



PAN ORIENT ENERGY CORP.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020**

May 11, 2021

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 11, 2021 and should be read in conjunction with the unaudited condensed interim consolidated financial statements and notes thereto for the three months ended March 31, 2021 and the audited consolidated financial statements and notes thereto and MD&A for the year ended December 31, 2020. 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. 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, 2021 into Canadian dollars using March 31, 2021 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 11, 2021 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	
	2021	2020
Cash flow used in operating activities, continuing operations	(991)	(399)
Changes in non-cash working capital, continuing operations	327	(60)
Cash flow used in operating activities, discontinued operations	(33)	(415)
Changes in non-cash working capital, discontinued operations	13	72
Unrealized foreign exchange gain (loss)	(260)	1,518
Share of adjusted funds flow from Investment in Joint Venture	4,326	3,688
Total corporate adjusted funds flow from operations	3,382	4,404

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

The Company holds 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 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 at December 31, 2020, consists of 27.32 square kilometers associated with the L53-A, L53-B, L53-D, L53-G, L53-DD, L53-AA South and L53-AA fields that are held through production licenses (with a 20 year primary term ending in 2036 plus an additional 10 year renewal period that can be applied for). Other than the new L53-AA Production License area approved March 12, 2021, the reserved area exploration lands at December 31, 2020 expired on January 7, 2021.

The December 31, 2020 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, 2020 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 2,377 thousand barrels at December 31, 2020 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 3,423 thousand barrels at December 31, 2020. 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.

Canada

Andora is a private oil company, in which Pan Orient has a 71.8% ownership. Andora has interests in 39 sections (22.7 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 March 31, 2021.

In early 2020 there was 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 resulted in dramatically lower prices for heavy oil and bitumen, and deterioration in the economics for commercial expansion at Sawn Lake, and as a result, in that market there was no expected commercial development at Sawn Lake. An impairment expense of \$85.8 million was recorded for the Sawn Lake interests and related capitalized costs 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 27 gross sections (21.5 net sections) at Sawn Lake, where it has a working interest of either 50% or 100%, as at March 31, 2021. Andora is working to formerly relinquish three oil sands leases operated by another company with 12 gross sections (1.2 net sections), where Andora is a non-operator with a 10% working interest, and for which no contingent resources had been assigned in the September 30, 2019 Contingent Resources Report.

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 (SOR), 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	
	2021	2020
Total assets	1,168	1,491
Total liabilities	4,751	3,876
Adjusted funds flow used in operations	(155)	(57)
Net income (loss)	22	(78,309)

Indonesia

East Jabung PSC (expired 2020)

The undeveloped interests at the East Jabung PSC, located onshore Sumatra in Indonesia, expired in January 2020 and the operator is determining final steps to be taken for formal approval of the expiry by the GOI, including reclamation requirements. Pan Orient had been 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 farmee 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. Exploration drilling with the Ayu-1X and Elok-1X wells in 2017 and the Anggun-1X in 2019 but did not encounter commercial hydrocarbons.

Batu Gajah PSC (expired 2017)

The Batu Gajah PSC, where the Company had held a 77% operated working interest with a 23% carried interest held by third parties, expired January 15, 2017 and the Company is still waiting for reclamation requirements and final approval of the expiry from the GOI.

Pan Orient is withdrawing from operations in Indonesia and the office in Jakarta was closed on March 31, 2020. Activities of the Company related to Indonesia are considered discontinued operations effective January 1, 2020.

