



PAN ORIENT ENERGY CORP.

**ARRANGEMENT INVOLVING
PAN ORIENT ENERGY CORP., CANASIA ENERGY CORP.
AND
DIALOG SYSTEMS (ASIA) PTE LTD. AND 2432707 ALBERTA LTD.**

**SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON AUGUST 23, 2022**

**NOTICE OF MEETING,
NOTICE OF ORIGINATING APPLICATION AND
MANAGEMENT INFORMATION CIRCULAR**

JULY 20, 2022

These materials are important and require your immediate attention. They require holders of common shares of Pan Orient Energy Corp. to make important decisions. If you are in doubt as to how to make such decisions, please contact your financial, legal, tax or other professional advisors.

*The directors of Pan Orient Energy Corp. unanimously recommend that shareholders vote **FOR** the Arrangement Resolution described in the accompanying management information circular and the other matters to be considered at the special meeting of Pan Orient Energy Corp. shareholders.*

Neither the TSX Venture Exchange nor any securities regulatory authority has passed upon the merits of the Arrangement and other matters described in this document.

PAN ORIENT ENERGY CORP.

1505, 505 – 3rd Street SW

Calgary, Alberta

T2P 3E6 Canada

July 20, 2022

Dear Shareholders:

You are invited to attend a special meeting of holders of common shares of Pan Orient Energy Corp. ("**Pan Orient**") to be held at the Calgary Petroleum Club, Viking Room, 319 – 5th Avenue SW, Calgary, Alberta, on Tuesday, August 23, 2022, commencing at 9:00 a.m. (Calgary time).

On June 6, 2022, Pan Orient, its wholly-owned subsidiary, CanAsia Energy Corp. ("**CanAsia**"), Dialog Systems (Asia) Pte Ltd. ("**DIALOG**") and its wholly-owned subsidiary, 2432707 Alberta Ltd. (the "**Purchaser**"), entered into an arrangement agreement whereby, among other things, the parties agreed to complete a series of steps pursuant to an arrangement under Section 193 of the *Business Corporations Act* (Alberta) (the "**Arrangement**") that will include, generally: (a) Pan Orient will sell and transfer its non-Thailand business to CanAsia in exchange for the assumption of liabilities associated with the non-Thailand business and the issuance of shares of CanAsia; (b) Pan Orient shareholders (other than dissenting shareholders) will receive one CanAsia share for each Pan Orient share held, and (c) the Purchaser will acquire all of the issued and outstanding shares of Pan Orient for cash consideration of USD \$0.788 for each share of Pan Orient.

As a result of the Arrangement:

- DIALOG, through the Purchaser, will hold all of the issued and outstanding Pan Orient shares, and Pan Orient will continue to own Pan Orient's Thailand business;
- Pan Orient shareholders (other than dissenting shareholders) will receive, through a series of steps, for each Pan Orient share held, a cash payment of USD \$0.788 and one CanAsia share; and
- CanAsia will be a new public company with its shares expected to be listed on the TSX Venture Exchange (subject to satisfaction of the conditions of the TSX Venture Exchange), that will own Pan Orient's non-Thailand business, which includes: Pan Orient's 71.8% interest in Andora Energy Corporation, which has interests in oil sands properties in Sawn Lake, Alberta; convertible loans receivable from Andora; Pan Orient's interests in Indonesia, which operations are, effective January 1, 2020, considered discontinued operations for accounting purposes; and working capital and long-term deposits, estimated to be approximately \$7.1 million.

At the meeting, shareholders will be asked to approve the Arrangement. The resolution approving the Arrangement must be passed (a) as a special resolution by a majority of not less than two-thirds of the votes cast by Pan Orient shareholders who vote in respect of the resolution at the meeting in person or by proxy and (b) as an ordinary resolution by a majority of the votes cast by Pan Orient shareholders who vote in respect of the resolution at the meeting in person or by proxy, excluding votes attached to Pan Orient shares that are required to be excluded by Canadian Securities Administrators Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

Shareholders will also be asked to approve the proposed new equity incentive plan of CanAsia (the "**CanAsia Equity Incentive Plan**"). The resolution approving the CanAsia Equity Incentive Plan must be passed as an ordinary resolution by a majority of the votes cast by Pan Orient shareholders who vote in respect of the resolution at the meeting in person or by proxy. Completion of the Arrangement is not conditional on approval by shareholders of the CanAsia Equity Incentive Plan Resolution.

The Pan Orient directors have received a fairness opinion from Research Capital Corporation dated June 5, 2022 to the effect that, as of that date and subject to the assumptions, limitations and qualifications contained in the opinion, the consideration to be received by Pan Orient shareholders pursuant to the Arrangement is fair, from a financial point of view, to Pan Orient shareholders. A copy of the fairness opinion is attached as Appendix D to the accompanying management information circular.

The Pan Orient directors, after consulting with financial and legal advisors, and after consideration of, among other things, the fairness opinion of Research Capital Corporation, have unanimously determined that the Arrangement is in the best interests of Pan Orient and is fair, from a financial point of view, to Pan Orient shareholders.

The Pan Orient directors unanimously recommend that shareholders vote FOR the Arrangement Resolution and the CanAsia Equity Incentive Plan Resolution.

The business of the meeting is fully described in the accompanying notice of meeting and management information circular. You should carefully consider all of the information in the information circular. If you require assistance, consult your financial, legal, tax or other professional advisors. See also the accompanying letter of transmittal, which must be completed and returned

by registered shareholders to the depositary, together with the certificates representing the Pan Orient shares and all other required documents, to obtain the consideration that such shareholders are entitled to receive under the Arrangement. The instructions for completing and delivering the letter of transmittal are set forth in detail in the management information circular and letter of transmittal.

As your vote is important, your Pan Orient shares should be represented at the meeting whether or not you are able to attend. If you do not plan to attend, please complete, date, sign and return the accompanying form of proxy so that your shares can be voted at the meeting in accordance with your instructions. Instructions for voting by proxy are contained in the notice of meeting and in "*Proxy Solicitation Matters*" in the management information circular.

Sincerely,

(signed) "Jeff Chisholm"

President and Chief Executive Officer

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PAN ORIENT ENERGY CORP.

NOTICE OF SPECIAL MEETING

NOTICE IS GIVEN that, pursuant to an order of the Court of Queen's Bench of Alberta dated July 20, 2022 (the "**Interim Order**"), a special meeting (the "**Meeting**") of the holders ("**Shareholders**") of common shares ("**Shares**") of Pan Orient Energy Corp. ("**Pan Orient**") will be held at the Calgary Petroleum Club, Viking Room, 319 – 5th Avenue SW, Calgary, Alberta, on Tuesday, August 23, 2022, commencing at 9:00 a.m. (Calgary time), for the following purposes, all as more particularly described in the accompanying management information circular of Pan Orient dated July 20, 2022 (the "**Circular**"):

1. to consider and, if deemed advisable, to pass, with or without variation, a special resolution (the "**Arrangement Resolution**"), the full text of which is set forth in Appendix A to the Circular, to approve a plan of arrangement under Section 193 of the *Business Corporations Act* (Alberta) (the "**Arrangement**"), all as more particularly described in the Circular;
2. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution (the "**CanAsia Equity Incentive Plan Resolution**"), the full text of which is set forth in Appendix G to the Circular, to approve a security based compensation plan (the "**CanAsia Equity Incentive Plan**") for CanAsia Energy Corp. ("**CanAsia**"), all as more particularly described in the Circular; and
3. to transact such other business as may be properly brought before the Meeting or any postponement or adjournment thereof.

The Arrangement Resolution must be passed (a) as a special resolution by a majority of not less than two-thirds of the votes cast by Pan Orient Shareholders who vote in respect of the Arrangement Resolution at the Meeting in person or by proxy and (b) as an ordinary resolution by a majority of the votes cast by Pan Orient Shareholders who vote in respect of the Arrangement Resolution at the Meeting in person or by proxy, excluding votes attached to Pan Orient Shares that are required to be excluded by Canadian Securities Administrators Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

The CanAsia Equity Incentive Plan Resolution must be passed as an ordinary resolution by a majority of the votes cast by Pan Orient Shareholders who vote in respect of the CanAsia Equity Incentive Plan Resolution at the Meeting in person or by proxy. Completion of the Arrangement is not conditional on the approval by Shareholders of the CanAsia Equity Incentive Plan Resolution.

The Pan Orient board of directors has fixed July 6, 2022 as the record date for the determination of Shareholders entitled to notice of and to vote at the Meeting and at any postponement or adjournment thereof.

Only Shareholders of record on the record date are entitled to receive notice of and to vote at the Meeting, except to the extent that a Shareholder of record transfers his or her Shares after the record date and the transferee produces properly endorsed Share certificates or otherwise establishes that he or she owns the Shares, and demands, not later than ten days before the Meeting, that his or her name be included in the list of Shareholders entitled to vote.

A registered Shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting. To be effective, the form of proxy must be dated, signed and deposited with Computershare Trust Company of Canada (i) in person or by mail using the enclosed return envelope or one addressed to Computershare Trust Company of Canada, 8th Floor North Tower, 100 University Avenue, Toronto, Ontario, M5J 2Y1 or (ii) by telephone 1-866-732-VOTE (8683) toll free or (iii) through the internet at www.investorvote.com, not less than 48 hours, excluding Saturdays, Sundays and holidays, preceding the Meeting or any adjournment or postponement. The proxy deposit deadline is 9:00 a.m. (Calgary time) on Friday, August 19, 2022. The time limit for the deposit of proxies may also be waived or extended by the Chair of the Meeting at his discretion, without notice.

There are also procedures, described in the accompanying Circular, for beneficial Shareholders to give voting instructions to a broker, investment dealer, trust company, bank or other nominee (including CDS) that is the registered holder of a Shareholder's Shares.

Pursuant to the Interim Order, registered Shareholders are entitled to dissent in respect of the Arrangement Resolution and, if the Arrangement becomes effective, to be paid the fair value of their Shares in accordance with the right to dissent under

Section 191 of the *Business Corporations Act* (Alberta), as modified by the Interim Order and the Arrangement. This right is described in detail in the Circular under "*The Arrangement – Shareholder's Right to Dissent*".

Failure to comply strictly with the dissent procedures described in the Circular may result in the loss or unavailability of the right to dissent. Beneficial Shareholders who hold Shares registered in the name of a broker, investment dealer, trust company, bank, or other nominee (including CDS) who wish to dissent should be aware that only registered Shareholders are entitled to dissent. Accordingly, a beneficial Shareholder who wishes to exercise the right to dissent must arrange for the registered holder of such Shares to dissent on the beneficial Shareholder's behalf.

DATED at Calgary, Alberta on July 20, 2022.

By Order of the Board of Directors

(signed) *Jeff Chisholm*

President and Chief Executive Officer

NOTICE OF ORIGINATING APPLICATION

Court File No. 2201-08273

IN THE COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF SECTION 193 OF THE *BUSINESS CORPORATIONS ACT*,

R.S.A. 2000, C. B-9, AS AMENDED

AND IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING, AMONG OTHERS, PAN ORIENT ENERGY CORP., CANASIA ENERGY CORP., DIALOG SYSTEMS (ASIA) PTE LTD. AND 2432707 ALBERTA LTD.

NOTICE OF APPLICATION

NOTICE IS HEREBY GIVEN that an originating application (the "**Application**") has been filed with the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "**Court**") on behalf of Pan Orient Energy Corp. ("**Pan Orient**"), with respect to a proposed arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended (the "**Act**"), involving, among others, Pan Orient, its wholly-owned subsidiary, CanAsia Energy Corp. ("**CanAsia**"), the holders of common shares ("**Shares**") of Pan Orient (the "**Shareholders**") and options to purchase Shares ("**Options**"), DIALOG Systems (Asia) Pte Ltd. and 2432707 Alberta Ltd. (collectively, the "**Arrangement Parties**"), which Arrangement is described in greater detail in the management information circular of Pan Orient dated July 20, 2022 (the "**Circular**") accompanying this Notice of Application. At the hearing of the Application, Pan Orient intends to seek:

- (a) a declaration that the terms and conditions of the Arrangement, and the procedures relating thereto, are fair to the persons affected, both from a substantive and procedural point of view;
- (b) an order approving the Arrangement pursuant to the provisions of Section 193 of the Act and pursuant to the terms and conditions of the arrangement agreement dated June 6, 2022 between Pan Orient, CanAsia, Dialog Systems (Asia) Pte Ltd. and 2432707 Alberta Ltd. (the "**Arrangement Agreement**");
- (c) a declaration that the Arrangement will, upon the filing of the Articles of Arrangement pursuant to the provisions of Section 193 of the Act, become effective in accordance with its terms; and
- (d) such other and further orders, declarations and directions as the Court may deem just.

AND NOTICE IS FURTHER GIVEN that the said Application was directed to be heard virtually before a Justice of the Court of Queen's Bench of Alberta, Calgary Courts Centre, 601 – 5 Street S.W., Calgary, Alberta T2P 5P7, on August 24, 2022, at 10:00 a.m. (Calgary time), or as soon thereafter as counsel may be heard. Any Shareholder or any other interested party desiring to support or oppose the Application may appear at the time of the hearing in person or by counsel for that purpose. **Any Shareholder or any other interested party desiring to appear at the hearing is required to file with the Court of Queen's Bench of Alberta, Judicial District of Calgary, and serve upon Pan Orient on or before noon (Calgary time) on August 17, 2022 (or the business day that is five business days prior to the date of the application for such final order if it is not heard on August 24, 2022), a notice of intention to appear, including an address for service in the Province of Alberta, indicating whether such Shareholder or other interested party intends to support or oppose the application or make submissions thereat, together with a summary of the position such Shareholder or other interested party intends to advocate before the Court and any evidence or materials which are to be presented to the Court.** Service on Pan Orient is to be effected by delivery to the solicitors for Pan Orient at the address set out below. If any Shareholder or any other such interested party does not attend, either in person or by counsel, at that time, the Court may approve the Arrangement as presented, or may approve it subject to such terms and conditions as the Court shall deem fit, or refuse to approve the Arrangement, without any further notice.

AND NOTICE IS FURTHER GIVEN that no further notice of the Application will be given by Pan Orient, and that in the event the hearing of the Application is adjourned, only those persons who have appeared before the Court for the Application at the hearing shall be served with notice of the adjourned date.

AND NOTICE IS FURTHER GIVEN that the Court, by the interim order (the "**Interim Order**") of the Court dated July 20, 2022, has given directions as to the calling and holding of a meeting of Shareholders for the purpose of such shareholders voting upon, amongst other items, a special resolution to approve the Arrangement, and has directed that registered Shareholders shall have the right to dissent with respect to the Arrangement in accordance with the provisions of Section 191 of the Act, as modified by the Interim Order and the plan of arrangement implementing the Arrangement (the "**Plan of Arrangement**").

AND NOTICE IS FURTHER GIVEN that the final order approving the Arrangement, if granted, will constitute the basis for an exemption from the registration requirements of the United States *Securities Act of 1933*, as amended, provided by Section 3(a)(10) thereof, with respect

to the issuance of the Class A Common Shares in the capital of Pan Orient and the common shares in the capital of CanAsia that are to be issued and distributed to the Shareholders pursuant to the Plan of Arrangement.

AND NOTICE IS FURTHER GIVEN that a copy of the said Application and other documents in the proceedings will be furnished to any Shareholders or other interested party requesting the same by the under mentioned solicitors for Pan Orient upon written request delivered to such solicitors as follows:

Bennett Jones LLP
4500 Bankers Hall East, 855 - 2nd Street SW
Calgary, Alberta, T2P 4K7

Attention: Michael P. Theroux

DATED this 20th day of July, 2022

**BY ORDER OF THE BOARD OF DIRECTORS OF
PAN ORIENT ENERGY CORP.**

(signed) "*Jeff Chisholm*"
Director, President and Chief Executive Officer

QUESTIONS AND ANSWERS ABOUT THE ARRANGEMENT AND THE MEETING

The following questions and answers briefly address some questions you may have regarding the Arrangement and the Meeting. These questions and answers may not address all questions that may be important to you and are qualified in their entirety by the more detailed information contained elsewhere in this Circular. You are urged to carefully read this entire Circular for you to understand fully the Arrangement. Certain capitalized terms used in the following questions and answers are defined in the Glossary of Terms in the Circular.

Q: What is the proposed Arrangement?

