barrel in the first quarter of 2019. 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 \$22.04 per barrel during the first quarter of 2020 compared to \$27.28 per barrel during the first quarter of 2019. On a per barrel basis, DD&A is lower during the first quarter of 2020 than the first quarter of 2019 due to oil discovery and positive technical revisions on reserves resulted in an increase in proved and probable reserves at December 31, 2019.

General and Administrative ("G&A") Expenses

	Three months ended March 31	
(\$thousands)	2020	2019 ⁽¹⁾
Canada ⁽²⁾⁽³⁾⁽⁴⁾	568	800
Thailand (excluding Thailand Joint Venture)	6	8
G&A expense from continued operations	574	808
G&A expense from discontinued operations – Indonesia ⁽³⁾⁽⁴⁾	72	63
Share of G&A from Thailand Joint Venture ⁽⁴⁾	239	196
Total G&A attributable to the economic interests of Pan Orient (including 50.01% interest in Thailand Joint Venture)	885	1,067

(1) Activities of the Company in Indonesia are reported in 2020 as discontinued operations and amounts presented in 2019 are updated for comparative purposes.

(2) G&A, net of overhead recoveries, represents 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 \$6 thousand for the three months ended March 31, 2020 and 2019.

(3) 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. Subsequent to the impairment of these assets, no G&A will be capitalized.

(4) Amounts include non-cash accretion expense

Total G&A, net of recoveries, was lower during the first quarter of 2020 than 2019 due to a year-end compensation was paid in 2019 but not in 2020.

Capital Expenditures

	Three months ended March 31			
	2020		2019	
		Net wells drilled		Net wells drilled
Capital expenditures ⁽¹⁾	\$000s		\$000s	
Canada – Continued operations	85	-	124	-
Indonesia – Discontinued operations	-	-	581	-
Share of Thailand Joint Venture capital expenditures ⁽²⁾	3,779	2	2,678	1
Total capital expenditures attributable to the economic interest of Pan Orient (including 50.01% interest in Thailand Joint Venture)	3,864	2	3,383	1

(1) Excluded decommissioning costs and the impact of changes in foreign currency translation.

(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.

Canada

Capital expenditures in the first quarter of 2020 for Andora were \$85 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. Subsequent to the impairment of Sawn Lake recorded at March 31, 2020, no operating expenses or G&A will be capitalized.

Thailand

Capital expenditures related to Thailand Joint Venture were \$3.8 million for the three months ended March 31, 2020 consisted of drilling of L53-DD6ST2 appraisal well, L53-AA2 exploration well, L53-AA1 exploration well, L53-AAST1 sidetrack exploration well, workover activities, 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 \$3.9 million for the three months ended March 31, 2020 and was financed from existing working capital and adjusted funds flow from operations within the Thailand Joint Venture. At March 31, 2020 the Company's working capital plus non-current deposits was \$26.4 million compared to \$22.2 million at December 31, 2019. The Company had estimated outstanding capital commitments of \$0.7 million at March 31, 2020 which remained unchanged from December 31, 2019. In addition to Pan Orient's consolidated working capital and non-current deposits, its investment in the Thailand Joint Venture includes \$5.9 million of its share of working capital and non-current deposits and \$2.8 million of equipment inventory to be utilized for future operations of the Thailand Joint Venture.

Non-current deposits of \$0.6 million at March 31, 2020 consisted of deposits placed with the Alberta energy regulator in Canada for the interests of Andora at Sawn Lake.

Share Capital

Outstanding (thousands)	May 12, 2020	March 31, 2020	December 31, 2019
Common shares	52,960	53,400	54,496
Stock options	2,935	2,935	5,115
Total	55,895	56,335	59,611

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.

During the first quarter of 2020, the Company purchased 1,096,000 shares under a normal course issuer bid at prices ranging from \$0.60 to \$0.65 per share, averaging \$0.63. Subsequent to March 31, 2020, the Company purchased an additional 440,500 shares at an average per share of \$0.48. A total of 2,190,900 common shares at an average price of \$0.78 per share were purchased from May 2019 to the date of this MD&A. The Company intends to renew the normal course issuer bid.

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:

	2020	2019				2018		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Rate at end of period								
Thai baht / Cdn \$ exchange	22.74	22.70	22.72	23.14	23.35	23.47	24.51	24.70
Cdn \$ / US \$ exchange	1.42	1.30	1.32	1.31	1.34	1.36	1.29	1.32

The Company holds U.S. dollars within Canada to meet U.S. dollar cash requirements of its foreign operations and at March 31, 2020 the Company held \$12.5 million (December 31, 2019: \$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 March 31	
	2020	2019
AOCI, beginning of period	2,903	4,578
Unrealized foreign currency translation gain (loss) from Thailand Joint Venture	(176)	135
Unrealized foreign currency translation loss from Indonesia – Discontinued operations	-	(291)
AOCI, end of period	2,727	4,422