Financial and Operating Summary	Three Months Ended		% Change
	March 31,		
(thousands of Canadian dollars except where indicated)	2021	2020	
FINANCIAL			
Financial Statement Results – Excluding 50.01% Interest in Thailand Joint Venture (Note 1)			
Net income (loss) attributed to common shareholders	1,140	(57,117)	-102%
Per share . basic and diluted	\$ 0.02	\$ (1.05)	-102%
Cash flow used in operating activities (Note 2 & 3)	(991)	(399)	149%
Per share . basic and diluted	\$ (0.02)	\$ (0.01)	149%
Cash flow from investing activities (Note 2 & 3)	2,610	4,202	-38%
Per share . basic and diluted	\$ 0.05	\$ 0.08	-38%
Cash flow used in financing activities (Note 2 & 3)	(1,240)	(699)	77%
Per share . basic and diluted	\$ (0.02)	\$ (0.01)	77%
Change in cash and cash equivalents used in discontinued operations (Note 3)	(33)	(526)	-94%
Working capital	22,805	25,779	-12%
Working capital & non-current deposits	23,415	26,386	-11%
Long-term debt	-	-	
Shares outstanding (thousands)	50,303	53,400	-6%
Capital Commitments (Note 4)	801	719	11%
Working Capital and Non-current Deposits			
Beginning of period . Excluding Thailand Joint Venture	23,577	22,158	6%
Adjusted funds flow from (used in) continuing operations (Note 3 & 6)	(924)	1,059	-187%
Adjusted funds flow used in discontinued operations (Note 3)	(20)	(343)	-94%
Consolidated capital expenditures (excluding Thailand Joint Venture) (Note 7)	-	(85)	-100%
Amounts received from (advanced to) Thailand Joint Venture	10	(2)	-600%
Dividend received from Thailand Joint Venture	2,600	4,300	-40%
Finance lease payments	(2)	(121)	-98%
Normal course issuer bid	(1,238)	(689)	80%
Automatic shares purchase plan (Note 8)	(629)	-	
Effect of foreign exchange	41	109	-47%
End of period . Excluding Thailand Joint Venture	23,415	26,386	-11%
Pan Orient 50.01% interest in Thailand Joint Venture Working Capital and Non-Current Deposits	4,438	5,862	-24%
Economic Results – Including 50.01% Interest in Thailand Joint Venture			
Total corporate adjusted funds flow from (used in) operations by region (Note 6)			
Canada	(916)	1,065	-186%
Thailand (Note 9)	(8)	(6)	33%
From continuing operations	(924)	1,059	-187%
Indonesia - Discontinued Operations	(20)	(343)	-94%
Adjusted funds flow from (used in) operations (excl. Thailand Joint Venture)	(944)	716	-232%
Share of Thailand Joint Venture (Notes 1 & 5)	4,326	3,688	17%
Total corporate adjusted funds flow from operations	3,382	4,404	-23%
Per share . basic and diluted	\$ 0.07	\$ 0.08	-18%
Capital Expenditures - Petroleum and Natural Gas Properties (Note 7)			
Canada	-	85	-100%
Consolidated capital expenditures (excl. Thailand Joint Venture)	-	85	-100%
Share of Thailand Joint Venture capital expenditures	1,829	3,779	-52%
Total capital expenditures (incl. Thailand Joint Venture)	1,829	3,864	-53%
Investment in Thailand Joint Venture			
Beginning of period	28,329	34,127	-17%
Net income from Joint Venture	1,902	556	242%
Other comprehensive loss from Joint Venture	(1,369)	(176)	678%
Dividend paid	(2,600)	(4,300)	-40%
Amounts (received from) advanced to Joint Venture	(10)	2	-600%
End of period	26,252	30,209	-13%