A: The Arrangement involves a series of steps pursuant to an arrangement under Section 193 of the ABCA that will include, generally:

- Pan Orient will sell and transfer the assets of its Non-Thailand Business to CanAsia in exchange for the assumption by CanAsia of the liabilities associated with the Non-Thailand Business and the issuance by CanAsia to Pan Orient of CanAsia Shares, all in accordance with the Separation Agreement;
- Pan Orient will distribute to Shareholders (other than Dissenting Shareholders) one CanAsia Share for each Pan Orient Share held as at the Effective Time; and
- all outstanding Pan Orient Shares will be acquired by the Purchaser for Cash Consideration of USD \$0.788 for each New Pan Orient Share.

As a result of the Arrangement:

- DIALOG, through the Purchaser, will hold all of the issued and outstanding shares of Pan Orient, and Pan Orient will continue to own the Thailand Business;
- Shareholders (other than Dissenting Shareholders) will receive, for each Pan Orient Share held, Cash Consideration of USD \$0.788 and Share Consideration of one CanAsia Share; and
- CanAsia will be a new public company with the initial shareholders to be the Pan Orient Shareholders as at the Effective Time, with the CanAsia Shares expected to be listed on the TSXV (subject to satisfaction of the conditions of the TSXV), and CanAsia will own Pan Orient's Non-Thailand Business, which includes: (i) Pan Orient's 71.8% interest in Andora, which has interests in oil sands properties in Sawn Lake, Alberta; (ii) convertible loans receivable from Andora; (iii) Pan Orient's interests in Indonesia, which operations are, effective January 1, 2020, considered discontinued operations for accounting purposes; and (iv) working capital and long-term deposits, estimated to be approximately \$7.1 million.

The Arrangement will be implemented by way of a court-approved plan of arrangement under section 193 of the ABCA pursuant to the terms of the Arrangement Agreement. The full text of the Arrangement Agreement is attached as Appendix C to this Circular and the full text of the Plan of Arrangement is attached as Schedule A to Appendix C.

The Arrangement must be approved by Shareholders and the Court and the listing of the CanAsia Shares must be conditionally approved by the TSXV.

Pan Orient Shares will be delisted from the TSXV. It is anticipated that the CanAsia Shares will be listed on the TSXV as a substitutional listing to the Pan Orient Shares under the stock symbol "CEC".

The Arrangement is expected to be completed no later than August 29, 2022.

For more information, see *"The Arrangement – Summary"*, *"The Arrangement – Effecting the Arrangement"* and Appendix F – *Information Concerning CanAsia Energy Corp.*

Q: What am I being asked to approve at the Meeting?

A: At the Meeting, Shareholders will be asked to consider and pass (a) the Arrangement Resolution, the full text of which is set forth in Appendix A to this Circular, to approve the proposed Arrangement whereby, among other things, each holder (other than Dissenting Shareholders) of a Pan Orient Share will receive, for each such Share, the Consideration, consisting of Cash Consideration of USD \$0.788 and Share Consideration of one CanAsia Share, and the Purchaser will acquire all the issued and outstanding shares of Pan Orient and (b) the CanAsia Equity Incentive Plan Resolution, the full text of which is set forth in Appendix G to this Circular, to approve a security based compensation plan for CanAsia.

For more information, see *"The Arrangement"* and *"CanAsia Equity Incentive Plan and Other Business"*.

Q: When do you expect the Arrangement to be completed?

A: If all of the conditions to completion of the Arrangement are satisfied, Pan Orient anticipates that Closing will occur no later than August 29, 2022.

For more information, see "*The Arrangement – The Arrangement Agreement*".

Q: As a Shareholder, what will I receive on completion of the Arrangement?

A: Shareholders (other than Dissenting Shareholders) will receive the Consideration, consisting of Cash Consideration of USD \$0.788 and the Share Consideration of one CanAsia Share for each Pan Orient Share they own as at the Effective Time.

For more information, see "*The Arrangement – Arrangement Agreement*" and "*The Arrangement – Procedure for Receipt of the Consideration*".

Q: If the Arrangement is completed, when can I expect to receive the Consideration (the cash payment and CanAsia Shares)?

A: As soon as practicable following the later of the Effective Date of the Arrangement and the date of deposit by a former holder of Pan Orient Shares of a duly completed Letter of Transmittal, and the certificates representing such Shares and all other required documents, the Depositary shall either forward by first class mail to such former holder at the address specified in the Letter of Transmittal or, if requested by such Shareholder in the Letter of Transmittal, make available or cause to be made available at the Depositary for pickup by such Shareholder, a share certificate representing the Share Consideration and a cheque representing the Cash Consideration to which such Shareholder is entitled under the Arrangement. A Shareholder may elect to receive the Cash Consideration by wire by completing Box E in the Letter of Transmittal. No interest on the Consideration will be paid by reason of any delay in paying the Consideration or otherwise.

For more information, see "*The Arrangement – Procedure for Receipt of the Consideration*".

Q: Will the CanAsia Shares be listed on a stock exchange?

A: The CanAsia Shares are not traded or quoted on a Canadian marketplace. Application has been made to list the CanAsia Shares on the TSXV. It is anticipated that the CanAsia Shares will be listed on the TSXV as a substitutional listing to the Pan Orient Shares under the stock symbol "CEC". Listing of the CanAsia Shares on the TSXV will be subject to CanAsia fulfilling the continued listing requirements of the TSXV. There can be no assurance that the TSXV will list the CanAsia Shares. However, completion of the Arrangement is conditional on the TSXV conditionally approving the listing of the CanAsia Shares.

For more information, see "*The Arrangement – Regulatory Matters – TSXV– Listing of CanAsia Shares*".

Q: What happens if the Arrangement is not completed?

A: If the Arrangement is not completed for any reason, Shareholders will not receive any Consideration for any of their Pan Orient Shares and will continue to hold the Pan Orient Shares, and the Pan Orient Shares will continue to be listed and traded on the TSXV. Upon termination of the Arrangement Agreement prior to consummation of the Arrangement, Pan Orient may, under certain circumstances, be required to pay the Purchaser a Termination Fee of USD\$1,550,000.

For more information, see "*The Arrangement – The Arrangement Agreement – Termination*" and "*The Arrangement – The Arrangement Agreement – Termination Fee and Damages*".

Q: Was an Independent Committee formed to examine the Arrangement?

A: Yes. On March 15, 2022, the Board of Directors formed an Independent Committee comprised of the four non-management directors of Pan Orient. The Independent Committee's responsibilities were to review offers received for the Thailand assets; make recommendations to the full Board of Directors as the Committee considered appropriate; authorize and direct management as necessary or advisable in connection with the proposed transaction; and consider all other matters the Independent Committee considered relevant in carrying out its mandate.

For more information, see "*The Arrangement – Background to the Arrangement – Independent Committee*".

Q: What was the recommendation of the Independent Committee?

A: The Independent Committee, after careful consideration and having received the Fairness Opinion and advice from its legal advisors, unanimously concluded that the Arrangement is in the best interests of Pan Orient and fair, from a financial point of view, to the Shareholders. Accordingly, the Independent Committee unanimously recommended that the Board of Directors approve the Arrangement Agreement and recommend that Shareholders vote FOR the Arrangement Resolution at the Meeting.

For more information, see *"The Arrangement – Background to the Arrangement – Recommendation of the Independent Committee and Approval by Directors"* and *"The Arrangement – Reasons for the Recommendation"*.

Q: What was the recommendation of the Board of Directors and how does the Board recommend I vote?

A: The Board of Directors, after careful consideration and having received advice from its legal advisors, the Fairness Opinion, and the unanimous recommendation of the Independent Committee, determined that the Arrangement is in the best interests of Pan Orient and fair, from a financial point of view, to Shareholders. Accordingly, the Board of Directors unanimously approved the Arrangement and unanimously recommends that Shareholders vote FOR the Arrangement Resolution at the Meeting.

For more information, see *"The Arrangement – Background to the Arrangement – Recommendation of the Independent Committee and Approval by Directors"*.

Q: What were the reasons of the Independent Committee and Board of Directors for recommending the Arrangement?

A: The Independent Committee and the Board of Directors carefully considered the Arrangement and received the benefit of advice from legal advisors and the Fairness Opinion. The Independent Committee and the Board of Directors considered a number of factors in respect of their recommendations to vote FOR the Arrangement Resolution, including the following: (i) the Cash Consideration of USD \$0.788 per Pan Orient Share payable to Shareholders pursuant to the Arrangement represents an immediate and attractive cash return for a large portion of a Shareholder's ownership; (ii) the CanAsia Shares that Shareholders will receive pursuant to the Arrangement provide Shareholders with a continuing opportunity to participate in the Sawm Lake, Alberta heavy oil project through CanAsia's ownership of 71.8% of Andora and to participate in potential exploration and development activities in Thailand through an anticipated future bid round for new oil concessions; (iii) the Arrangement was the preferred transaction available to Pan Orient after conducting a thorough value maximization process, which included contacting numerous potential purchasers; (iv) Research Capital delivered an opinion that, as of the date of the opinion, and subject to the limitations, qualifications and assumptions contained therein, the consideration to be received by Shareholders under the Arrangement is fair, from a financial point of view, to Shareholders; and (v) the Board of Directors retains the ability under the Arrangement Agreement to consider and respond to Superior Proposals on the specific terms and conditions set forth in the Arrangement Agreement.

In addition, the process to implement the Arrangement is procedurally fair, with certain rights and approvals included to provide protection to the Shareholders, including: (i) the Arrangement Resolution must be passed as a special resolution by a majority of not less than two-thirds of the votes cast by Shareholders who vote in respect of the resolution at the Meeting in person or by proxy; (ii) the Arrangement Resolution must also be passed as an ordinary resolution by a majority of the votes cast by Shareholders who vote in respect of the resolution at the Meeting in person or by proxy, excluding votes attached to Shares that are required to be excluded by MI 61-101; (iii) the Arrangement can only become effective after an application is made to the Court, at which interested parties may appear and make submissions, and the Court makes an order approving the Arrangement as proposed by Pan Orient or as amended by the Court. That process will include consideration by the Court of, among other factors, the fairness of the Arrangement to Shareholders; and (iv) Shareholders have a right under corporate law, as ordered by the Court, to dissent from the Arrangement Resolution and to be paid the fair value of their Shares.

For more information, see *"The Arrangement – Background to the Arrangement – Recommendation of the Independent Committee and Approval by Directors"* and *"The Arrangement – Background to the Arrangement – Reasons for the Recommendation"*.

Q: Was there a fairness opinion prepared in relation to the Arrangement?

A: Yes. Research Capital prepared the Fairness Opinion for the Independent Committee and the Board of Directors. Research Capital was engaged to provide an independent fairness opinion and will be paid a fixed fee for such opinion, which fee is not contingent in any respect on the successful completion of the Arrangement. Research Capital's opinion concluded that the Consideration payable pursuant to the Arrangement is fair, from a financial point of view, to Pan Orient Shareholders.

For more information, see *"The Arrangement – Fairness Opinion"*.

Q: Do any of the Pan Orient directors or officers or any other persons have any interest in the Arrangement that is different than mine?

A: The Pan Orient directors and officers have interests in the Arrangement, including as holders of Pan Orient Options, Pan Orient RSUs and, in the case of officers, pursuant to executive employment agreements, that are different from the interests of other Shareholders. In addition, each of the directors of Pan Orient has been appointed a director of CanAsia, and at the Effective Time, it is expected that Jeff Chisholm will be the President & Chief Executive Officer and Marcel Nunes will be the Vice President Finance, Chief Financial Officer & Corporate Secretary of CanAsia, and will also be appointed as

the President & Chief Executive Officer and as the Vice President Finance & Chief Financial Officer of Andora, respectively, which services will be provided under a management services agreement between CanAsia and Andora.

Members of the Independent Committee and the Board of Directors were aware of and considered these interests, among other matters, in evaluating and negotiating the Arrangement Agreement and in unanimously recommending to Shareholders that they vote FOR the Arrangement Resolution. In addition, MI 61-101 contains disclosure, valuation, review and approval requirements in connection with certain transactions where there is a potential for conflicts of interest because the transaction involves one or more interested or related parties who are parties to the transaction and have the potential to receive information, advantages, different consideration or other benefits that are not available to security holders generally. Under MI 61-101, Jeff Chisholm and Gerald Macey will receive collateral benefits that requires Pan Orient conduct a minority vote as a condition of approving the Arrangement, which vote shall exclude the votes attached to Shares owned by Jeff Chisholm and Gerald Macey (and any affiliates or joint actors, among others).

For more information, see *"Other Matters – Benefits from the Arrangement to Directors, Officers and Insider"*, *Appendix F – Information Concerning CanAsia Energy Corp.* and *"The Arrangement – Effecting the Arrangement – Minority Approval"*.

Q: Are there summaries of the material terms of the agreements relating to the Arrangement?

A: Yes. This Circular includes a summary of the Arrangement Agreement, including the Separation Agreement and the Plan of Arrangement.

For more information, see *"The Arrangement – The Arrangement Agreement"*, *"The Arrangement – Effecting the Arrangement – Support Agreements"* and *"The Arrangement – Effecting the Arrangement – Separation Agreement"*.

Q: What is the vote requirement to pass the Arrangement Resolution?

A: The Arrangement Resolution must be passed (a) as a special resolution by a majority of not less than two-thirds of the votes cast by Pan Orient Shareholders who vote in respect of the resolution at the Meeting in person or by proxy; and (b) as an ordinary resolution by a majority of the votes cast by Pan Orient Shareholders who vote in respect of the resolution at the Meeting in person or by proxy, excluding votes attached to Pan Orient Shares that are required to be excluded by MI 61-101.

For more information, see *"The Arrangement – Effecting the Arrangement – Shareholder Approval"* and *"The Arrangement – Effecting the Arrangement – Minority Approval"*.

Q: What is the vote requirement to pass the CanAsia Equity Incentive Plan Resolution?

A: The CanAsia Equity Incentive Plan Resolution must be passed as an ordinary resolution by a majority of the votes cast by Pan Orient Shareholders who vote in respect of the resolution at the Meeting in person or by proxy. Completion of the Arrangement is not conditional on approval by Shareholders of the CanAsia Equity Incentive Plan Resolution.

For more information, see *"CanAsia Equity Incentive Plan and Other Business"*.

Q: What other key approvals are required for the Arrangement?

A: In addition to Shareholder Approval, the Arrangement requires Court approval (via the Interim Order and the Final Order) and TSXV conditional approval of listing of the CanAsia Shares.

For more information, see *"The Arrangement – Effecting the Arrangement – Shareholder Approval"*, *"The Arrangement – Effecting the Arrangement – Court Approval"* and *"The Arrangement – Effecting the Arrangement – Regulatory Matters"*.

Q: What are the anticipated Canadian federal income tax consequences to me of the Arrangement?

A: The Circular contains a summary of the principal Canadian federal income tax consequences of the Arrangement applicable to certain Shareholders. Such summary is not intended to be legal or tax advice. Each Shareholder should consult their own tax advisors as to the tax consequences to them of the Arrangement with respect to their particular circumstances.

For more information, see *"The Arrangement – Material Income Tax Considerations – Certain Canadian Federal Income Tax Considerations"*

Q: Are there risks that I should consider in deciding whether to vote in favor of the Arrangement Resolution?

A: Yes. Some risk factors relate to the Arrangement and other risks relate to holding Pan Orient Shares and CanAsia Shares.

For more information, see *"The Arrangement – Risks Relating to the Arrangement"*, *Appendix F – Information Concerning Pan Orient Energy Corp. – Risk Factors*, and *Appendix F – Information Concerning CanAsia Energy Corp. – Risk Factors*.

Q: Where and when is the Meeting?

A: The Meeting will be held at the Calgary Petroleum Club, Viking Room, 319 – 5th Avenue SW, Calgary, Alberta, on Tuesday, August 23, 2022, commencing at 9:00 a.m. (Calgary time). Access to the Meeting materials are available by visiting Pan Orient's SEDAR profile at www.sedar.com.

Q: Who is eligible to vote at the Meeting?

A: Only Shareholders at the close of business on July 6, 2022, the Record Date for the Meeting, are entitled to vote at the Meeting.

Q: When is the proxy cut-off?

A: The proxy deposit deadline is no later than 48 hours, excluding Saturdays, Sundays and holidays, before the Meeting or any adjournment or postponement thereof. The proxy cut off is set at 9:00 a.m. (Calgary time) on Friday, August 19, 2022. Notwithstanding the foregoing, the Chair of the Meeting has the discretion to accept proxies received after such deadline. The time limit for the deposit of proxies may also be waived or extended by the Chair of the Meeting at his discretion, without notice.

For more information, see *"Proxy Solicitation Matters – Appointment and Voting of Proxies"*.