Summary of Quarterly Results

	2020	2019				2018		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Financial (\$thousands) except as indicated ⁽¹⁾								
Interest income	109	119	125	86	67	105	151	136
Cash flow used in operating activity, continued operations ⁽²⁾	(399)	(251)	(290)	(321)	(832)	(344)	(213)	(428)
Cash flow from (used in) operating activity, discontinued operations ⁽²⁾	(415)	(87)	365	479	(1,617)	99	174	2,975
Total assets	60,643	146,656	175,126	171,999	170,773	173,717	169,716	170,213
Working capital & non-current deposits	26,386	22,158	32,458	28,902	31,566	33,139	32,993	34,992
Shares outstanding (thousands)	53,400	54,496	55,084	54,837	54,900	54,900	54,900	54,900
Net income (loss) from continued operations ⁽³⁾	(56,652)	465	1,210	1,363	(840)	1,454	(860)	(129)
Net loss from discontinued operations ⁽³⁾	(465)	(27,321)	(96)	(76)	(9)	(45)	(100)	(22)
Total net income (loss) ⁽³⁾	(57,117)	(26,856)	1,114	1,287	(849)	1,409	(960)	(151)
Per share basic and diluted (\$)	(1.05)	(0.49)	0.02	0.02	(0.01)	0.03	(0.02)	(0.00)
Operations (\$thousands), including share of Thailand Joint Venture								
Daily oil sales (BOPD) net to Pan Orient ⁽⁴⁾	1,186	1,232	1,418	1,072	507	366	214	235
Total corporate adjusted funds flow from operations ⁽⁵⁾	4,404	3,191	6,391	5,689	1,588	3,001	404	1,294
Capital expenditures ⁽⁶⁾	3,864	11,305	4,412	2,846	3,383	3,319	2,033	1,970
Total corporate adjusted funds flow from (used in) operations (\$/bbl) ⁽⁵⁾								
Realized crude oil price	63.63	62.64	77.99	81.57	80.17	83.75	92.34	86.74
Royalties	(3.28)	(3.26)	(4.13)	(4.28)	(3.90)	(4.07)	(4.58)	(4.30)
Transportation & operating	(9.19)	(9.87)	(7.16)	(7.33)	(12.11)	(13.47)	(17.20)	(15.35)
Field Netback – Thailand Joint Venture	51.16	49.52	66.69	69.96	64.17	66.21	70.56	67.09
General and administrative ⁽⁷⁾	(7.99)	(1.15)	(5.61)	(7.57)	(22.76)	(21.30)	(38.74)	(34.86)
Exploration recovery (expense) ⁽⁸⁾	-	-	-	-	-	0.89	(0.15)	(1.22)
Interest income	1.01	0.64	0.96	1.11	1.47	3.74	7.69	7.11
Foreign exchange gain (loss)	11.51	0.67	2.28	(5.18)	(8.05)	39.26	(18.78)	22.41
Current income tax expense	(14.90)	(11.27)	(15.32)	-	-	-	-	-
Total corporate adjusted funds flow from operations	40.79	38.41	49.00	58.32	34.83	88.80	20.58	60.53

- (1) Amounts presented were set out in the Consolidated Financial Statements of Pan Orient Energy Corp.
- (2) Activities of the Company in Indonesia are reported in 2020 as discontinued operations. Amounts presented in 2019 and 2018 are updated for comparative purposes.
- (3) Net income (loss) attributed to common shareholders.
- (4) Oil revenue generated within the Thailand Joint Venture, net to Pan Orient.
- (5) 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 and funds flow used in operations from discontinued operation in Indonesia. 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.
- (6) Including the 50.01% interest in the Thailand Joint Venture and discontinued operations in Indonesia. Excluding decommissioning costs and impact of change in foreign exchange rates.
- (7) General and administrative costs excluding accretion expense on decommissioning costs.
- (8) Exploration expense consists of exploration costs incurred at the Batu Gajah in Indonesia.
- (9) Tables may not add due to rounding.

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 (including the Thailand Joint Venture) totaled \$41.3 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 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 (including the Thailand Joint Venture) totaled \$39.6 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 (including the Thailand Joint Venture) totaled \$39.5 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 (including the Thailand Joint Venture) totaled \$38.0 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 (including the Thailand Joint Venture) totaled \$40.3 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 (including the Thailand Joint Venture) totaled \$41.9 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 (including the Thailand Joint Venture) totaled \$32.7 million and the Company had no long-term debt.

Q1 2020 – Total corporate adjusted funds flow from operations of \$4.4 million. Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, adjusted funds flow from operations of \$3.7 million with average daily oil sales from Concession L53 of 1,186 BOPD (\$34.11 per barrel) and working capital and long-term deposits at March 31, 2020 of \$5.9 million. Net loss attributable to common shareholders was \$57.1 million (\$1.05 loss per share) for the quarter. The Company reported a \$85.8 million on Sawn Lake Exploration and Evaluation assets in the first quarter of 2020 offset by the associated \$5.6 million reduction in deferred tax liabilities for a net impairment expense of \$80.2 million. The net impairment charge of \$80.2 million is reported as \$57.6 million attribution to common shareholders of Pan Orient and \$22.6 million attributable to the non-controlling interest (being the other shareholders of Andora). Pan Orient had capital expenditures of \$85 thousand in the first quarter of 2020 related to capitalized operating expenses for the suspended demonstration project facility and wellpair at Sawn Lake Central and capitalized G&A. In addition, Pan Orient's share of Thailand Joint Venture capital expenditures was \$3.8 million mainly related to the drilling of L53-DD6ST2 appraisal well, L53-AA2 exploration well, L53-AA1 exploration well, L53-AAST1 sidetrack exploration well, workover activities, equipment inventory purchases, capitalized general and administrative expenses and other development activities. At March 31, 2020, working capital and non-current deposits (including the Thailand Joint Venture) totaled \$32.2 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



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