	Three Months Ended March 31,		%
	2021	2020	
<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)	121,733	107,951	13%
Average daily oil sales (BOPD) by Concession L53	1,353	1,186	14%
Average oil sales price, before transportation (CDN\$/bbl)	\$ 73.82	\$ 63.63	16%
Reference Price (volume weighted) and differential			
Crude oil (Brent \$US/bbl)	\$ 60.41	\$ 48.94	23%
Exchange Rate \$US/\$Cdn	1.28	1.35	-5%
Crude oil (Brent \$Cdn/bbl)	\$ 77.36	\$ 66.24	17%
Sale price / Brent reference price	95%	96%	-1%
Adjusted funds flow from (used in) operations (Note 6)			
Crude oil sales	8,986	6,869	31%
Government royalty	(479)	(354)	35%
Transportation expense	(292)	(252)	16%
Operating expense	(756)	(740)	2%
Field netback	7,459	5,523	35%
General and administrative expense (Note 9)	(247)	(239)	3%
Foreign exchange gain	14	6	133%
Current income tax	(2,909)	(1,608)	81%
Thailand . Adjusted funds flow from operations	4,317	3,682	17%
Adjusted funds flow from (used in) operations / barrel (CDN\$/bbl) (Note 6)			
Crude oil sales	\$ 73.82	\$ 63.63	16%
Government royalty	(3.93)	(3.28)	20%
Transportation expense	(2.40)	(2.33)	3%
Operating expense	(6.21)	(6.85)	-9%
Field netback	61.27	51.16	20%
General and administrative expense (Note 9)	(2.03)	(2.21)	-8%
Foreign exchange gain	0.12	0.06	107%
Current income tax	(23.90)	(14.90)	60%
Thailand . Adjusted funds flow from operations	\$ 35.46	\$ 34.11	4%
Government royalty as percentage of crude oil sales	5.3%	5.15%	
Income tax & SRB as percentage of crude oil sales	32%	23%	
As percentage of crude oil sales			
Expenses - transportation, operating, G&A and other	14%	18%	-4%
Government royalty, SRB and income tax	38%	28%	10%
Adjusted funds flow from operations, before interest income	48%	54%	-6%
Wells drilled			
Gross	2	4	-50%
Net	1.0	2.0	-50%
Financial Statement Presentation			
Results – Excl. 50.01% Interest in Thailand Joint Venture (Note 1)			
General and administrative expense (Note 9)	(9)	(6)	33%
Adjusted funds flow used in consolidated operations	(9)	(6)	33%
Adjusted fund flow Included in Investment in Thailand Joint Venture			
Net income from Thailand Joint Venture	1,902	556	242%
Add back non-cash items in net income	2,424	3,132	-23%
Adjusted funds flow from Thailand Joint Venture	4,326	3,688	17%
Thailand . Economic adjusted funds flow from operations (Note 5)	4,317	3,682	17%
Canada Operations			
Interest income	6	109	-94%
General and administrative expenses (Note 9)	(520)	(562)	-7%
Operating expense (Note 10)	(42)	-	
Stock based compensation on restricted share units (Note 11)	(99)	-	
Realized foreign exchange loss (Note 12)	(1)	-	
Unrealized foreign exchange gain (loss) (Note 12)	(260)	1,518	-117%
Canada . Adjusted funds flow from (used in) operations	(916)	1,065	-186%
Indonesia - Discontinued Operations			
General and administrative expense (Note 9)	(51)	(61)	-16%
Exploration expense	(1)	-	
Unrealized foreign exchange gain (loss)	32	(282)	-111%
Indonesia . Adjusted funds flow used in operations	(20)	(343)	-94%

- (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 Consolidated Financial Statements of Pan Orient Energy Corp.
- (3) The 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. Pan Orient is withdrawing from operations in Indonesia and the office in Jakarta was closed March 31, 2020. For accounting purposes, the operation in Indonesia for accounting purposes is considered a discontinued operation since 2020.
- (4) Refer to Commitments note disclosure of the March 31, 2021 and March 31, 2020 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 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) In December 2020, the Company entered into an Automatic Share Purchase Plan (%ASPP+), which permits an independent broker to repurchase shares during certain blackout periods under the Company's normal course issuer bid, subject to agreed trading parameters and other instructions for such purchases. At March 31, 2021, the Company recognized a provision of \$1.5 million (December 31, 2020 - \$0.9 million) in accounts payable and accrued liabilities as an estimate for the number of shares that may be repurchased during the potential blackout periods at the maximum share price under the ASPP.
- (9) General & administrative expenses, excluding non-cash accretion expense. The nominal amount of G&A shown in the three months ended March 31, 2021 and March 31, 2020 for Thailand operations related to G&A of the holding company of Pan Orient Energy (Siam) Ltd.
- (10) Operating expense related to Andora's suspended demonstration project facility and wellpair at Sawn Lake Central. These expenses were previously capitalized prior to the E&E impairment recorded during the first quarter of 2020.
- (11) On May 19, 2020, the Company granted 1,050,000 restricted share units (%RSUs+) to directors, senior management, employees and consultant. At March 31, 2021, 679,999 RSUs are outstanding. The amount represents the stock-based compensation expenses.
- (12) Realized and unrealized foreign exchange gain or loss mainly related to the U.S. dollars denominated cash balances held in Canada.
- (13) Tables may not add due to rounding.