Q: Can I appoint someone else to vote my proxy?

A: Yes. A Pan Orient Shareholder submitting a form of proxy has the right to appoint a person (who need not be a shareholder of Pan Orient) other than the persons designated in the form of proxy to attend and act for him or her at the Meeting. A Shareholder desiring to appoint some other person to represent him or her at the Meeting may do so either by inserting such other person's name in the blank space provided in the form of proxy or by completing another form of proxy.

For more information, see *"Proxy Solicitation Matters – Appointment and Voting of Proxies"*.

Q: Can I revoke my proxy after I have submitted it?

A: Yes. A Shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy. Subject to compliance with the requirements set forth in the following paragraph, the giving of a proxy will not affect the right of a Shareholder to attend and vote in person at the Meeting.

A Shareholder who has given a proxy may revoke it at any time prior to the exercise thereof either by (a) signing a form of proxy bearing a later date and depositing the same with Computershare Trust Company of Canada not less than 48 hours (excluding Saturdays, Sundays and holidays in Alberta) before the time set for the holding of the Meeting or any postponement or adjournment thereof, or with the consent of the chair of the Meeting before any vote in respect of which the proxy is to be used shall have been taken; or (b) attending the Meeting in person and registering with the scrutineer as a Shareholder personally present.

For more information, see *"Proxy Solicitation Matters – Revocation of Proxies"* and *"Proxy Solicitation Matters – Advice to Beneficial Shareholders"*.

Q: How do I vote if my Pan Orient Shares are held through an intermediary account?

A: Shareholders who do not hold their Pan Orient Shares in their own name but instead hold their Shares through an intermediary such as a broker, investment dealer, trust company, bank or other nominee (including CDS) are commonly known as "beneficial" or "non-registered" Shareholders. Without specific instructions, intermediaries are prohibited from voting shares for their clients. Beneficial Shareholders should therefore ensure that instructions regarding the voting of their Pan Orient Shares are properly communicated to the appropriate person or that the Pan Orient Shares are duly registered in their name well in advance of the Meeting. Beneficial Shareholders are advised to carefully follow the instructions accompanying their proxy package when completing any voting instruction card provided by an intermediary.

If you are a Beneficial Shareholder and wish to vote in person at the Meeting, please contact your broker or agent well in advance of the Meeting to determine how you can do so.

For more information, see *"Proxy Solicitation Matters – Advice to Beneficial Shareholders"*.

Q: Are Shareholders entitled to dissent rights?

A: Registered Shareholders are entitled to exercise Dissent Rights in accordance with the provisions of the ABCA as modified by the Plan of Arrangement and the Interim Order. Dissenting Shareholders are entitled to be paid by Pan Orient the fair value of the Shares held by such Dissenting Shareholder in respect of which such Dissenting Shareholder dissents, determined as of the close of business on the last Business Day before the day on which the Arrangement Resolution from which such Dissenting Shareholder's dissent was adopted and provided the Arrangement is completed in respect of such Shareholders.

Shareholders who wish to exercise the right to dissent and appraisal should carefully consider and comply with the provisions of section 191 of the ABCA, the full text of which is set out in Appendix I to this Circular and consult their own legal advisor.

For more information, see "*The Arrangement – Shareholder's Right to Dissent*".

Q: Who can help answer my questions?

- A: If you have questions, you may contact William D. Ostlund, Vice President Finance, Chief Financial Officer and Corporate Secretary of Pan Orient, at (403) 294-1770 ext. 233. If you require assistance in completing your form of proxy, please contact Computershare Trust Company of Canada at (514) 982-7255 or toll free (within North America) at 1-800-564-6253.

ADVISORIES

PURPOSE OF MANAGEMENT INFORMATION CIRCULAR

This Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of Pan Orient for use at the Meeting. No person has been authorized to give any information or make any representation in connection with the Arrangement or any other matters to be considered at the Meeting other than those contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized.

All summaries of, and references to, the Arrangement in this Circular are qualified in their entirety by reference to the complete text of the Plan of Arrangement, a copy of which is attached as Schedule A to the Arrangement Agreement attached to this Circular as Appendix C. You are urged to carefully read the full text of the Plan of Arrangement.

All capitalized terms used in this Circular but not otherwise defined herein have the meanings set forth under "Glossary of Terms". Information contained in this Circular is given as at July 20, 2022 unless otherwise specifically stated.

This Circular does not constitute an offer to sell, or a solicitation of an offer to purchase, the securities to be issued under or in connection with the Arrangement, or the solicitation of a proxy, in any jurisdiction, to or from any person to whom it is unlawful to make such offer, solicitation of an offer or proxy solicitation in such jurisdiction. Neither the delivery of this Circular nor any distribution of the securities to be issued under or in connection with the Arrangement will, under any circumstances, create any implication or be treated as a representation that there has been no change in the information set forth herein since the date of this Circular.

The information concerning DIALOG Group and its subsidiaries contained in this Circular has been provided by DIALOG. Although Pan Orient has no knowledge that any statement contained herein taken from, or based on, such information is untrue or incomplete, Pan Orient assumes no responsibility for the accuracy of the information or for any failure by DIALOG to disclose events which may have occurred or may affect the significance or accuracy of any such information, but which are unknown to Pan Orient.

THE SECURITIES TO BE ISSUED PURSUANT TO THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY CANADIAN SECURITIES REGULATORY AUTHORITY NOR HAS ANY CANADIAN SECURITIES REGULATORY AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

ACCOUNTING STANDARDS

The financial statements including in this Circular, in particular in the Appendices hereto, have been prepared in accordance with, or are derived from underlying financial statements that have been prepared in accordance with, IFRS, unless otherwise stated.

CURRENCY PRESENTATION

All dollar amounts set forth in this Circular, including the Appendices hereto, are expressed in Canadian dollars, except where otherwise indicated. References to "Canadian dollars", "CAD \$" or "\$" are to the currency of Canada and references to "U.S. dollars" or "USD \$" are to the currency of the United States.

On July 20, 2022, the Bank of Canada posted exchange rate for CAD \$1.00 was USD \$0.7762 and for USD \$1.00 was CAD \$1.2884.

FORWARD-LOOKING STATEMENTS

This Circular, including all documents incorporated by reference herein, contains forward-looking statements and forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of Canadian Securities Laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "will", "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates", "may", "project", "should" and variations of such words and similar expressions are intended to identify forward-looking statements. Specifically, and without limiting the generality of the foregoing, all statements included in this Circular that address activities, events or developments that Pan Orient expects or anticipates will or may occur in the future, including Pan Orient's or CanAsia's respective management's assessment of future plans and operations and statements with respect to the Arrangement and associated transactions, timing of the Final Order and the Effective Date, the stock exchange listing and delisting of securities issued or exchanged under the Arrangement, and

benefits of the Arrangement and the timing thereof may constitute forward-looking statements under Canadian Securities Laws and necessarily involve known and unknown risks and uncertainties, most of which are beyond Pan Orient's and CanAsia's control. These risks may cause actual financial and operating results, performance, levels of activity and achievements to differ materially from those expressed in, or implied by, such forward-looking statements.

The forward-looking statements contained in this Circular are 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: 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; CanAsia's ability to add reserves through development and exploration activities; fluctuations in currency exchange rates; changes in government legislation and regulations, including royalty and tax laws; consummation of the Arrangement being dependent on the satisfaction of customary closing conditions; the approval of the Arrangement by the Shareholders and the Court; and the risks set forth under "*Risks Related to the Arrangement*" in this Circular, "Risk Factors" in Appendix E – Information Concerning Pan Orient Energy Corp., and "Risk Factors" in Appendix F – Information Concerning CanAsia Energy Corp. Readers are also referred to the risk factors described in other documents that Pan Orient files from time to time with securities regulatory authorities.

Although the forward-looking statements contained in this Circular are based upon assumptions which management believes to be reasonable, Pan Orient cannot assure Shareholders that actual results will be consistent with these forward-looking statements. With respect to forward-looking statements contained in this Circular, Pan Orient has made assumptions regarding: the Parties' ability to complete the Arrangement; approval of the Arrangement by Shareholders and the Court; current and future commodity prices and royalty rates and regimes; timing of receipt of regulatory approvals; availability of skilled labour; timing and amount of capital expenditures; future exchange rates; the impact of increasing competition; conditions in general economic and financial markets; availability of drilling and related equipment; effects of regulation by governmental agencies in the jurisdictions in which Pan Orient and CanAsia currently and may operate; future operating costs; and other matters.

Pan Orient has provided forward-looking statements with respect to reserves and resources estimates related to Pan Orient's assets (including the Thailand Business) and CanAsia's anticipated assets (including Andora's Sawn Lake oil sands assets) and estimated costs associated with work commitments and decommissioning costs. 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. Pan Orient's and CanAsia's actual production, revenues and development and operating expenditures with respect to its respective reserves and resources estimates will vary from estimates thereof and such variations could be material. Pan Orient's and CanAsia'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.

The information contained in this Circular, including the information set forth under "*Risks Related to the Arrangement*", and under "*Risk Factors*" in each of Appendix E - Information Concerning Pan Orient Energy Corp. and Appendix F - Information Concerning CanAsia Energy Corp. identifies additional factors that could affect the operating results of Pan Orient and CanAsia. We urge you to carefully consider those factors. Accordingly, neither Pan Orient nor CanAsia give any assurance nor make any representations or warranty that the expectations conveyed by the forward-looking statements will prove to be correct and actual results may differ materially from those anticipated in the forward-looking statements.

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 Canadian Securities Laws, Pan Orient disclaim any intention or obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

INFORMATION FOR UNITED STATES SHAREHOLDERS

NONE OF THE ARRANGEMENT, THIS CIRCULAR OR THE SECURITIES ISSUABLE PURSUANT TO THE ARRANGEMENT HAVE BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR THE SECURITIES REGULATORY AUTHORITY IN ANY STATE OF THE UNITED STATES, NOR HAS ANY OF THE FOREGOING AUTHORITIES OR ANY CANADIAN SECURITIES COMMISSION PASSED UPON THE FAIRNESS OR MERITS OF THE ARRANGEMENT OR UPON THE ADEQUACY

OR ACCURACY OF THIS MANAGEMENT CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

The New Pan Orient Shares to be issued and the CanAsia Shares to be distributed to Shareholders pursuant to the Arrangement described in this Circular have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws, and are being issued and distributed in reliance on the exemption from registration under the U.S. Securities Act set forth in Section 3(a)(10) thereof on the basis of the approval of the Court, and similar exemptions from registration under applicable state securities laws. Section 3(a)(10) of the U.S. Securities Act provides an exemption from the general requirement of registration under the U.S. Securities Act for offers and sales of securities issued in exchange for one or more bona fide outstanding securities where the terms and conditions of the issuance and exchange of such securities have been approved by a court authorized to grant such approval after a hearing upon the substantive and procedural fairness of the terms and conditions of the issuance and exchange at which all persons to whom the securities will be issued have the right to appear and receive timely and adequate notice thereof. The Court is authorized to conduct a hearing at which the substantive and procedural fairness of the terms and conditions of the Arrangement will be considered. The Court issued the Interim Order on July 20, 2022 and, subject to the approval of the Arrangement by the Shareholders at the Meeting on August 23, 2022, it is expected that the hearing on the Arrangement will be held by the Court on August 24, 2022 at 10:00 a.m. (Calgary time) at the Court of Queen's Bench of Alberta, Calgary Courts Centre, 601 – 5th Street SW, Calgary, Alberta T2P 5P7. All Shareholders are entitled to appear and be heard at this hearing. The Final Order will constitute a basis for the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof with respect to the New Pan Orient Shares to be issued and the CanAsia Shares to be distributed to Shareholders pursuant to the Arrangement. Prior to the hearing on the Final Order, the Court will be informed of this effect of the Final Order. See "*Effecting the Arrangement – Court Approval*" in this Circular.

The solicitation of proxies for the Meeting made pursuant to this Circular is not subject to the requirements applicable to proxy statements under the U.S. Exchange Act by virtue of an exemption applicable to foreign private issuers (as defined in Rule 3b-4 under the U.S. Exchange Act). The securities to be issued and distributed to Shareholders pursuant to the Arrangement described in this Circular will not be listed for trading on any United States stock exchange or registered under the U.S. Exchange Act. Accordingly, the solicitations and transactions contemplated in this Circular are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate and securities laws, and this Circular has been prepared solely in accordance with disclosure requirements applicable in Canada. Shareholders in the United States should be aware that such requirements are different from those of the United States applicable to registration statements under the U.S. Securities Act and proxy statements under the U.S. Exchange Act.

The financial statements and pro-forma and historical financial information included in this Circular have been prepared based upon IFRS and are subject to Canadian auditing standards and auditor independence standards and thus are not comparable in all respects to financial statements prepared in accordance with United States Generally Accepted Account Principles and subject to standards of the Public Company Accounting Oversight Board. Likewise, information concerning the operations of Pan Orient and CanAsia contained herein has been prepared based on IFRS disclosure standards, which are not comparable in all respects to United States disclosure standards.

The enforcement by investors of civil liabilities under the United States securities laws may be adversely affected by the fact that Pan Orient and CanAsia and certain of their respective subsidiaries are organized under the laws of jurisdictions outside the United States, that all of their officers and directors are residents of countries other than the United States, that the experts named in this Circular are residents of countries other than the United States and that all of the assets of Pan Orient and anticipated assets of CanAsia and their respective subsidiaries are located outside the United States. As a result, it may be difficult or impossible for Shareholders in the United States to effect service of process within the United States upon Pan Orient or CanAsia, their respective officers or directors or the experts named herein, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States. In addition, Shareholders in the United States should not assume that the courts of Canada: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States.

The New Pan Orient Shares to be issued and the CanAsia Shares to be distributed to Shareholders pursuant to the Arrangement will generally be freely transferable under U.S. federal securities laws, except by persons who are "affiliates" (as defined in Rule 144 under the U.S. Securities Act) of Pan Orient and CanAsia after the Effective Date, or were "affiliates" of Pan Orient and CanAsia within 90 days prior to the Effective Date. Persons who may be deemed to be "affiliates" of an issuer include individuals or entities that control, are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract, or otherwise, and generally include executive officers and directors of the issuer as

well as principal shareholders of the issuer. Any resale of such New Pan Orient Shares or the CanAsia Shares by such an affiliate (or former affiliate) may be subject to the registration requirements of the U.S. Securities Act, absent an exemption therefrom.

SUMMARY

The following is a summary of certain information contained in this Circular. This summary is not intended to be complete and is qualified in its entirety by the more detailed information and financial statements, including the notes thereto, contained elsewhere in this Circular and the attached Appendices or incorporated by reference herein, all of which are important and should be reviewed carefully. Capitalized terms used in this summary without definition have the meanings ascribed to them in the "Glossary of Terms" or elsewhere in this Circular.

The Meeting

The Meeting will be held at 9:00 a.m. (Calgary time) on Tuesday, August 23, 2022 at the Calgary Petroleum Club, Viking Room, 319 – 5th Avenue SW, Calgary, Alberta. The primary purpose of the Meeting is for Shareholders to consider and, if deemed advisable, pass the Arrangement Resolution. In addition, the Shareholders will be asked to consider and, if deemed advisable, pass an ordinary resolution approving the CanAsia Equity Incentive Plan to be effective upon completion of the Arrangement. The completion of the Arrangement is not conditional upon the approval of the CanAsia Equity Incentive Plan at the Meeting.

See "*The Arrangement*", "*CanAsia Equity Incentive Plan and Other Business*" and "*Proxy Solicitation Matters*".

The Arrangement

The Arrangement Resolution approves the Arrangement, which involves a series of steps pursuant to an arrangement under Section 193 of the ABCA that will include, generally: (a) Pan Orient will sell and transfer the Excluded Assets to CanAsia in exchange for payment of the Purchase Price, being the assumption of the Assumed Liabilities (consisting of all liabilities of any Target Entity arising out of the activities or operations of the Excluded Business or the ownership or use of the Excluded Assets) and the issuance by CanAsia to Pan Orient of the aggregate Share Consideration, all in accordance with the Separation Agreement; (b) all outstanding Pan Orient Shares will be exchanged for New Pan Orient Shares, which in turn will all be acquired by the Purchaser for Cash Consideration of USD \$0.788 for each New Pan Orient Share; and (c) Pan Orient will distribute to Shareholders (other than Dissenting Shareholders) one CanAsia Share for each Pan Orient Share held.

