MATERIAL CHANGE REPORT

Item 1 – Name and Address of Company

Pan Orient Energy Corp. ("**Pan Orient**" or the "**Company**")
Suite 1505, 505 - 3rd St S.W.
Calgary, Alberta T2P 3E6

Item 2 – Date of Material Change

May 14, 2020

Item 3 – News Release

A news release dated May 14, 2020 was issued through GlobeNewswire at 8:30 a.m. (Eastern Daylight Time) on Thursday, May 14, 2020.

Item 4 – Summary of Material Change

Pan Orient's 71.8% owned subsidiary Andora Energy Corporation holds a 50% interest in the Sawn Lake, Alberta steam assisted gravity drainage (SAGD) demonstration project.

The Company has put all plans with regard to the Sawn Lake SAGD heavy oil asset on hold for the foreseeable future and has recorded a non-cash $57.6 million net impairment expense on this asset at March 31, 2020.

Item 5 – Full Description of Material Change

5.1 Full Description of Material Change

Pan Orient's 71.8% owned subsidiary Andora Energy Corporation ("**Andora**") holds a 50% interest in the Sawn Lake, Alberta steam assisted gravity drainage (SAGD) demonstration project.

The Company has put all plans with regard to the Sawn Lake SAGD heavy oil asset on hold for the foreseeable future and has recorded a non-cash $57.6 million net impairment expense on this asset 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 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.

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.

5.2 Disclosure for Restructuring Transactions

Not applicable

Item 6 – Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable

Item 7 – Omitted Information

Not applicable

Item 8 – Executive Officer

William D. Ostlund
Vice President Finance and Chief Financial Officer
(403) 294-1770, ext. 233

Item 9 – Date of Report

May 14, 2020

Forward-looking information

This material change report contains forward-looking information. 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 material change report includes references, express or implied, to there being no expected commercial development for the Sawn Lake heavy oil asset and accounting treatment of Sawn Lake expenses. By its very nature, the forward-looking information contained in this material change report requires Pan Orient and its management to make assumptions that may not materialize or that may not be accurate. In addition, the forward-looking information is subject to known and unknown risks and uncertainties and other factors, some of which are beyond the control of Pan Orient, which could cause actual results, expectations, achievements or performance to differ materially. Although Pan Orient believes that the expectations reflected in its forward-looking information are reasonable, it can give no assurances that those expectations will prove to be correct. Pan Orient undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.