HIGHLIGHTS

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

- A three well appraisal program has been completed with the L53-DD10 and L53-DD12 wells drilled during the first quarter, and the L53-DD11 well drilled in April 2021.
 - The L53-DD10 appraisal well in the L53-DD field was placed on production May 2nd from the %C+sand. The well has averaged 351 BOPD during the seven day period of May 3rd to May 9th, net to Pan Orient's 50.01% equity interest. Test results are not necessarily indicative of long-term performance or ultimate recovery.
 - The L53-DD12 well was drilled in March and encountered six meters of net oil pay in the %C+sand transition zone. The decision was made to complete this well as a water injection well to provide pressure support to the up-dip L53-DD6ST2 well that is currently producing from the %C+sand.
 - The L53-DD11 appraisal well in the L53-DD field was placed on production April 27th from the %B+sand. The well has averaged 544 BOPD during the 11 day period of April 29th to May 9th, net to Pan Orient's 50.01% equity interest. Test results are not necessarily indicative of long-term performance or ultimate recovery.
- Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, oil sales from Concession L53 in the first quarter of 2021 were 1,353 BOPD, with 1,134 BOPD from the L53-DD field. Oil sales declined 11% from 1,491 BOPD in the fourth quarter of 2020 primarily due to the conversion of the L53-DD8 well, which had produced 175 BOPD in the fourth quarter of 2020, to a disposal well for the first quarter of 2021.
- Adjusted Thailand funds flow from operations of \$4.3 million (\$35.46 per barrel) in the first quarter of 2021 increased 34% compared with \$3.2 million (\$23.54 per barrel) in the fourth quarter of 2020. The increase in funds flow from operations is attributable to a \$1.2 million increase in oil sales and a \$0.4 million reduction in operating, transportation and G&A expenses, partially offset by a \$0.1 million increase in royalties and \$0.5 million increase in income tax. The average realized oil price per barrel increased 30% in the first quarter of 2021 to \$73.82 per barrel, reflecting an average Brent reference price of US\$60.41 which has recovered from the low of US\$18.38 in April 2020.
- Thailand adjusted funds flow from operations of \$4.3 million in the first quarter of 2021 funded \$1.8 million of Thailand exploration and development activities and the Thailand Joint Venture paid a dividend to Pan Orient of \$2.6 million during the first quarter of 2021. Pan Orient's share of working capital and long-term deposits in Thailand at March 31, 2021 was \$4.4 million.

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

- The East Jabung Production Sharing Contract 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. 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 and 2021 as discontinued operations. Discontinued operations in Indonesia for 2020 were \$52 thousand of expenses and \$32 thousand in unrealized foreign exchange gains on currency exchange rates since the end of 2020.

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

- After the impairment of Sawn Lake recorded at March 31, 2020, no operating expenses or G&A are capitalized. For the first quarter of 2021, Pan Orient reports total operating expense of \$42 thousand associated with the Sawn Lake suspended SAGD facility and wellpair.
- The Western Canada Select reference price for heavy oil has increased significantly since mid-2020 and Andora continues to review alternatives to move the Sawn Lake project forward with minimum development costs to Andora, including partnership or outright sale, and achieve value for Andora and Pan Orient shareholders.

Corporate

- Corporate adjusted funds flow from operations (including Pan Orient's 50.01% equity interest in the Thailand Joint Venture) in the first quarter were \$3.4 million (\$0.07 per share). The increase from \$1.5 million (\$0.03 per share) in the fourth quarter of 2020 is largely due to a \$1.2 million increase in Pan Orient's equity interest in Thailand Joint Venture adjusted funds flow from operations and a reduction in the unrealized foreign exchange loss in Canada on cash holdings denominated in US dollars (which was \$0.3 million loss in the first quarter of 2021 compared with a \$1.0 million loss in the fourth quarter of 2020).
- Net income attributable to common shareholders for the first quarter of 2021 was \$1.1 million (\$0.02 income per share). This compares a net loss attributable to common shareholders for the first quarter of 2020 of \$57.1 million (\$1.05 loss per share), with a net \$57.6 million impairment charge for the Sawn Lake, Alberta Exploration and Evaluation assets at March 31, 2020.
- Pan Orient repurchased 1,441,500 common shares in the first quarter of 2021, at an average price of \$0.86 per share, for \$1.2 million. The Company has repurchased an additional 271,500 shares to May 11, 2021, at an average price of \$0.89 per share. Common shares outstanding were 50.3 million at March 31, 2021 and 50.0 million at May 11, 2021.
- Pan Orient retains a strong financial position with working capital and non-current deposits of \$23.4 million and no long-term debt at March 31, 2021. In addition, the Thailand Joint Venture has \$4.4 million in working capital and long-term deposits, net to Pan Orient's 50.01% equity interest, and Thailand funds flow from operations are expected to expand the Company's cash balance through the remainder of 2021.