As a result of the Arrangement:

- DIALOG, through the Purchaser, will hold all of the issued and outstanding shares of Pan Orient (being the New Pan Orient Shares), and Pan Orient will continue to own the Thailand Business;
- Shareholders (other than Dissenting Shareholders) will receive, for each Pan Orient Share held, Cash Consideration of USD \$0.788 and Share Consideration of one CanAsia Share; and
- CanAsia will be a new public company with the initial shareholders to be the Pan Orient Shareholders as at the Effective Time, with the CanAsia Shares expected to be listed on the TSXV (subject to satisfaction of the conditions of the TSXV), and CanAsia will own Pan Orient's Non-Thailand Business, which includes: (i) Pan Orient's 71.8% interest in Andora, which has interests in oil sands properties in Sawn Lake, Alberta; (ii) convertible loans receivable from Andora; (iii) Pan Orient's interests in Indonesia, which operations are, effective January 1, 2020, considered discontinued operations for accounting purposes; and (iv) working capital and long-term deposits, estimated to be approximately \$7.1 million.

See "*The Arrangement*", "*Effecting the Arrangement – Separation Agreement*", "*Proxy Solicitation Matters*" and Appendix F – Information Concerning CanAsia Energy Corp.

The Arrangement will be implemented by way of a court-approved plan of arrangement under section 193 of the ABCA pursuant to the terms of the Arrangement Agreement. The full text of the Arrangement Agreement is attached as Appendix C to this Circular and the full text of the Plan of Arrangement is attached as Schedule A to Appendix C.

See "*The Arrangement Agreement*" and "*Effecting the Arrangement*".

Background and Reasons for the Recommendation

The proposed Arrangement is the result of a thorough process and arm's-length negotiation with DIALOG conducted by Pan Orient and its Board of Directors, with the assistance of legal and financial advisors.

Some of the factors considered by the Independent Committee and the Board of Directors in reaching its decision to approve the Arrangement Agreement and unanimously recommending that the Shareholders vote in favour of the Arrangement Resolution include:

- (a) The Cash Consideration of USD \$0.788 per Pan Orient Share payable to Shareholders pursuant to the Arrangement represents an immediate and attractive cash return for a large portion of a Shareholder's ownership.
- (b) The Share Consideration (being CanAsia Shares) that Shareholders will receive pursuant to the Arrangement provides Shareholders with a continuing opportunity to participate in the Sawn Lake, Alberta heavy oil project through CanAsia's ownership of 71.8% of Andora and to participate in potential exploration and development activities in Thailand through an anticipated future bid round for new oil concessions.
- (c) The Arrangement was the preferred transaction available to Pan Orient after conducting a thorough value maximization process, which included contacting numerous potential purchasers.
- (d) Research Capital delivered an opinion that, as of the date of the opinion, and subject to the limitations, qualifications and assumptions contained therein, the consideration to be received by Shareholders under the Arrangement is fair, from a financial point of view, to Shareholders.
- (e) The Board of Directors retains the ability under the Arrangement Agreement to consider and respond to Superior Proposals on the specific terms and conditions set forth in the Arrangement Agreement.
- (f) The Arrangement Resolution must be passed as a special resolution by a majority of not less than two-thirds of the votes cast by Shareholders who vote in respect of the resolution at the Meeting in person or by proxy.
- (g) The Arrangement Resolution must also be passed as an ordinary resolution by a majority of the votes cast by Shareholders who vote in respect of the resolution at the Meeting in person or by proxy, excluding votes attached to Shares that are required to be excluded by MI 61-101.
- (h) The Arrangement can only become effective after an application is made to the Court, at which interested parties may appear and make submissions, and the Court makes an order approving the Arrangement as proposed by Pan Orient or as amended by the Court. That process will include consideration by the Court of, among other factors, the fairness of the Arrangement to Shareholders.
- (i) Shareholders have a right under corporate law, as ordered by the Court, to dissent from the Arrangement Resolution and to be paid the fair value of their Shares.

See "*The Arrangement - Background to the Arrangement*" and "*The Arrangement – Reasons for the Recommendation*".

Fairness Opinion

On May 11, 2022, the Independent Committee engaged Research Capital to provide financial advice to Pan Orient, including an opinion to the Independent Committee as to the fairness, from a financial point of view, of the Consideration to be received by the Pan Orient Shareholders pursuant to the Arrangement.

In connection with this engagement, on May 30, 2022 and June 5, 2022, at meetings of each of the Independent Committee and the Board of Directors held to evaluate the Arrangement Agreement and the transactions contemplated by the Arrangement Agreement, Research Capital verbally rendered the Fairness Opinion, confirmed by delivery of a written opinion dated June 5, 2022, to the Independent Committee and to the Board of Directors to the effect that, as of that date and subject to the assumptions, limitations and qualifications contained in the opinion, the Consideration to be received by the Pan Orient Shareholders pursuant to the Arrangement Agreement is fair, from a financial point of view. The summary of the Fairness Opinion described in this Circular is qualified in its entirety by reference to the full text of the Fairness Opinion, which is attached as Appendix D to this Circular.

See "*The Arrangement – Fairness Opinion*".

Director Approvals

Independent Committee

The Independent Committee unanimously recommended to the Board of Directors that they (a) accept the recommendation of the Independent Committee, including the Fairness Opinion of Research Capital, (b) conclude that the Arrangement is in the best interests of Pan Orient, (c) conclude that the consideration to be received by Shareholders is fair, from a financial point of view, to Shareholders, (d) enter into the Arrangement Agreement and the Separation Agreement, (e) support and recommend

that Shareholders vote in favor of the Arrangement and related matters, (f) approve the press release announcing the transaction, and (g) generally implement the Arrangement and related transactions.

Board of Directors

The Board of Directors has unanimously determined that the Arrangement is in the best interests of Pan Orient and that the consideration to be received by Shareholders is fair, from a financial point of view, to Shareholders and has unanimously approved the Arrangement and recommends that Shareholders vote in favour of the Arrangement, all as recommended by the Independent Committee.

See "*The Arrangement – Director Approvals*".

Shareholder Approval

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, approve the Arrangement Resolution in the form attached as Appendix A to this Circular. The Arrangement Resolution must be passed (a) as a special resolution by a majority of not less than two-thirds of the votes cast by Shareholders who vote in respect of the Arrangement Resolution at the Meeting in person or by proxy and (b) as an ordinary resolution by a majority of the votes cast by Shareholders who vote in respect of the Arrangement Resolution at the Meeting in person or by proxy, excluding votes attached to certain Shares held by directors and officers of Pan Orient that are required to be excluded by MI 61-101.

See "*The Arrangement – Effecting the Arrangement – Shareholder Approval*" and "*The Arrangement – Effecting the Arrangement – Minority Approval*".

Court Approval

The Arrangement requires approval by the Court under Section 193 of the ABCA. Subject to the terms of the Arrangement Agreement, if the Arrangement Resolution is approved at the Meeting, a virtual application to the Court for the Final Order is expected to be made on August 24, 2022 at 10:00 a.m. (Calgary time) (or as soon thereafter as counsel may be heard) at the Calgary Courts Centre, 601 – 5th Street, S.W., Calgary, Alberta, Canada. On the application for the Final Order, the Court will consider, among other things, the procedural and substantive fairness of the Arrangement to the Shareholders and any other interested party as the Court determines appropriate.

See "*The Arrangement – Effecting the Arrangement – Court Approval*".

Conditions Precedent

In addition to the receipt of Shareholder approval and Court approval, and conditional approval of the listing of the CanAsia Shares by the TSXV, the Arrangement Agreement provides that the implementation of the Arrangement is subject to a number of conditions being satisfied or waived by one or more of Pan Orient and the Purchaser on or before the Effective Date. The conditions contained in the Arrangement Agreement also include a condition that all of the requisite Regulatory Approvals be obtained.

See "*The Arrangement – Effecting the Arrangement – Conditions Precedent*" and "*The Arrangement – Regulatory Matters*".

Support Agreements

Each of the officers and directors of Pan Orient, each of the Optionholders, and the Supporting Shareholder, who collectively own or exercise control or direction over an aggregate of 10,569,067 Shares, representing approximately 21.2% of the outstanding Shares and all of the Options, have entered into Support Agreements with the Purchaser, pursuant to which they have agreed, among other things, to vote the Shares and/or Options beneficially owned or controlled by them in favour of the Arrangement Resolution and the CanAsia Equity Incentive Plan, and to otherwise support the Arrangement and other related matters to be considered at the Meeting. Each holder of Options has also agreed in his respective Support Agreement to either: (a) surrender his Options for a cash payment equal to the in-the-money value of the Options or for no cash consideration for out-of-the-money Options, in accordance with the Arrangement, or, failing that; (b) exercise his in-the-money Options.

See "*The Arrangement – Effecting the Arrangement – Support Agreements*".

Separation Agreement

In connection with the Arrangement, Pan Orient and CanAsia will enter into the Separation Agreement, pursuant to which Pan Orient will sell and transfer the Non-Thailand Business to CanAsia. Specifically, Pan Orient will sell and transfer the Excluded Assets, consisting of all of Pan Orient's rights, title and interests in and to the assets owned by Pan Orient and associated with or used or held for use related to the Excluded Business, to CanAsia or its subsidiaries, in exchange for payment by CanAsia

of the Purchase Price (subject to adjustment in certain circumstances), all effective at the time specified in the Plan of Arrangement.

The Purchase Price will be paid by CanAsia (a) by the assumption of the Assumed Liabilities; consisting of all liabilities of any Target Entity arising out of the activities or operations of the Excluded Business or the ownership or use of the Excluded Assets, in each case occurring before, at or after the Effective Time; and (b) by way of issuance and delivery by CanAsia to Pan Orient of the aggregate Share Consideration.

At the Effective Time, the cash and cash equivalents of Pan Orient to be transferred to CanAsia will be equal to all cash or cash equivalents held by Pan Orient immediately prior to the Effective Time, less (a) the amounts paid to Optionholders for the surrender of Options pursuant to the terms of Option Surrender Agreements, (b) the Transaction Costs to the extent amounts representing Transaction Costs have not been paid by Pan Orient prior to the Effective Time; and (c) an amount equal to USD \$0.01 in cash multiplied by the number of issued and outstanding Shares as at the Effective Time (excluding any Shares issued on the exercise of Options contemplated by the Arrangement Agreement and the Plan of Arrangement).

The Purchase Price, and the cash and cash amounts to be transferred from Pan Orient to CanAsia pursuant to the Separation Agreement, has been determined based on the value of the business of Pan Orient as at December 31, 2021. To the extent there is any Leakage Amount or Contribution Amount that differs from the Adjusted Leakage Amount or the Adjusted Contribution Amount, respectively, the Purchase Price, and the cash and cash amounts to be transferred from Pan Orient to CanAsia pursuant to the Separation Agreement, will be adjusted.

See "*The Arrangement – Effecting the Arrangement – Separation Agreement*".

Transitional Services Agreement

The Purchaser and CanAsia will enter into a transition services agreement on the Effective Date for a term up to 18 months following the Effective Time pursuant to which CanAsia will provide certain transitional services to Pan Orient, on terms and conditions satisfactory to the Purchaser and CanAsia, each acting reasonably.

See "*The Arrangement – Effecting the Arrangement – Transitional Services Agreement*".

Effective Date of the Arrangement

After obtaining the approval of the Shareholders, upon the other conditions in the Arrangement Agreement, including receipt of the appropriate regulatory approvals, being satisfied or waived (if permitted) and upon the Final Order being granted, Pan Orient will file the Articles of Arrangement with the Registrar. Pursuant to Section 193 of the ABCA, the Arrangement will become effective on the date shown on the certificate or certificates or other confirmation of filing giving effect to the Arrangement to be issued by the Registrar.

See "*The Arrangement – The Arrangement Agreement – Effective Date of the Arrangement*".

Non-Solicitation and Right to Match

Pursuant to the terms of the Arrangement Agreement, Pan Orient agreed not to solicit, encourage, discuss or negotiate with any persons with respect to any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal. However, the Board of Directors is permitted under certain circumstances to authorize Pan Orient to terminate the Arrangement Agreement and enter into a definitive agreement with respect to a Superior Proposal. Following Pan Orient's receipt of a Superior Proposal, Purchaser will have the right, during a five Business Day Matching Period, to offer to amend the terms of the Arrangement Agreement to enable Pan Orient to proceed with the Arrangement as amended rather than the Superior Proposal. If Pan Orient enters into an agreement regarding a Superior Proposal and terminates the Arrangement Agreement (or certain other events occur), Pan Orient will be required to pay to Purchaser the Pan Orient Termination Fee.

See "*The Arrangement – The Arrangement Agreement – Covenants – Non-Solicitation Covenants of Pan Orient*".

Procedure for Receipt of Consideration

For a registered Shareholder to receive the Consideration, the registered Shareholder must first complete and sign a Letter of Transmittal and return it, together with the certificate(s) representing the Pan Orient Shares held and all other documents required, to the Depositary in accordance with the procedure specified in the Letter of Transmittal.

Beneficial Shareholders, who hold their Pan Orient Shares through an intermediary such as a broker, investment dealer, trust company, bank or other nominee (including CDS), may only receive the Consideration through the registered owner of their Shares. In many cases, the registered Shareholder for a Beneficial Shareholder will without further instructions complete the Letter of Transmittal, deposit with the Depositary the certificate(s) representing the Shares held and receive the Consideration

for the Beneficial Shareholder. However, Beneficial Shareholders are encouraged to contact the intermediary who holds their Shares to determine what, if any, action must be taken by the Beneficial Shareholder.

See *"The Arrangement – Procedure for Receipt of Consideration"*.

Stock Exchange Matters

The Pan Orient Shares are listed for trading on the TSXV under the trading symbol "POE". Pan Orient will request in advance that the Pan Orient Shares be delisted from the TSXV on the Effective Date of the Arrangement.

See *"The Arrangement – Regulatory Matters – TSX Venture Exchange – Delisting of Pan Orient Shares"*.

The CanAsia Shares are not traded or quoted on a Canadian marketplace. An application has been made to list the CanAsia Shares on the TSXV. It is anticipated that the CanAsia Shares will be listed on the TSXV as a substitutional listing to the Pan Orient Shares under the stock symbol "CEC". Listing of the CanAsia Shares on the TSXV will be subject to CanAsia fulfilling the continued listing requirements of the TSXV. There can be no assurance that the TSXV will list the CanAsia Shares. However, completion of the Arrangement is conditional on the TSXV conditionally approving the listing of the CanAsia Shares.

See *"The Arrangement – Regulatory Matters – TSX Venture Exchange – Listing of CanAsia Shares"*.

Certain Canadian Income Tax Considerations

A summary of certain Canadian federal income tax considerations for Shareholders who participate in the Arrangement is set out under the heading *"The Arrangement – Material Income Tax Considerations – Certain Canadian Federal Income Tax Considerations"*. Shareholders should carefully review the tax considerations applicable to them under the Arrangement and are urged to consult their own legal, tax and financial advisors in regards to their particular circumstances.

Certain United States Income Tax Considerations

Shareholders who are resident in, or citizens of, the United States are advised to consult their own tax advisors to determine the particular United States tax consequences to them of the Arrangement in light of their particular situation, as well as any tax consequences that may arise under the laws of any other relevant foreign, state, local, or other taxing jurisdiction. This Circular does not contain a description of the United States tax consequences of the Arrangement or the ownership of CanAsia Shares.

See *"The Arrangement – Material Income Tax Considerations – Certain United States Federal Income Tax Considerations"*.

Risk Factors

Shareholders should understand that, if the Arrangement is completed as contemplated, Shareholders (other than Dissenting Shareholders) will receive CanAsia Shares and the Cash Consideration in respect of their Shares pursuant to a series of transactions as set out in the Plan of Arrangement. Accordingly, a former Shareholder will become a shareholder of CanAsia and will be subject to all of the risks associated with the business and operations of CanAsia and the industry in which CanAsia will operate. See the risk factors relating to CanAsia set forth in Appendix F – Information Concerning CanAsia Energy Corp. under the headings *"Forward-Looking Statements"* and *"Risk Factors"*.

There are also risks respecting the Arrangement and the Arrangement Agreement. Some of these risks include that the Arrangement Agreement may be terminated in certain circumstances which could materially negatively impact the trading prices of the Pan Orient Shares, that the closing of the Arrangement is subject to a number of conditions, some of which are outside of the control of Pan Orient, including approval of the Arrangement Resolution by the Shareholders and receipt of the Final Order, and that CanAsia may fail to meet or maintain the conditions for listing of the CanAsia Shares on the TSXV or other "designated stock exchange" within the meaning of the Tax Act.

See *"The Arrangement – Risks Related to the Arrangement"*.

Shareholder's Right to Dissent

Registered Shareholders are entitled to exercise Dissent Rights in accordance with the provisions of the ABCA as modified by the Plan of Arrangement and the Interim Order. Dissenting Shareholders are entitled to be paid by Pan Orient the fair value of the Shares held by such Dissenting Shareholder in respect of which such Dissenting Shareholder dissents, determined as of the close of business on the last Business Day before the day on which the Arrangement Resolution from which such Dissenting Shareholder's dissent was adopted and provided the Arrangement is completed in respect of such Shareholders.

A Dissenting Shareholder must send a written objection to the Arrangement Resolution so that it is received by Pan Orient c/o Bennett Jones LLP, Suite 4500, Bankers Hall East, 855 – 2nd Street S.W., Calgary, Alberta, T2P 4K7, Attention: Michael P.

Theroux, not later than 5:00 p.m. (Calgary time) on Friday, August 19, 2022, being the second Business Day immediately preceding the date of the Meeting, or the second Business Day immediately preceding the date of any adjournment or postponement of the Meeting, as applicable. No Shareholder who has voted in favour of the Arrangement Resolution shall be entitled to dissent with respect to the Arrangement.

Shareholders who wish to exercise the right to dissent and appraisal should carefully consider and comply with the provisions of section 191 of the ABCA, the full text of which is set out in Appendix I to this Circular and consult their own legal advisor.

See "*The Arrangement – Shareholder's Right to Dissent*".

CanAsia Equity Incentive Plan

At the Meeting, Pan Orient Shareholders will be asked to consider and, if deemed advisable, to pass an ordinary resolution to approve the CanAsia Equity Incentive Plan, which will authorize the CanAsia directors to grant options, share appreciation rights, restricted share units or deferred share units to employees, officers, directors and other eligible service providers of CanAsia and its affiliates following completion of the Arrangement. The CanAsia Equity Incentive Plan Resolution must be passed as an ordinary resolution by a majority of the votes cast by Pan Orient Shareholders who vote in respect of the resolution at the Meeting in person or by proxy. Approval of the CanAsia Equity Incentive Plan is not a condition to completion of the Arrangement.

See "*CanAsia Equity Incentive Plan*".

Information Concerning the Parties

DIALOG Group Berhad

The Purchaser under the Arrangement Agreement is 2432707 Alberta Ltd., a newly ABCA incorporated wholly-owned subsidiary of DIALOG. DIALOG, in turn, is a wholly-owned subsidiary of DIALOG Group.

Headquartered in Kuala Lumpur, DIALOG Group is a leading integrated technical service provider to the energy sector, in Malaysia and internationally, with a staff strength of 2,500. DIALOG Group's global footprint includes offices and facilities in Malaysia, Singapore, Thailand, Indonesia, Philippines, China, Australia, New Zealand, Saudi Arabia and United Arab Emirates and its shares are listed on the Main Market of Bursa Malaysia with a market capitalization of approximately RM14 billion (May 2022).

Pan Orient Energy Corp.

Pan Orient is a corporation incorporated under the ABCA. The principal business office of Pan Orient is located at Suite 1505, 505 – 3rd Street SW, Calgary, Alberta, T2P 3E6 Canada and the registered office of Pan Orient is located at 4500 Bankers Hall East, 855 – 2nd Street SW, Calgary, Alberta, T2P 4K7 Canada.

Pan Orient is a reporting issuer under the securities legislation of British Columbia, Alberta, Saskatchewan and Quebec. Pan Orient's Shares are listed on the TSXV under the trading symbol "POE".

See *Appendix E – Information Concerning Pan Orient Energy Corp.*

CanAsia Energy Corp.

CanAsia is a corporation incorporated under the ABCA. The principal business office of CanAsia is located at Suite 1505, 505 – 3rd Street SW, Calgary, Alberta, T2P 3E6 Canada and the registered office of CanAsia is located at 4500 Bankers Hall East, 855 – 2nd Street SW, Calgary, Alberta, T2P 4K7 Canada.

CanAsia was incorporated on May 27, 2022 for the sole purpose of participating in the Arrangement and has not carried on any active business other than in connection with the Arrangement and related matters.

Pan Orient presently owns the one issued and outstanding CanAsia Share. CanAsia does not currently have any subsidiaries.

See *Appendix F – Information Concerning CanAsia Energy Corp.*

GLOSSARY OF TERMS

In the accompanying Circular, unless the context otherwise requires, the following terms have the meaning set forth below.

"**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, and the regulations thereto, as now in effect and as it may be amended from time to time prior to the Effective Time;

"**Acquisition Proposal**" means, other than the transactions contemplated by the Arrangement Agreement, any written or oral offer, proposal, expression of interest, or inquiry from any person or group of Persons acting jointly or in concert within the meaning of NI 62-104 (other than DIALOG, Purchaser or their respective Affiliates) relating to: (i) any direct or indirect sale, disposition, alliance or joint venture (or any lease, long-term supply agreement, royalty interest, farm-in, farm-out, development agreement or other arrangement having the same economic effect as a sale), in a single transaction or series of related transactions, of assets (including shares of any of the Pan Orient Entities) representing 20% or more of the Assets of the Pan Orient Entities, taken as a whole, or contributing 20% or more of the consolidated revenue, as applicable, of the Pan Orient Entities, taken as a whole; (ii) any direct or indirect take-over bid, exchange offer, tender offer or treasury issuance that, if consummated, would result in such Person or group of Persons beneficially owning 20% or more of any class of voting or equity securities of Pan Orient or any of the other Pan Orient Entities; (iii) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving any of the Pan Orient Entities; (iv) any other transaction, the consummation of which would or could be reasonably expected to impede, interfere with, prevent, impair or delay the transactions contemplated by the Arrangement Agreement or the Arrangement or which could or would be reasonably expected to materially reduce the benefits to DIALOG or Purchaser under the Arrangement Agreement or the Arrangement; or (v) any public announcement of an intention to do any of the foregoing;

"**Adjusted Contribution Amount**" means the items of Contribution Amount set forth in the Disclosure Letter, which amount has been agreed to by each of Pan Orient and CanAsia and is taken into account in the calculation of the Cash Consideration;

"**Adjusted Leakage Amount**" means the items of Leakage Amount set forth in the Disclosure Letter, which amount has been agreed to by each of Pan Orient and CanAsia and is taken into account in the calculation of the Cash Consideration;

"**Affiliate**" has the meaning ascribed thereto in the Securities Act;

"**allowable capital loss**" has the meaning given to it under the heading "*The Arrangement – Material Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*";

"**Andora**" means Andora Energy Corporation, a corporation existing under the ABCA;

"**Arrangement**" means an arrangement under the provisions of Section 193 of the ABCA on the terms and subject to the conditions set forth in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the provisions of the Arrangement Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of Pan Orient and Purchaser, each acting reasonably;

"**Arrangement Agreement**" means the Arrangement Agreement dated June 6, 2022 among Purchaser, DIALOG, Pan Orient and CanAsia, including the recitals and Schedules, as it may be amended, modified or supplemented from time to time;

"**Arrangement Resolution**" means the special resolution of Shareholders approving the Plan of Arrangement to be considered at the Meeting, to be substantially in the form and content of Appendix A hereto;

"**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required under Subsection 193(10) of the ABCA to be sent and filed with the Registrar after the Final Order has been granted, which shall include the Plan of Arrangement and otherwise be in form and content satisfactory to Pan Orient and Purchaser, each acting reasonably;

"**Assets**" means, with respect to any Person, the assets, properties, claims and rights (including goodwill) of such Person, wherever located (including in the possession of vendors or other third parties or elsewhere), whether real, personal or mixed, tangible, intangible or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of such Person;

"**Assumed Liabilities**" means all liabilities of any Target Entity arising out of the activities or operations of the Excluded Business or the ownership or use of the Excluded Assets, in each case occurring before, at or after the Effective Time;

"**Batu Gajah PSC**" means the PSC in respect of Batu Gajah;

"**Beneficial Shareholders**" means Shareholders who do not hold their Shares in their own name;

"**BMA**" has the meaning given under the heading "*Regulatory Matters – Bermuda Approvals*";

"**Board of Directors**" means the board of directors of Pan Orient;

"**Business Day**" means any day on which commercial banks are open for business in Calgary, Alberta, other than a Saturday, a Sunday or a day observed as a holiday in Calgary, Alberta, Canada;

"**Canadian Securities Laws**" means the Securities Act and all other applicable Canadian provincial securities laws, rules and regulations and published policies thereunder, and the rules of the TSXV applicable to companies listed thereon;

"**CanAsia**" or "**NewCo**" means CanAsia Energy Corp., a corporation existing under the ABCA;

"**CanAsia Board**" means the board of directors of CanAsia;

"**CanAsia Equity Incentive Plan**" or the "**Equity Incentive Plan**" means the equity incentive plan of CanAsia;

"**CanAsia Equity Incentive Plan Resolution**" means the ordinary resolution approving the CanAsia Equity Incentive Plan to be considered at the Meeting, to be substantially in the form and content of Appendix G;

"**CanAsia Shares**" or "**NewCo Shares**" means the common shares in the capital of CanAsia;

"**Cash Consideration**" means USD \$0.788 in cash for each New Pan Orient Share held;

"**CDS**" means CDS Clearing and Depository Services Inc.;

"**Certificate of Arrangement**" means the certificate or proof of filing to be issued by the Registrar pursuant to Subsection 193(12) of the ABCA in respect of the Articles of Arrangement;

"**Change in Recommendation**" has the meaning ascribed thereto in Section 8.1(a)(iii) of the Arrangement Agreement;

"**Change of Control Payments**" has the meaning ascribed thereto in paragraph (ee)(iv) of Schedule F of the Arrangement Agreement;

"**Circular**" means the notice of meeting and this management information circular of Pan Orient, including all schedules, appendices and exhibits thereto, and all information incorporated by reference therein, to be sent to, among others, the Shareholders in connection with the Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of the Arrangement Agreement;

"**Concession Agreement**" means; (i) the Petroleum Concession No. 1/2550/77 in relation to the Exploration Block No. L53/48 in Thailand dated January 8, 2007 issued by the Ministry of Energy to Pan Orient; and (ii) the Supplementary Petroleum Concession (No. 1) to the Petroleum Concession No. 1/2550/77 dated April 11, 2013 issued by the Ministry of Energy to POES, in which POES holds a 100% working interest;

"**Concession L45**" means: (i) the Petroleum Concession No. 10/2551/101 in relation to the Exploration Block No. L45/50 in Thailand dated January 21, 2008 issued by the Ministry of Energy to Mitra Energy Limited; (ii) the Supplementary Petroleum Concession (No. 1) to the Petroleum Concession 10/2551/101 dated July 20, 2010 issued by the Ministry of Energy to Mitra Energy Limited; (iii) the Supplementary Petroleum Concession (No. 2) to the Petroleum Concession 10/2551/101 dated February 16, 2011 issued by the Ministry of Energy to Mitra Energy Limited; and (iv) the Supplementary Petroleum Concession (No. 3) to the Petroleum Concession 10/2551/101 dated August 5, 2013 issued by the Ministry of Energy to Mitra Energy Limited and POES, in which POES held a 60% working interest;

"**Consideration**" means the Cash Consideration and the Share Consideration;

"**Contribution Amount**" means, without any double counting, any of the following payments made to any Target Entity or items of value received by any Target Entity from (and including) January 1, 2022 up to the time that this Agreement becomes effective pursuant to the Plan of Arrangements: (a) any investment, purchase of equity or other capital contribution (in each case, whether in cash or in kind or via netting of an inter-company payable) made by Pan Orient or any of its Subsidiaries or Affiliates (other than a Target Entity); (b) any transfer or disposal to any Target Entity by, or receipt by any Target Entity from, Pan Orient or any of its Subsidiaries or Affiliates (other than a Target Entity) of any asset, right, service, benefit or payment for less than fair market value (but only to the extent fair market value exceeds the amount paid or other consideration provided by any Target Entity in respect thereof); (c) any acquisition from any Target Entity by Pan Orient or any of its Subsidiaries or Affiliates (other than a Target Entity) of any asset for a consideration exceeding the fair market value of such asset (but only to the extent such consideration exceeds such fair market value); (d) any assumption or discharge of any

liability owed by any Target Entity (including in relation to any recharging of costs of any kind) by Pan Orient or any of its Subsidiaries or Affiliates (other than a Target Entity); and (e) any waiver, deferral or release by Pan Orient or any of its Subsidiaries or Affiliates (other than a Target Entity) of any amount owed by any Target Entity to Pan Orient or any of its Subsidiaries or Affiliates (other than a Target Entity) or any assumption or discharge of any liability owed by any Target Entity to Pan Orient or any of its Subsidiaries or Affiliates (other than a Target Entity) (including in relation to any recharging of costs of any kind) by Pan Orient or any of its Subsidiaries or Affiliates (other than a Target Entity), provided, however, Contribution Amount shall not include any Adjusted Contribution Amount;

"**Court**" means the Court of Queen's Bench of Alberta;

"**CRA**" means Canada Revenue Agency, or any successor agency thereto;

"**Data Room**" means the electronic data room established by Pan Orient in connection with the transactions contemplated hereby;

"**Depository**" means Computershare Investor Services Inc., as depository, or any other bank, trust company or financial institution, as may be agreed to in writing by Pan Orient and Purchaser;

"**DIALOG Group**" means DIALOG Group Berhad of Malaysia;

"**DIALOG**" means Dialog Systems (Asia) Pte Ltd., a wholly owned subsidiary of DIALOG Group;

"**Disclosure Letter**" means the disclosure letter dated June 6, 2022 regarding the Arrangement Agreement that was provided by Pan Orient, and acknowledged and agreed to by DIALOG and Purchaser, concurrently with the execution of the Arrangement Agreement;

"**Dissent Rights**" means the rights of dissent in respect of the Arrangement described in the Plan of Arrangement and the Interim Order;

"**Dissent Shares**" means the Shares held by a Dissenting Shareholder at the Effective Time and in respect of which Dissent Rights were validly exercised;

"**Dissenting Non-Resident Holder**" has the meaning given under the heading *"The Arrangement – Material Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada – Dissenting Non-Resident Holders"*;

"**Dissenting Resident Holder**" has the meaning given under the heading *"The Arrangement – Material Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Dissenting Resident Holders"*;

"**Dissenting Shareholder**" means a registered holder of Shares who validly dissents in respect of the Arrangement Resolution in compliance with the Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Shares in respect of which Dissent Rights are validly exercised by such registered holder;

"**DMF**" means the Department of Mineral Fuels of the Ministry of Energy of the Kingdom of Thailand;

"**East Jabung PSC**" means the PSC in respect of East Jabung PSC;

"**Effective Date**" means the effective date of the Arrangement, being the date shown on the Certificate of Arrangement;

"**Effective Time**" means the time on the Effective Date at which the Arrangement becomes effective in accordance with the ABCA;

"**Excluded Assets**" means all of Pan Orient's rights, title and interests in and to the assets owned by Pan Orient and associated with or used or held for use related to the Excluded Business;

"**Excluded Business**" means all businesses and operations (whether or not such businesses or operations are or have been terminated, divested or discontinued) conducted prior to the Effective Time by Pan Orient and its subsidiaries and affiliates, other than the Thailand Business;

"**Excluded Entity**" means CanAsia, Andora, POEH and their respective Subsidiaries;

"**Fairness Opinion**" means the opinion of Research Capital, the financial advisor to Pan Orient, addressed to the Independent Committee of the Board of Directors, as of the date of such opinion and based upon and subject to the assumptions, limitations and qualifications set forth therein, as to the fairness, from a financial point of view, of the Consideration to be received by the Shareholders under the Arrangement;

"Final Closing Statement" has the meaning given under *"The Arrangement – Effecting the Arrangement – The Separation Agreement"*;

"Final Order" means the final order of the Court approving the Arrangement pursuant to Subsection 193(9)(a) of the ABCA, in a form acceptable to each of Pan Orient and Purchaser, acting reasonably, as contemplated by the Arrangement Agreement, as such order may be amended by the Court (with the consent of each of Pan Orient and Purchaser, acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to each of Pan Orient and Purchaser, acting reasonably) on appeal;

"Governmental Entity" means any: (i) supranational, multinational, federal, national, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, office, Crown corporation, commission, commissioner, board, bureau or agency, domestic or foreign; (ii) subdivision, agent, agency, commission, board or authority of any of the foregoing; or (iii) quasi-governmental or private body, including any tribunal, commission, stock exchange, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, and **"Governmental Entities"** means more than one Governmental Entity;