OUTLOOK

THAILAND

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

One additional appraisal well is anticipated between now and year-end, in addition to three or four workovers. The Thailand asset is currently at a mature stage with possible future upside that would be mainly related to increased recovery factors and oil prices. The L53 asset is at a stage that the Company has historically looked to crystalize value. The Company continues to view Thailand as a favorable jurisdiction to conduct business and would show great interest in any future acreage licensing rounds. Near term, the geomodel utilized for the year-end 2020 reserves report will be updated based on the drilling program that was just completed and the workover program that is currently underway, and likely updating the 2020 year-end reservoir simulation.

CANADA

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

During the first quarter of 2021, efforts were focused on seeking out alternative oil marketing arrangements and conducting scoping economics for what would be a notional small scale re-start of production at Sawn Lake that would include the existing wellpair and one more wellpair. As 2021 proceeds, the Company will be in consultation with joint venture partners, better define potential alternative marketing arrangements and keep a close watch on heavy oil prices.

COVID-19 Coronavirus

The operations in Thailand of Pan Orient Energy (Siam) Ltd. (~~PO~~POS) continue to be somewhat affected by the worldwide COVID-19 coronavirus pandemic. The Thailand government imposed a state of emergency in late March 2020, giving it wide-ranging powers to address the crisis. Domestic travel restrictions have now been eased but restrictions on foreigners entering Thailand remain in effect. The infection and death rate was much lower in Thailand than in most western nations but a spike in both cases and deaths has been experienced since the end of the first quarter of 2021.

Prudent measures have been taken by POS to help protect the health and safety of staff, which are of paramount importance. Fortunately, POS in Thailand has been able to complete its initial three well 2021 appraisal drilling program. POS and Pan Orient are well-positioned to withstand these unprecedented events. The Company is optimistic about a return to normal operations and less volatile market conditions but the outlook for world oil prices remains somewhat uncertain.

Net income from Thailand Joint Venture

The Company holds a 50.01% equity interest in Pan Orient Energy (Siam) Ltd. (POES), 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			
	2021		2020	
	\$000s	\$ per bbl	\$000s	\$ per bbl
Crude oil revenue	8,986	73.82	6,869	63.63
Government royalty	(479)	(3.93)	(354)	(3.28)
Transportation expense	(292)	(2.40)	(252)	(2.33)
Production and Operating expense	(756)	(6.21)	(740)	(6.85)
Field netback	7,459	61.27	5,523	51.16
General and administrative	(238)	(1.96)	(233)	(2.16)
Foreign exchange gain	14	0.12	6	0.06
Current income tax expense	(2,909)	(23.90)	(1,608)	(14.90)
Adjusted funds flow from operations	4,326	35.54	3,688	34.16
Depletion, depreciation and amortization	(2,206)	(18.12)	(2,379)	(22.04)
Accretion	(10)	(0.08)	(6)	(0.07)
Deferred tax recovery (expense)	47	0.39	(457)	(4.22)
Net income	2,157	17.72	846	7.84
Amortization of fair value adjustment	(255)	(2.09)	(290)	(2.69)
Net income from Joint Venture	1,902	15.62	556	5.15

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 1,353 BOPD during the three months ended March 31, 2021 compared to 1,186 BOPD during the first quarter of 2020. Oil production in the first quarter of 2021 was higher than the first quarter of 2020 due to increased oil sales from L53-DD7 and L53-DD9 wells which commenced production in August 2020 and November 2020 respectively.

Oil sales revenue from Concession L53 was \$9.0 million for the three months ended March 31, 2021 compared to \$6.9 million in the first quarter of 2020. Revenue in the first quarter of 2021 was higher than the first quarter in 2020 due to higher oil sales and realized price per barrel. The realized price per barrel was \$73.82 for the three months ended March 31, 2021 compared to \$63.63 during the first quarter of 2020.

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 \$6.21 per barrel in the first quarter of 2021 and were lower compared to \$6.85 per barrel in the first quarter of 2020. 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 \$18.12 per barrel during the first quarter of 2021 compared to \$22.04 per barrel during the first quarter of 2020. On a per barrel basis, DD&A is lower during the first quarter of 2021 than the first quarter of 2020 due to oil discovery and positive technical revisions on reserves resulted in an increase in proved and probable reserves at December 31, 2020.