"Holder" has the meaning given to it under the heading *"The Arrangement – Material Income Tax Considerations – Certain Canadian Federal Income Tax Considerations"*;

"IFRS" means International Financial Reporting Standards;

"IIROC" means Investment Industry Regulatory Organization of Canada;

"Independent Committee" or the **"Committee"** has the meaning ascribed thereto in *"The Arrangement – Background to the Arrangement – Independent Committee"*;

"Indonesian PCSs" means the East Jabung PSC and Batu Gajah PSC;

"Intermediary" means a person or company that, in connection with its business, holds the Shares on behalf of another person or company, and that is not (a) a person or company that holds the Shares only as a custodian, and is not the registered Shareholder nor holding the Shares as a participant in a depository, (b) a depository, or (c) a beneficial owner of the security;

"Interim Order" means the interim order of the Court pursuant to Subsection 193(4) of the ABCA, in a form acceptable to Pan Orient and Purchaser, each acting reasonably, as contemplated by the Arrangement Agreement providing for, among other things, the calling and holding of the Meeting, as such order may be amended by the Court (with the consent of Pan Orient and Purchaser, each acting reasonably);

"Joint Operating Agreement" means the joint operating agreement dated November 5, 2014 among POES, Sea Oil Energy Limited and POP in respect of the rights and obligations of Sea Oil Energy Limited and POP concerning POES' operations and activities under the Concession Agreement;

"KSE" means Kamphaeng Saen Energy Ltd., a company existing under the laws of Bermuda;

"Law" or **"Laws"** means, with respect to Canada, Singapore, Indonesia, Thailand, Malaysia, the United States, or Bermuda, all federal, national, multinational, provincial, state, municipal, regional and local laws (statutory, common or otherwise), constitutions, treaties, conventions, by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, certificates, ordinances, judgments, injunctions, determinations, awards, decrees, legally binding codes or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or licence or other similar requirement enacted, adopted, promulgated, or applied by any Governmental Entity or self-regulatory authority (including the TSXV and Bursa Malaysia), and, for greater certainty, includes Canadian Securities Laws and U.S. Securities Laws, and the term "applicable" with respect to such Laws and in a context that refers to one or more Persons, means such Laws as are binding upon or applicable to such Person or its assets;

"Leakage Amount" means, without double counting, any of the following made to or received by, on behalf of, or for the benefit of, Pan Orient or any of its Related Parties (other than the Target Entities) from (and including) January 1, 2022 up to the time that this Agreement becomes effective pursuant to the Plan of Arrangement: (a) any dividend or distribution (whether in cash or in kind) declared, paid or made by any Target Entity; (b) any management, service or other charges or fees paid by any Target Entity, excluding any amounts paid by one Target Entity to another Target Entity; (c) any return of capital (whether by reduction of capital or redemption or purchase of shares or otherwise) by any Target Entity or any amounts payable on the repurchase, repayment, redemption, reduction or cancellation of any share capital, loan capital or other securities of a Target Entity, provided, however, Leakage Amount shall not include any amount payable or payments made by Pan Orient to Dissenting Shareholders in connection with the exercise of dissent rights pursuant to the Arrangement; (d) any payment of interest or repayment of principal in respect of any funded indebtedness owed by any Target Entity, excluding any repayment

made by one Target Entity to another Target Entity; (e) any waiver, deferral or release by any Target Entity of any amount or obligation owed or due to such Target Entity, other than any amounts owing by any Target Entity to any Target Entity; (f) any assumption or discharge of any liability (including in relation to any Transaction Cost of any kind) by any Target Entity, other than any liability of any Target Entity to any other Target Entity; (g) the provision of any guarantee, indemnity or security by any Target Entity in respect of any obligation or liability of Pan Orient or any of its Related Parties (other than the Target Entities); (h) any other transaction other than on arm's length terms, other than any transaction between any Target Entity and any other Target Entity, for consideration exceeding the fair market value (but only to the extent such consideration exceeds such fair market value); or (i) any agreement or arrangement by or on behalf of any Target Entity to give effect to any of the matters referred to in Sections (a) to (i) above, provided, however, Leakage Amount shall not include any Adjusted Leakage Amount;

"Letter of Intent" has the meaning given under the heading *"The Arrangement – Background to the Arrangement – Letter of Intent"*;

"Letter of Transmittal" means the letter of transmittal pursuant to which registered holders of Pan Orient Shares are required to deliver certificates representing such Shares to the Depositary to receive the Consideration to which such holders are entitled to receive under the Arrangement;

"Long-Term Incentive Plan" means the long-term incentive plan of Pan Orient adopted May 12, 2020;

"Matching Period" has the meaning given under the heading *"The Arrangement – The Arrangement Agreement – Covenants"*

"Material Adverse Effect" means any fact or state of facts, circumstance, change, effect, occurrence or event that, individually or in the aggregate, is or would reasonably be expected to be material and adverse to the financial condition, business, results of operations, properties, prospects, Assets, liabilities (contingent or otherwise), obligations (whether absolute, accrued, conditional or otherwise), operations, prospects, production, or affairs of the Target Entities (taken as a whole) or would reasonably be expected to prevent or materially delay or materially impair the consummation of the Arrangement, except for any such fact, state of facts, circumstance, change, effect, occurrence or event relating to or resulting from: (A) any change in IFRS or changes in regulatory accounting requirements applicable to the oil and gas industry; (B) any adoption, proposal, implementation or change in applicable Law or interpretations thereof by any Governmental Entity (other than any change in applicable Law that results in a material increase in the direct acquisition cost of the Target Entities to DIALOG or Purchaser, which change may be taken into account in determining whether there is a Material Adverse Effect); (C) any change in global, national or regional political conditions (including the outbreak of war or acts of terrorism) or in general economic, business, regulatory, political or market conditions or in national or global financial or capital markets; (D) any change generally affecting the oil and gas industry in the regions in which the Target Entities operate; (E) the announcement of the Arrangement Agreement or consummation of the transactions contemplated hereby; (F) any natural disaster; (G) any change in interest rates, exchange rates or the price of oil or natural gas; (H) any change in the market price or trading volume of the securities of Pan Orient (it being understood that the causes underlying such change in market price or trading volume may be taken into account in determining whether a Material Adverse Effect has occurred); (I) any actions taken (or omitted to be taken) at the written request or with the written consent of Purchaser; (J) any matter which has been publicly disclosed by Pan Orient or disclosed by Pan Orient to DIALOG and Purchaser in the Disclosure Letter prior to date hereof, or any action taken by Pan Orient which is required pursuant to the Arrangement Agreement (including but not limited to any steps taken pursuant to Section 5.4 of the Arrangement Agreement to obtain the Regulatory Approvals); provided, however, that: (i) with respect to clauses (A), (B), (C), (F) and (G) such matter does not have a materially disproportionate effect on the Target Entities, taken as a whole, relative to other comparable companies and entities operating in the oil and gas industry in which the Target Entities operate in which case, the relevant exclusion from this definition of Material Adverse Effect referred to above shall not be applicable; and (ii) any fact or state of facts, circumstance, change, effect, occurrence or event in respect of the transfer of the Excluded Assets and the assumption of the Assumed Liabilities by CanAsia, that individually or in the aggregate, is or would reasonably be expected to prevent, impair or materially delay the consummation of the Arrangement will be deemed to be a Material Adverse Effect in respect of the Target Entities;

"material fact" has the meaning ascribed thereto in the Securities Act;

"Meeting" means the special meeting of the Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider, inter alia, the Arrangement Resolution, the Pan Orient Options Resolution (if required by the TSXV) and the CanAsia Equity Incentive Plan Resolution;

"MI 61-101" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;

"misrepresentation" has the meaning ascribed thereto in the Securities Act;

"New Pan Orient Shares" means the Class A Common Shares in the capital of Pan Orient, created and issued to Shareholders pursuant to the Plan of Arrangement;

"**NI 51-102**" means National Instrument 51-102 – *Continuous Disclosure Obligations*;

"**NI 62-104**" means National Instrument 62-104 – *Take-Over Bids and Issuer Bids*;

"**Non-Resident Holder**" has the meaning given under the heading "*The Arrangement – Material Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada*";

"**Non-Thailand Business**" means the Excluded Assets and Assumed Liabilities, which will be acquired by CanAsia pursuant to the Separation Agreement, as contemplated by the Arrangement;

"**OECD**" has the meaning given under the heading "*Regulatory Matters – Bermuda Approvals*";

"**Option Surrender Agreements**" means the agreements to be entered into by Pan Orient and each of the Optionholders pursuant to which each such Optionholder has agreed or shall agree to surrender or exercise, as applicable, their Options in accordance with the provisions of the Arrangement Agreement and the Plan of Arrangement;

"**Optionholder**" means a holder of Options;

"**Options**" or "**Pan Orient Options**" means the outstanding share options of Pan Orient granted under the Stock Option Plan, whether or not vested, entitling the holders thereof to acquire Shares;

"**Outside Date**" means August 29, 2022, or such later date as may be agreed to in writing by the Parties, provided that if the Effective Date is not expected to occur by August 29, 2022 as a result of the failure to satisfy the condition set forth in either Section 6.2(c) or Section 6.3(c) of the Arrangement Agreement, then any Party may elect, by notice in writing delivered to the other Parties by no later than 5:00 p.m. (Calgary time) on the date that is not less than five days prior to such date or, in the case of any subsequent extensions, the date that is not less than five days prior to the Outside Date, as previously extended, to extend the Outside Date from time to time by a specified period of not less than 15 days, provided that: (i) each such extension must be agreed to in writing by each of Purchaser and Pan Orient; and (ii) if the period during which the Arrangement may be completed under Article 12.3.c.1 of the Joint Operating Agreement is extended automatically in accordance with its terms, by the same amount as such extension;

"**Pan Orient**" or the "**Corporation**" means Pan Orient Energy Corp., a corporation existing under the ABCA;

"**Pan Orient Employees**" means the employees of Pan Orient set forth in the Disclosure Letter;

"**Pan Orient Entities**" means, collectively, the Target Entities and the Excluded Entities, and "**Pan Orient Entity**" means each of them;

"**Pan Orient Options Resolution**" means the ordinary resolution of Shareholders approving the amendment to the Stock Option Plan to permit the surrender of the Options under the Plan of Arrangement to be considered at the Meeting (if required by the TSXV), to be substantially in the form and content of Schedule C of the Arrangement Agreement;

"**Pan Orient Public Disclosure Record**" means all information filed by Pan Orient since January 1, 2020 with any Securities Authority in compliance or intended compliance with Canadian Securities Laws, to the extent such information is available to the public under the profile of Pan Orient on the System for Electronic Document Analysis and Retrieval (SEDAR);

"**Pan Orient Termination Fee**" means USD \$1,550,000;

"**Participants**" has the meaning given under the heading "*CanAsia Equity Incentive Plan and Other Business*";

"**Parties**" means collectively, Pan Orient, CanAsia, DIALOG and Purchaser, and "**Party**" means any of them;

"**Person**" includes an individual, firm, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, venture capital fund, association, body corporate, unincorporated organization, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

"**Plan of Arrangement**" means the plan of arrangement, in the form of Schedule A to the Arrangement Agreement, and any amendments or variations thereto made in accordance with the provisions of the Arrangement Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order with the written consent of Pan Orient and Purchaser, each acting reasonably;

"**POEH**" means Pan Orient Energy Holdings Ltd., a company existing under the laws of Bermuda;

"**POES**" means Pan Orient Energy (Siam) Ltd., a company existing under the laws of Bermuda;

"**POP**" means Pan Orient Petroleum Pte. Ltd., a company existing under the laws of Singapore;

"Proposed Amendments" has the meaning given under the heading *"The Arrangement – Material Income Tax Considerations – Certain Canadian Federal Income Tax Considerations"*;

"Purchaser" means 2432707 Alberta Ltd., a corporation existing under the ABCA;

"Purchase Price" means the aggregate purchase price to be paid by CanAsia to Pan Orient for the Excluded Business pursuant to the Separation Agreement;

"RDSP" has the meaning given under the heading *"The Arrangement – Material Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Eligibility for Investment"*;

"Record Date" has the meaning given under the heading *"Proxy Solicitation Matters – Voting Shares and Record Date"*;

"Registered Plans" has the meaning given under the heading *"The Arrangement – Material Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Eligibility for Investment"*;

"Registered Shareholder" or **"Registered Pan Orient Shareholder"** means a Shareholder who holds their shares in their own name;

"Registrar" means the Registrar of Corporations or the Deputy Registrar of Corporations appointed pursuant to Section 263 of the ABCA;

"Regulatory Approvals" means any consent, waiver, permit, exemption, review, order, decision or approval of, or any registration and filing with, any Governmental Entity, or the expiry, waiver or termination of any waiting period imposed by Law or a Governmental Entity, in each case required under applicable Laws in connection with the Arrangement or deemed to be required in the circumstances set out in the Disclosure Letter;

"Representatives" means, collectively, the directors, officers, employees, agents and advisors of a Party;

"Research Capital" means Research Capital Corporation;

"Resident Holder" has the meaning given under the heading *"The Arrangement – Material Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada"*;

"RESP" has the meaning given under the heading *"The Arrangement – Material Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Eligibility for Investment"*;

"Retained Assets" means all of Pan Orient and the Target Entities' rights, title and interests in and to the Assets owned by the Target Entities and associated with or used or held for use related to the Thailand Business;;

"Retained Liabilities" means all Liabilities of the Target Entities arising out of the activities or operations of the Thailand Business or the ownership or use of the Retained Assets;

"RRIF" has the meaning given under the heading *"The Arrangement – Material Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Eligibility for Investment"*;

"RRSP" has the meaning given under the heading *"The Arrangement – Material Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Eligibility for Investment"*;

"RSU" or **"Pan Orient RSUs"** means a restricted share unit entitling the holders thereof to receive a cash payment upon vesting (including as a consequence of a change of control of Pan Orient) and settlement, all in accordance with the Long-Term Incentive Plan;

"Schlumberger" has the meaning given under the heading *"The Arrangement – Background to the Arrangement"*;

"Sea Oil" means Sea Oil Energy Limited, Pan Orient's joint venture partner.