General and Administrative (“G&A”) Expenses

	Three months ended	
	March 31	
(\$thousands)	2021	2020
Canada ⁽¹⁾⁽²⁾⁽³⁾	520	568
Thailand (excluding Thailand Joint Venture)	9	6
G&A expense from continuing operations ⁽³⁾	529	574
G&A expense from discontinued operations . Indonesia ⁽²⁾⁽³⁾	51	72
Share of G&A from Thailand Joint Venture ⁽³⁾	238	239
Total G&A attributable to the economic interests of Pan Orient (including 50.01% interest in Thailand Joint Venture)	818	885

(1) 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 \$5 thousand and \$6 thousand for the three months ended March 31, 2021 and 2020.

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

(3) Amounts exclude non-cash accretion expense

Capital Expenditures

	Three months ended March 31			
	2021		2020	
		Net wells drilled		Net wells drilled
Capital expenditures ⁽¹⁾	\$000s		\$000s	
Canada	-	-	85	-
Share of Thailand joint venture capital expenditures ⁽²⁾	1,829	1	3,779	2
Total capital expenditures attributable to the economic interest of Pan Orient (including 50.01% interest in Thailand Joint Venture)	1,829	1	3,864	2

(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.

Thailand

Capital expenditures related to Thailand Joint Venture were \$1.8 million for the three months ended March 31, 2021 consisted of drilling of L53-DD10 and L53-DD12 appraisal wells, workover activities, equipment inventory purchases, capitalized general and administrative expenses and other development activities.

Liquidity and Capital Resources

Pan Orient's capital program for the 50.01% share of the Thailand Joint Venture was \$1.8 million for the three months ended March 31, 2021 and was financed from existing working capital and adjusted funds flow from operations within the Thailand Joint Venture. At March 31, 2021 the Company's working capital plus non-current deposits was \$23.4 million compared to \$23.6 million at December 31, 2020. The Company had estimated outstanding capital commitments of \$0.8 million at March 31, 2021 which remained unchanged from December 31, 2020. In addition to Pan Orient's consolidated working capital and non-current deposits, its investment in the Thailand Joint Venture includes \$4.4 million of its share of working capital and non-current deposits and \$2.5 million of equipment inventory to be utilized for future operations of the Thailand Joint Venture.

At December 31, 2020 and March 31, 2021 Pan Orient's consolidated cash and cash equivalents were held in Canada.

Non-current deposits of \$0.6 million at March 31, 2021 consisted of deposits placed with the Alberta energy regulator in Canada for the interests of Andora at Sawn Lake. The estimated decommissioning provision for Andora at March 31, 2021 for wells and facilities in Canada is \$1.8 million.

Share Capital

Outstanding (thousands)	May 11, 2021	March 31, 2021	December 31, 2020
Common shares	50,031	50,303	51,744
Stock options	2,935	2,935	2,935
Total	52,966	53,238	54,679

In May 2020, 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 4,228,734 of its common shares (10% of the public float), subject to a maximum of 1,059,190 common shares (2% of the 52,959,507 issued and outstanding common shares) during any 30 day period. The ability to purchase common shares under the bid commenced on May 21, 2020 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.

In December 2020, the Company entered into an Automatic Share Purchase Plan (ASPP), which permits an independent broker to repurchase shares during certain blackout periods under the Company's normal course issuer bid, subject to agreed trading parameters and other instructions for such purchases. At March 31, 2021, the Company recognized a provision of \$1.5 million (December 31, 2020 - \$0.9 million) in accounts payable and accrued liabilities as an estimate of the number of shares that may be repurchased during potential blackout periods at the maximum share price under the ASPP.

During the first quarter of 2021, the Company has repurchased 1,441,500 shares at an average price of \$0.86 per share under the normal course issuer bid which included 1,300,000 shares at an average price of \$0.86 per share repurchased under the ASPP. From April 1, 2021 to May 11, 2021, the Company has repurchased additional 271,500 shares at an average price of \$0.89 per share which were all repurchased under the ASPP.

On May 12, 2020, the Company adopted a long-term incentive plan and on May 19, 2020 granted 1,050,000 restricted share units (RSUs) to its directors, senior management, employees and consultant. The vesting period of the RSU is one-third 6 months after the grant date (November 19, 2020), one-third 18 months after the grant date (November 19, 2021) and the final one-third 30 months after the grant date (November 19, 2022). The RSUs will be paid out based on the fair market value on each vesting date in cash. Fair market value of shares means (a) the average closing price for such shares on the TSX-V Exchange for the ten trading days on which the shares traded immediately preceding the relevant date or (b) if the Board of Directors specifically so determines, the closing market price for such shares on the TSX-V Exchange on the relevant date.

The Company settled the vested portion of the RSUs with cash in 2020. During the first quarter of 2021, the Company recorded an accrued liability (current and non-current) of \$0.3 million for the unvested portion at March 31, 2021 which was based on the Company's closing share price of \$0.89 per share on TSX-V Exchange on March 31, 2021.

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:

	2021	2020				2019		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Rate at end of period								
Thai baht / Cdn \$ exchange	24.47	23.09	23.27	22.25	22.74	22.70	22.72	23.14
Cdn \$ / US \$ exchange	1.26	1.27	1.33	1.36	1.42	1.30	1.32	1.31

The Company holds U.S. dollars within Canada to meet U.S. dollar cash requirements of its foreign operations and at March 31, 2021 the Company held \$16.5 million (December 31, 2020: \$16.6 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	
	2021	2020
AOCI, beginning of period	2,268	2,903
Unrealized foreign currency translation loss from Thailand Joint Venture	(1,369)	(176)
AOCI, end of period	899	2,727

Summary of Quarterly Results

	2021	2020				2019		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Financial (\$thousands) except as indicated ⁽¹⁾								
Interest revenue	6	18	69	23	109	119	125	86
Cash flow used in operating activity, continuing operations ⁽²⁾	(991)	(597)	(355)	(591)	(399)	(251)	(290)	(321)
Cash flow from (used in) operating activity, discontinued operations ⁽²⁾	(33)	(46)	(42)	(181)	(415)	(87)	365	479
Total assets	54,427	56,233	56,879	58,967	60,643	146,656	175,126	171,999
Working capital & non-current deposits	23,415	23,577	26,411	24,801	26,386	22,158	32,458	28,902
Shares outstanding (thousands)	50,303	51,744	52,077	52,175	53,400	54,496	55,084	54,837
Net income (loss) from continuing operations ⁽³⁾	1,160	(463)	(1,052)	(1,737)	(56,652)	465	1,210	1,363
Net income (loss) from discontinued operations ⁽³⁾	(20)	46	(11)	703	(465)	(27,321)	(96)	(76)
Total net income (loss) ⁽³⁾	1,140	(417)	(1,063)	(1,034)	(57,117)	(26,856)	1,114	1,287
Per share basic and diluted (\$)	0.02	(0.04)	(0.02)	(0.02)	(1.05)	(0.49)	0.02	0.02
Operations (\$thousands), including 50.01% equity interest in Thailand Joint Venture								
Daily oil sales (BOPD) net to Pan Orient ⁽⁴⁾	1,353	1,491	1,114	1,060	1,186	1,232	1,418	1,072
Total corporate adjusted funds flow from operations ⁽⁵⁾	3,382	1,528	2,410	1,205	4,404	3,191	6,391	5,689
Capital expenditures ⁽⁶⁾	1,829	1,644	3,410	1,415	3,864	11,305	4,412	2,846
Total corporate adjusted funds flow from (used in) operations (\$/bbl) ⁽⁵⁾								
Realized crude oil price	73.82	56.95	53.38	40.49	63.63	62.64	77.99	81.57
Royalties	(3.93)	(3.06)	(2.77)	(2.02)	(3.28)	(3.26)	(4.13)	(4.28)
Transportation & operating	(8.61)	(10.27)	(10.24)	(10.16)	(9.19)	(9.87)	(7.16)	(7.33)
Field Netback - Thailand Joint Venture	61.27	43.63	40.37	28.31	51.16	49.52	66.69	69.96
Operating expense - Andora ⁽⁷⁾	(0.35)	(0.39)	(0.91)	(0.65)	-	-	-	-
General and administrative ⁽⁸⁾	(6.71)	(6.65)	(7.07)	(8.53)	(7.99)	(1.15)	(5.61)	(7.57)
Stock-based compensation expense on restricted share units	(0.81)	(1.14)	(1.48)	(0.78)	-	-	-	-
Exploration expense (recovery)	(0.01)	0.01	0.02	6.97	-	-	-	-
Interest income	0.05	0.15	0.67	0.30	1.01	0.64	0.96	1.11
Foreign exchange gain (loss)	(1.77)	(6.55)	(4.08)	(7.70)	11.51	0.67	2.28	(5.18)
Current income tax expense	(23.90)	(17.91)	(4.00)	(5.42)	(14.90)	(11.27)	(15.32)	-
Total corporate adjusted funds flow from operations	27.78	11.15	23.52	12.49	40.79	38.41	49.00	58.32