"Securities Act" means the *Securities Act*, R.S.A. 2000. c. S-4;

"Securities Authorities" means the Alberta Securities Commission and the applicable securities commissions and other securities regulatory authorities in each of the provinces of British Columbia, Saskatchewan and Québec;

"SEDAR" means the System for Electronic Document Analysis and Retrieval;

"Separation Agreement" means the separation agreement to be entered into on the Effective Date between Pan Orient and CanAsia, substantially in the form attached hereto as Schedule E to the Arrangement Agreement, to: (i) effect the sale and transfer of Excluded Assets from Pan Orient to CanAsia or its subsidiaries; and (ii) the assumption of the Assumed Liabilities, all effective at the time specified in the Plan of Arrangement;

"Separation Transaction" means the transactions contemplated by the Separation Agreement to effect: (i) the sale and transfer of Excluded Assets from Pan Orient to CanAsia or its subsidiaries; and (ii) the assumption of the Assumed Liabilities, all effective at the time specified in the Plan of Arrangement;

"Severance Costs" means all payments and benefits to which a Pan Orient Employee is entitled in connection with the termination of such employment or engagement pursuant to the Arrangement Agreement, including, without limitation, all pay in lieu of notice, termination pay, severance pay, damages for wrongful dismissal and all other costs or benefits pursuant to statute, contract, tort and the common law, and all other or similar payments to the Pan Orient Employees as a result of the termination of their employment or engagement;

"Share Consideration" means the CanAsia Shares distributed to Shareholders pursuant to the Arrangement, being one CanAsia Share for each Pan Orient Share held by a Shareholder;

"Shareholders" or **"Pan Orient Shareholders"** means the registered or beneficial holders of the Shares or the New Pan Orient Shares, as the context requires;

"Shares" or **"Pan Orient Shares"** means all of the issued and outstanding common shares in the capital of Pan Orient;

"Sproule" means Sproule Associates Limited of Calgary, Alberta, Canada;

"Sproule International" means Sproule International Limited of Calgary, Alberta, Canada;

"Sproule Reserves Report" means the reserves report of Sproule International with a preparation date of January 25, 2022, evaluating the petroleum and natural gas reserves of POES's Thailand interests in Concession L53, as at December 31, 2021 and prepared in accordance with NI 51-101;

"Sproule 2020 Reserves Report" means the reserves report of Sproule International with a preparation date of January 23, 2021, evaluating the petroleum and natural gas reserves of POES' Thailand interests in Concession L53, as at December 31, 2020 and prepared in accordance with NI 51-101;

"Stock Option Plan" means the stock option plan of Pan Orient, as amended May 22, 2022;

"Subsidiary" has the meaning ascribed thereto in the Securities Act;

"Superior Proposal" means a *bona fide* unsolicited written Acquisition Proposal not obtained in breach of Section 7.2 of the Arrangement Agreement to acquire not less than all of the outstanding Shares (or all or substantially all of the Assets of the Pan Orient Entities) that the Board of Directors determines in good faith, after consultation with its financial and outside legal advisors, is a transaction: (i) reasonably capable of being completed in accordance with its terms without undue delay, taking into account all financial, legal, regulatory and other aspects of such Acquisition Proposal and the Person making such Acquisition Proposal; (B) that if consummated in accordance with its terms (but not assuming away any risk of non-completion) is on terms and conditions more favourable, from a financial point of view, to the holders of Shares than the terms and conditions of the transaction contemplated by the Arrangement Agreement (after giving effect to any changes to the terms of the Arrangement Agreement proposed by Purchaser in response to such Acquisition Proposal pursuant to Section 7.2 of the Arrangement Agreement), taking into account all financial, legal, regulatory and other aspects of such Acquisition Proposal and the Person making such Acquisition Proposal, that recommending such Acquisition Proposal to the Shareholders and entering into a definitive agreement in respect of such Acquisition Proposal would be necessary for the Board of Directors to discharge its fiduciary duties under applicable Law; (C) is not subject to a due diligence and/or access condition; and (D) that is not subject to a financing condition and in respect of which any funds or other consideration necessary to complete the Acquisition Proposal have been demonstrated to the satisfaction of the Board of Directors, acting in good faith (after receiving advice from its financial advisor(s) and outside legal counsel), to have been obtained (as evidenced by a written financing commitment from one or more reputable and financially sound financial institutions) or are reasonably likely to be obtained to fund completion of the Acquisition Proposal at the time and on the basis set out therein;

"Support Agreements" means the support agreements between Purchaser and each of the directors and officers of Pan Orient, each of the Optionholders and the Supporting Shareholder, pursuant to which each officer and director of Pan Orient, each Optionholder and the Supporting Shareholder has agreed to vote the Shares and/or Options beneficially owned or controlled by such officer or director, Optionholder and Supporting Shareholder in favour of the Arrangement Resolution, the Pan Orient Options Resolution and the CanAsia Equity Incentive Plan, as applicable, and to otherwise support the Arrangement and other related matters to be considered at the Meeting;

"Supporting Shareholder" means Chatchai Yenbamroong;

"Target Entities" means each of Pan Orient, POP, POES and KSE;

"**Tax Act**" means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.) and the regulations thereto, each as amended from time to time;

"**TFSA**" has the meaning given under the heading "*The Arrangement – Material Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Eligibility for Investment*";

"**Thailand Business**" means the activities carried out under the Concession Agreement principally with respect to the exploration, development, production, lifting, transportation, marketing and sale of hydrocarbons in and from the working area pursuant to the Concession Agreement, together with all activities ancillary to the foregoing;

"**Transaction Costs**" means all costs of the Pan Orient Entities (whether incurred, accrued or billed) in connection with the Arrangement, including, without limitation, Severance Costs, Change of Control Payments, fees and expenses of Research Capital, the fees of Moyes & Co., legal advisors, auditors, engineers and other professionals or consultants and printing, mailing, proxy solicitation and other costs and expenses related to the Meeting (other than costs payable by the Purchaser pursuant to Section 2.4(c));

"**Treaty**" has the meaning given under the heading "*The Arrangement – Material Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada – Dividends on CanAsia Shares (Post-Arrangement)*";

"**TSXV**" means the TSX Venture Exchange;

"**U.S. Exchange Act**" means the *United States Securities Exchange Act* of 1934, as amended, and the rules and regulations promulgated thereunder;

"**U.S. Securities Act**" means the *United States Securities Act* of 1933, as amended, and the rules and regulations promulgated thereunder;

"**U.S. Securities Laws**" means the U.S. Securities Act and all other applicable U.S. federal and state securities laws, rules and regulations and published policies thereunder; and

"**United States**" means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia.

MANAGEMENT INFORMATION CIRCULAR

PROXY SOLICITATION MATTERS

PURPOSE OF SOLICITATION

This Circular is furnished by Pan Orient in connection with the solicitation of proxies by management of Pan Orient for use at the Meeting, for the purposes set forth in the accompanying notice of the Meeting and this Circular.

Solicitation will be primarily by mail, but some proxies may be solicited personally or by telephone, facsimile transmission or other electronic means by officers, directors or employees of Pan Orient at a nominal cost. All costs in connection with the solicitation of proxies will be borne by Pan Orient; provided that Transaction Costs (including the solicitation costs of the Pan Orient Entities in connection with the Arrangement) to the extent not paid prior to the Effective Time, shall have the impact of reducing the amount of the cash and cash equivalents of Pan Orient to be transferred to CanAsia, all in accordance with the Separation Agreement). See "*The Arrangement – Effecting the Arrangement – Separation Agreement*".

The Meeting is being called pursuant to the Interim Order to seek the requisite approvals of Shareholders to the Arrangement in accordance with Section 193 of the ABCA and related matters. See "*The Arrangement*", and "*CanAsia Equity Incentive Plan and Other Business*".

The information set forth below generally applies to registered holders of Pan Orient Shares. If you are a Beneficial Shareholder (i.e., your Pan Orient Shares are held through a broker, investment dealer, trust company, bank or other nominee, including CDS, which acts as nominee for many Canadian brokerage firms), see "*Advice to Beneficial Holders*", below.

APPOINTMENT AND VOTING OF PROXIES

The accompanying form of proxy is for registered holders of Pan Orient Shares. Each person named in the form of proxy is a director or officer of Pan Orient. **A Shareholder of Pan Orient submitting a proxy has the right to appoint a person (who need not be a shareholder of Pan Orient) other than the persons designated in the form of proxy to attend and act for him or her at the Meeting. A Shareholder desiring to appoint some other person to represent him or her at the Meeting may do so either by inserting such other person's name in the blank space provided in the form of proxy or by completing another form of proxy.**

A registered Shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting. To be effective, the form of proxy must be dated, signed and deposited with Computershare Trust Company of Canada (i) in person or by mail using the enclosed return envelope or one addressed to Computershare Trust Company of Canada, 8th Floor North Tower, 100 University Avenue, Toronto, Ontario, M5J 2Y1; (ii) by telephone 1-866-732-VOTE (8683) toll free or (iii) through the internet at www.investorvote.com, not less than 48 hours, excluding Saturdays, Sundays and holidays, preceding the Meeting or any adjournment or postponement. The proxy deposit deadline is 9:00 a.m. (Calgary time) on Friday, August 19, 2022. The time limit for the deposit of proxies may also be waived or extended by the Chair of the Meeting at his discretion, without notice.

All Pan Orient Shares represented at the Meeting by properly executed proxies will be voted (including voting on any ballot) and, where a choice with respect to any matter to be acted on has been specified in the form of proxy, the Pan Orient Shares represented by the proxy will be voted in accordance with such specification. **In the absence of any such specification, the persons named in the form of proxy, who are officers of Pan Orient, will, if named as proxy, vote in favor of the resolutions set forth in the accompanying notice of meeting.**

The accompanying form of proxy confers discretionary authority upon the person named therein with respect to (a) amendments or variations to matters identified in the notice of meeting; and (b) other matters which may properly come before the Meeting or any postponement or adjournment thereof. As at the date of this Circular, management of the Corporation knows of no amendments, variations or other matters to come before the Meeting other than the matters referred to in the notice of the Meeting. If any such amendment, variation or other matter properly comes before the Meeting, the Shares represented by proxies in favor of management will be voted on such matters in accordance with the best judgment of the person named in the proxy.

REVOCATION OF PROXIES

A Shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy. Subject to compliance with the requirements set forth in the following paragraph, the giving of a proxy will not affect the right of a Shareholder to attend and vote in person at the Meeting.

A Shareholder who has given a proxy may revoke it at any time prior to the exercise thereof either by (a) signing a form of proxy bearing a later date and depositing the same with Computershare Trust Company of Canada not less than 48 hours (excluding Saturdays, Sundays and holidays in Alberta) before the time set for the holding of the Meeting or any postponement or adjournment thereof, or with the consent of the chair of the Meeting before any vote in respect of which the proxy is to be used shall have been taken; or (b) attending the Meeting in person and registering with the scrutineer as a Shareholder personally present.

ADVICE TO BENEFICIAL SHAREHOLDERS

Shareholders who do not hold their Pan Orient Shares in their own name but instead hold their Shares through an intermediary such as a broker, investment dealer, trust company, bank or other nominee (including CDS) are commonly known as "beneficial" or "non-registered" Shareholders. All references to holders of Pan Orient Shares in this Circular, the accompanying form of proxy and notice of the Meeting are to Shareholders of record unless specifically stated otherwise.

Without specific instructions, intermediaries are prohibited from voting shares for their clients. Beneficial Shareholders should therefore ensure that instructions regarding the voting of their Pan Orient Shares are properly communicated to the appropriate Person or that the Pan Orient Shares are duly registered in their name well in advance of the Meeting. Beneficial Shareholders are advised to carefully follow the instructions accompanying their proxy package when completing any voting instruction card provided by an intermediary. Every intermediary/broker has its own mailing procedures and provides its own return instructions which should be carefully followed by Beneficial Shareholders in order to ensure that their Pan Orient Shares are voted at the Meeting.

If you are a Beneficial Shareholder and wish to vote in person at the Meeting, please contact your broker or agent well in advance of the Meeting to determine how you can do so.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Pan Orient Shares registered in the name of the shareholder's broker or other intermediary, a Beneficial Shareholder may attend at the Meeting as a proxyholder and vote their Pan Orient Shares in that capacity. If a Beneficial Shareholder wishes to attend the Meeting and vote their Pan Orient Shares, it must do so as proxyholder for the registered holder of the Pan Orient Shares. To do this, a Beneficial Shareholder should enter his or her name in the blank space on the applicable form of proxy or voting instruction form provided to him or her and return the document to his or her broker or other intermediary (or the agent of such broker or other intermediary) in accordance with the instructions provided by such broker, intermediary or agent well in advance of the Meeting.

Pan Orient is not using "notice-and-access" to send its proxy-related materials to Shareholders, and paper copies of such materials will be sent to all Shareholders. Pan Orient will be sending proxy-related materials directly to non-objecting Beneficial Shareholders and Pan Orient intends to pay for the costs of an intermediary to deliver to objecting Beneficial Shareholders the proxy-related materials.

VOTING SHARES AND RECORD DATE

The authorized share capital of Pan Orient consists of an unlimited number of Pan Orient Shares. Holders of Shares are entitled to one vote per Share held at meetings of Shareholders.

The Board of Directors has fixed July 6, 2022 as the record date (the "**Record Date**") for the determination of Shareholders of record entitled to notice of and to vote at the Meeting and at any postponement or adjournment thereof. As at the Record Date, there were 49,793,907 Pan Orient Shares issued and outstanding.

Only registered Shareholders and proxyholders of registered Shareholders as of the Record Date can be recognized and vote at the Meeting. Persons who are Beneficial Shareholders as of the Record Date will be entitled to instruct voting at the Meeting in accordance with the procedures established pursuant to NI 54-101. If you are a Beneficial Shareholder (i.e., your Shares are held through a broker, investment dealer, trust company, bank or other nominee including CDS), see "*Advice to Beneficial Shareholders*", above.

Persons who are transferees of any Pan Orient Shares acquired after the Record Date and who have produced properly endorsed certificates evidencing such share ownership or who otherwise establish to the satisfaction of Pan Orient ownership thereof and demand, not later than 10 days before the Meeting, or such other time as is acceptable to the Pan Orient, that their names be included in the list of Shareholders, are entitled to vote at the Meeting.

PRINCIPAL HOLDERS OF VOTING SHARES

To the knowledge of Pan Orient's directors and executive officers, as at the date of this Circular, no person or company beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to the issued and outstanding Pan Orient Shares other than as set out below.

Name of Shareholder	Number of Shares Owned ⁽¹⁾	Percentage of Shares Owned ⁽²⁾
Gulf Overseas Investment Trading Corporation Portcullis Trustnet Chambers P.O. Box 3444, Road Town, Tortola, British Virgin Islands	6,208,100	12.5%

Notes:

- (1) Information as to the number of Pan Orient Shares beneficially owned or over which control or direction is exercised is not within the knowledge of Pan Orient and has been derived from public sources available to Pan Orient and from Mr. Chatchai Yenbamroong.
- (2) Based on 49,793,907 issued and outstanding Pan Orient Shares as at the Record Date.

Pan Orient understands that Gulf Overseas Investment Trading Corporation is controlled by Mr. Chatchai Yenbamroong and members of his family. In connection with the Arrangement Agreement, a Support Agreement was entered into by Mr. Yenbamroong in favor of the Purchaser. See "*The Arrangement – Effecting the Arrangement – Support Agreements*".

As at the Record Date, the directors and officers of Pan Orient own, directly or indirectly, 4,354,067 Pan Orient Shares, representing approximately 8.7% of the issued and outstanding Pan Orient Shares.

THE ARRANGEMENT

SUMMARY

The Arrangement involves a series of steps pursuant to an arrangement under Section 193 of the ABCA that will include, generally: (a) Pan Orient will sell and transfer the Excluded Assets to CanAsia in exchange for payment of the Purchase Price, being the assumption of the Assumed Liabilities (consisting of all liabilities of any Target Entity arising out of the activities or operations of the Excluded Business or the ownership or use of the Excluded Assets, in each case occurring before, at or after the Effective Time) and the issuance by CanAsia to Pan Orient of the aggregate Share Consideration, all in accordance with the Separation Agreement; (b) Pan Orient will distribute to Shareholders (other than Dissenting Shareholders) one CanAsia Share for each Pan Orient Share held; and (c) all outstanding Pan Orient Shares will be exchanged for New Pan Orient Shares, which in turn will all be acquired by the Purchaser for Cash Consideration of USD \$0.788 for each New Pan Orient Share.

As a result of the Arrangement:

- DIALOG, through the Purchaser, will hold all of the issued and outstanding shares of Pan Orient (being the New Pan Orient Shares), and Pan Orient will continue to own the Thailand Business;
- Shareholders (other than Dissenting Shareholders) will receive, for each Pan Orient Share held, Cash Consideration of USD \$0.788 and Share Consideration of one CanAsia Share; and
- CanAsia will be a new public company with the initial shareholders to be the Pan Orient Shareholders as at the Effective Time, with the CanAsia Shares expected to be listed on the TSXV (subject to satisfaction of the conditions of the TSXV), and CanAsia will own Pan Orient's Non-Thailand Business, which includes: Pan Orient's 71.8% interest in Andora, which has interests in oil sands properties in Sawn Lake, Alberta; convertible loans receivable from Andora; Pan Orient's interests in Indonesia, which operations are, effective January 1, 2020, considered discontinued operations for accounting purposes; and working capital and long-term deposits, estimated to be approximately \$7.1 million.

The Arrangement will be implemented by way of a court-approved plan of arrangement under section 193 of the ABCA pursuant to the terms of the Arrangement Agreement. The full text of the Arrangement Agreement is attached as Appendix C to this Circular and the full text of the Plan of Arrangement is attached as Schedule A to Appendix C. See *"The Arrangement Agreement"* and *"Effecting the Arrangement"*, below.

If the Arrangement Resolution is passed at the Meeting, Pan Orient anticipates that the Arrangement will be effected on or about August 24, 2022.

BACKGROUND TO THE ARRANGEMENT

The proposed Arrangement is the result of a thorough process and arm's-length negotiation conducted by Pan Orient and its Board of Directors, with the assistance of legal and financial advisors. The following is a summary of the principal events leading up to the public announcement of the Arrangement Agreement.

Initial Consideration

In August 2020, the Board of Directors conducted a strategy discussion regarding Pan Orient's then three geographic areas of activity – Thailand, Indonesia and Sawn Lake, Alberta. In Thailand, Pan Orient owns, through its wholly-owned subsidiary Pan Orient Petroleum Pte. Ltd. ("**POP**"), a 50.01% equity interest in Pan Orient Energy (Siam) Ltd. ("**POES**"), which in turn holds a petroleum concession for Thailand Exploration Block No. L53/48. Pan Orient's joint venture partner Sea Oil Energy Limited ("**Sea Oil**") owns the remaining 49.99% equity interest in POES.