(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 2021 and 2020 as discontinued operations. Amounts presented in 2019 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 50.01% equity interest.

(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% equity interest in the Thailand Joint Venture which is recorded in Investment in Joint Venture for financial statement purposes and funds flow from (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) Operating expense related to Andora's suspended demonstration project facility and well pair at Sawn Lake Central. These expenses were previously capitalized prior to the E&E impairment recorded during the first quarter of 2020.

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

(9) Tables may not add due to rounding.

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.

Q2 2020 – Total corporate adjusted funds flow from operations of \$1.2 million. Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, adjusted funds flow from operations of \$2.0 million with average daily oil sales from Concession L53 of 1,060 BOPD (\$20.91 per barrel) and working capital and long-term deposits at June 30, 2020 of \$6.6 million. Net loss attributable to common shareholders was \$1.0 million (\$0.02 loss per share) for the quarter. Pan Orient's share of Thailand Joint Venture capital expenditures was \$1.4 million mainly related to the drilling of L53-BB1 exploration well, workover activities, equipment inventory purchases, capitalized general and administrative expenses and other development activities. At June 30, 2020, working capital and non-current deposits (including the Thailand Joint Venture) totaled \$31.4 million and the Company had no long-term debt.

Q3 2020 – Total corporate adjusted funds flow from operations of \$2.4 million. Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, adjusted funds flow from operations of \$3.5 million with average daily oil sales from Concession L53 of 1,114 BOPD (\$34.52 per barrel) and working capital and long-term deposits at September 30, 2020 of \$3.5 million. Net loss attributable to common shareholders was \$1.1 million (\$0.02 loss per share) for the quarter. Pan Orient's share of Thailand Joint Venture capital expenditures was \$3.4 million mainly related to the drilling of L53-DD7 and L53-DD8 appraisal wells, workover activities, equipment inventory purchases, capitalized general and administrative expenses and other development activities. At September 30, 2020, working capital and non-current deposits (including the Thailand Joint Venture) totaled \$29.9 million and the Company had no long-term debt.

Q4 2020 – Total corporate adjusted funds flow from operations of \$1.5 million. Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, adjusted funds flow from operations of \$3.2 million with average daily oil sales from Concession L53 of 1,491 BOPD (\$23.54 per barrel) and working capital and long-term deposits at December 31, 2020 of \$5.0 million. Net loss attributable to common shareholders was \$0.4 million (\$0.01 loss per share) for the quarter. Pan Orient's share of Thailand Joint Venture capital expenditures was \$1.5 million mainly related to the drilling of L53-DD9 appraisal well, workover activities, equipment inventory purchases, capitalized general and administrative expenses and other development activities. At December 31, 2020, working capital and non-current deposits (including the Thailand Joint Venture) totaled \$28.5 million and the Company had no long-term debt.

Q1 2021 – Total corporate adjusted funds flow from operations of \$3.4 million. Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, adjusted funds flow from operations of \$4.3 million with average daily oil sales from Concession L53 of 1,353 BOPD (\$35.46 per barrel) and working capital and long-term deposits at March 31, 2021 of \$4.3 million. Net income attributable to common shareholders was \$1.1 million (\$0.02 per share) for the quarter. Pan Orient's share of Thailand Joint Venture capital expenditures were \$1.8 million and consisted of drilling of L53-DD10 and L53-DD12 appraisal wells, workover activities, equipment inventory purchases, capitalized general and administrative expenses and other development activities. At March 31, 2021, working capital and non-current deposits (including the Thailand Joint Venture) totaled \$27.9 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