President & Chief Executive Officer Jeff Chisholm made a presentation to the Board of Directors at the August 2020 strategy discussion, outlining alternatives for the Thailand interest. Even with increasing oil sales, reserves were expected to significantly increase year over year. He stated his belief that the stage of development of the L53/48 field in Thailand made a sale of Pan Orient's Thailand interest worth considering.

Sea Oil had expressed interest in a possible purchase of Pan Orient's Thailand interest. Sea Oil has a right of first offer under its Joint Operating Agreement with POP and POES.

The Board of Directors accepted management's recommendation to confidentially seek potential offers for POP's 50.01% interest in POES. That effort would commence in May 2021, after receipt of the Sproule 2020 Reserves Report in conjunction

with the update of a reservoir simulation model by Schlumberger Limited (a global energy service company) ("**Schlumberger**").

A confidentiality agreement with Sea Oil was signed in early May 2021. Schlumberger was engaged to update its reservoir simulation model. The preliminary issues, timing and structure of a possible transaction were considered by the Board of Directors.

At a meeting in mid-May 2021, the governance committee of the Board of Directors considered Pan Orient's corporate and operating structure, as well as alternatives and opportunities for Pan Orient's interests in Thailand and Sawn Lake, Alberta. For the Thailand interest, a sale was considered to be the preferred and most likely alternative. The potential interest of Sea Oil in acquiring the Thailand interest was discussed. Data had been provided, although Sea Oil already had much key information due to its existing 49.99% ownership interest. Next steps were considered.

An update on the sale process was provided to the Board of Directors at a regularly scheduled directors' meeting on August 10, 2021. The updated Schlumberger reservoir simulation model was in-line with the Sproule 2020 Reserves Report and oil prices were improving.

Initial Offer

Pan Orient, through POP, gave official notice on August 5, 2021 to Sea Oil under the Joint Operating Agreement of Pan Orient's intention to sell its Thailand L53/48 interest. Sea Oil presented an offer on September 3, 2021, which was considered by the Board of Directors at a meeting on September 7, 2021. The Sea Oil offer was rejected, due to the offered price and other proposed terms.

Under the joint operating agreement between POP and Sea Oil, Pan Orient had 180 days from 30 days after its August 5 notice, plus any additional period to obtain certain other approvals, to sell its Thailand interest to another buyer. The Board of Directors decided that other buyers would be sought, and an advisor would be retained to assist with the sale.

Solicitation of Other Offers

On October 28, 2021, Pan Orient issued a press release announcing that it had initiated a process to accelerate Shareholder value. The process would involve both the Thailand assets and the Sawn Lake, Alberta oil sands assets and it was anticipated to be completed by mid-2022. From November 2021 through early 2022, Andora, the owner of the Sawn Lake assets, negotiated with a potential purchaser but negotiations ended without a purchase being agreed to.

By November 2021, five potential purchasers had signed or were about to sign confidentiality agreements for the Thailand assets. On November 30, 2021, Pan Orient retained Moyes & Co., an upstream oil and gas advisory firm with offices in Texas, London and Singapore, to introduce to Pan Orient prospective purchasers of the L53/48 interest in Thailand. An update of the Schlumberger reservoir simulation model was commenced to assist in year-end reserves estimates.

In January 2022, draft technical information was received from Sproule for a December 31, 2021 reserves report of the POES interest in Thailand. The Sproule Reserves Report was approved by the reserves committee and directors of POES and Pan Orient and then publicly announced by Pan Orient on January 31, 2022. The reserves information was then given to potential purchasers (other than Sea Oil, which already had the reserves information as a joint venture partner in L53/48).

By the end of January, 2022, a total of 21 potential purchasers had signed confidentiality agreements. Most were introduced to Pan Orient by Moyes & Co. A presentation was made to many of the potential purchasers, information (including the Sproule Reserves Report after being publicly disclosed) was provided to them, a number seemed very interested and multiple purchase offers were anticipated. Management and counsel outlined for the Board of Directors the anticipated process and timing for signing a sale agreement and obtaining required Shareholder approval.

Sea Oil had presented an offer to buy Pan Orient's Thailand interest in early September 2021, which was rejected. Under the Joint Operating Agreement with Sea Oil, Pan Orient had until early March 2022, plus an additional period to obtain certain other approvals, to sell its Thailand interest to another buyer. On January 31, 2022, after announcement of the Sproule Reserves Report, another notice under the Joint Operating Agreement of POP's intention to sell was given to Sea Oil, to give Sea Oil the opportunity to revise its initial September 2021 offer. Pursuant to the Joint Operating Agreement, Sea Oil was given 30 days from notice to review the new reserves data and, if it determined to do so, submit another offer. Sea Oil did not make another offer.

Discussions with advisors, legal counsel and tax specialists determined that the optimal structure for selling the Thailand interest was through a sale of the parent company, Pan Orient. The Board of Directors considered various transaction questions, including increasing oil prices, a potential deposit and break fee, the spinout company structure, Pan Orient's cash position in

Thailand and Canada, payment of transaction costs, remaining issues in Indonesia, retaining a financial adviser to provide a fairness opinion, director independence and anticipated timing.

Independent Committee

At a meeting on March 15, 2022, the Board of Directors considered, with input from counsel, the advisability of an independent committee of directors to consider offers received. An independent committee of directors was created (the "**Independent Committee**" or the "**Committee**"). The members of the Committee are the four independent directors of Pan Orient; that is, directors other than President & Chief Executive Officer Jeff Chisholm. The responsibilities of the Committee are to: consider offers received for the Thailand interest; make recommendations to the full Board of Directors as the Committee considers appropriate; authorize and direct management as necessary or advisable in connection with the proposed transaction, including to sign any letter of intent, definitive acquisition agreement and other agreements or documents; and consider all other matters the Committee considers relevant in carrying out its mandate. Independent Committee members were paid committee member and meeting fees pursuant to Pan Orient's normal practice. No additional compensation was paid to Committee members for their work.

Receipt of Non-Binding Offers

By mid-March 2022, three indicative offers had been received and another was expected. Key factors identified by the Board of Directors at their March 15, 2022 meeting were offer price, credibility of the prospective buyers, transaction risk (including perceived availability of funds), timing, support by Pan Orient's 12.5% Shareholder, other terms and the status of a letter of intent. The relationship of offer prices with current oil prices and net present value of the reserves was considered. It was anticipated that a letter of intent would be signed in the coming days.

The Independent Committee met on March 17, 2022 to consider four signed or draft offers that had been received by Pan Orient. President and Chief Executive Officer Jeff Chisholm provided an analysis of each offer before the meeting and counsel summarized the legal aspects. Key factors identified by the Committee were offer price, the offer price in the context of then current oil prices and net present value of the reserves, potential adjustment of the offer price for changes in oil prices, transaction risk (including perceived availability of funds and buyer ability to close), support by Pan Orient's largest (12.5%) Shareholder, and various legal points.

The Independent Committee discussed the various offers and ranked them based on current information. Two offers were determined to be the most favorable, with one slightly better than the other. Further information was needed regarding the other two offers, which were judged to be not as favorable as the first two. The Committee determined that it was premature to choose an offer.

Independent Committee chairman Richard Alexander conveyed the Committee's views to Jeff Chisholm after the meeting. Further analysis occurred over the next day, as the offers advanced.

Letter of Intent

The Independent Committee met again on March 18, 2022, with management and counsel present at the meeting. Jeff Chisholm provided an update on offers received. Two letters from Pan Orient's largest Shareholder were sent to Committee members before the meeting. The first letter stated that the Shareholder would agree to support a sale transaction; the second letter set out certain conditions to such support.

The Independent Committee then held an *in camera* discussion without management present, during which the Committee concluded that an offer from a subsidiary of DIALOG Group Berhad of Malaysia was superior to the others. The Committee resolved to recommend to the Board of Directors that Pan Orient accept the letter of intent received from DIALOG (the "**Letter of Intent**"), in the form negotiated and presented to the Committee, for the acquisition of Pan Orient for the indicative cash price set out in the Letter of Intent and the spinout of the Non-Thailand Business to a new public company to be owned by Pan Orient Shareholders.

The Board of Directors met immediately thereafter and resolved to accept and countersign the Letter of Intent, which occurred later on March 18, 2022.

The Letter of Intent was non-binding, except for obligations with respect to non-solicitation of other offers by Pan Orient, confidentiality and expenses. The Letter of Intent described the proposed structure of the transaction, the indicative purchase price to be paid, that Pan Orient Shareholders would receive cash and one common share of the new public company, the effective date of the transaction for valuation purposes, that a binding agreement was to be entered into by an agreed date (which was subsequently extended), conditions to be contained in the agreement, non-solicitation of other offers by Pan Orient (except in certain circumstances), confidentiality and expenses. Because the Letter of Intent was non-binding, no public announcement was made.

Financial Advisor

On May 10, 2022, after regularly scheduled quarterly meetings of the audit committee and the Board of Directors, the Independent Committee met to discuss the status of the transaction and to consider the need for a fairness opinion from a financial advisor. Counsel advised that it was customary to obtain a fairness opinion for a material sale transaction. The Committee resolved to retain Research Capital Corporation to review the proposed transaction and, if appropriate, provide an opinion that the consideration to be received by Shareholders under the transaction is fair, from a financial point of view, to Shareholders. Research Capital was contacted that day and an engagement agreement between Research Capital and Pan Orient was entered into on May 11, 2022. For additional details, see *"The Arrangement – Fairness Opinion"*.

Negotiation of Arrangement Agreement

From late March (after the Letter of Intent was signed) through the end of May 2022, DIALOG conducted extensive additional due diligence, the transaction structure was settled (as a Plan of Arrangement under the ABCA) and the terms of the Arrangement Agreement and the related forms of Separation Agreement and Support Agreement were negotiated.

On May 30, 2022, the Independent Committee met to receive a further update on the proposed transaction. Jeff Chisholm described for the Committee the issues to be resolved and expected timing. A draft press release was included with the materials provided to the Committee. Representatives of Research Capital described and discussed its draft fairness opinion analysis of the proposed transaction, which was provided to the Committee before the meeting. The verbal opinion of Research Capital was that, as of the date of presentation, the consideration to be received by Shareholders pursuant to the transaction is fair, from a financial point of view, to Shareholders. The process to proceed from a verbal fairness opinion to a final written opinion in the management information circular to be sent to Shareholders was described. For additional details, see *"The Arrangement – Fairness Opinion"*.

The draft Arrangement Agreement was substantially finalized on June 4, 2022.

Recommendation of Independent Committee and Approval by Directors

The Independent Committee met on Sunday, June 5, 2022. Materials were sent to the Committee before the meeting. Management and counsel described the key elements of the transaction, the Arrangement Agreement and other documents. Research Capital joined the meeting to confirm its previously delivered verbal fairness opinion. Counsel outlined the duties of the directors in connection with the transaction.

The Independent Committee unanimously resolved to recommend to the Board of Directors that they (a) accept the recommendation of the Independent Committee, including the Research Capital fairness opinion, (b) conclude that the Arrangement is in the best interests of Pan Orient, (c) conclude that the Consideration to be received by Shareholders is fair, from a financial point of view, to Shareholders, (d) enter into the Arrangement Agreement and the Separation Agreement, (e) support and recommend that Shareholders vote in favor of the Arrangement and related matters, (f) approve the press release announcing the transaction, and (g) generally implement the Arrangement and related transactions.

The Board of Directors met immediately after the Independent Committee meeting, unanimously resolved to approve the Arrangement in the manner recommended by the Independent Committee and passed various enabling resolutions.

The Arrangement Agreement was signed and delivered early on June 6, 2022. At the same time, signed Support Agreements from (a) Pan Orient's major Shareholder, who owns 12.5% of the Shares, and (b) directors, officers, employees and a consultant, who collectively own 8.8% of the Shares and all the Pan Orient Options and RSUs, were delivered to the Purchaser through its counsel. The Support Agreements obligate them to vote Shares beneficially owned or controlled by them in favor of the Arrangement and to otherwise support the Arrangement and other related matters to be considered at the Meeting. See *"The Arrangement – The Arrangement Agreement"* and *"The Arrangement – Effecting the Arrangement – Support Agreements"*.

Press Release

Trading in Pan Orient Shares on the TSXV was halted before the opening of trading on Monday, June 6, 2022. Pan Orient issued a press release before market opening to announce that it had entered into the Arrangement Agreement and describe the transaction. Trading in Pan Orient Shares re-commenced 30 minutes after market opening.

REASONS FOR THE RECOMMENDATION

The Independent Committee unanimously recommended to the Board of Directors the Arrangement as being in the best interests of Pan Orient and fair, from a financial point of view, to Shareholders. Pan Orient's directors unanimously resolved that the recommendation of the Independent Committee be accepted and approved the Arrangement.

The Independent Committee and the Board of Directors considered a number of factors in reaching their conclusions, including the following:

1. The Cash Consideration of USD \$0.788 per Pan Orient Share payable to Shareholders pursuant to the Arrangement represents an immediate and attractive cash return for a large portion of a Shareholder's ownership.
2. The CanAsia Shares that Shareholders will receive pursuant to the Arrangement provides Shareholders with a continuing opportunity to participate in the Sawn Lake, Alberta heavy oil project through CanAsia's ownership of 71.8% of Andora and to participate in potential exploration and development activities in Thailand through an anticipated future bid round for new oil concessions.
3. The Arrangement was the preferred transaction available to Pan Orient after conducting a thorough value maximization process, which included contacting numerous potential purchasers. See *"The Arrangement – Background to the Arrangement"*.
4. Research Capital delivered an opinion that, as of the date of the opinion, and subject to the limitations, qualifications and assumptions contained therein, the consideration to be received by Shareholders under the Arrangement is fair, from a financial point of view, to Shareholders. See *"The Arrangement – Fairness Opinion"*.
5. The Board of Directors retains the ability under the Arrangement Agreement to consider and respond to Superior Proposals on the specific terms and conditions set forth in the Arrangement Agreement. See *"The Arrangement – The Arrangement Agreement"*.

In addition, the process to implement the Arrangement is procedurally fair, with certain rights and approvals included to provide protection to the Shareholders, including:

1. The Arrangement Resolution must be passed as a special resolution by a majority of not less than two-thirds of the votes cast by Shareholders who vote in respect of the resolution at the Meeting in person or by proxy. See *"The Arrangement – Shareholder Approval"*.
2. The Arrangement Resolution must also be passed as an ordinary resolution by a majority of the votes cast by Shareholders who vote in respect of the resolution at the Meeting in person or by proxy, excluding votes attached to Shares that are required to be excluded by MI 61-101. See *"The Arrangement – Minority Approval"*.
3. The Arrangement can only become effective after an application is made to the Court, at which interested parties may appear and make submissions, and the Court makes an order approving the Arrangement as proposed by Pan Orient or as amended by the Court. That process will include consideration by the Court of, among other factors, the fairness of the Arrangement to Shareholders. See *"The Arrangement – Court Approval"*.
4. Shareholders have a right under corporate law, as ordered by the Court, to dissent from the Arrangement Resolution and to be paid the fair value of their Shares. See *"The Arrangement – Shareholder's Right to Dissent"*.

The foregoing summary of what was considered by the Board of Directors is not intended to be exhaustive of all the factors that were considered in arriving at a conclusion and making the recommendations described herein. The members of the Board of Directors used their own knowledge of the business, financial condition, and prospects of Pan Orient along with the assistance of Pan Orient management and Pan Orient's financial and legal advisors in their evaluation of the Arrangement. Given the numerous factors that were considered in connection with evaluating the Arrangement, it was not practical to quantify or assign relative weight to specific facts relied upon by the Board of Directors in reaching its conclusions and recommendations. In addition, individual members of the Board of Directors may have given different weight to different factors. The conclusions and recommendations of the Board of Directors were arrived at after giving consideration to the totality of the information and factors involved.

FAIRNESS OPINION

Pan Orient initially contacted Research Capital regarding a potential advisory engagement in early May 2022. On May 11, 2022, the Independent Committee formally engaged Research Capital to provide financial advice to Pan Orient, including an opinion to the Independent Committee as to the fairness, from a financial point of view, of the Consideration to be received by the Pan Orient Shareholders pursuant to the Arrangement.

Research Capital is one of Canada's largest independent investment banking firms, with over 100 years of history. Research Capital offers a comprehensive and integrated platform of financial services in corporate finance, mergers and acquisitions, equity research, equity and fixed income sales and trading, and private client services. Research Capital has been a financial advisor in a significant number of transactions involving public and private companies in various industry sectors, and has extensive experience in preparing fairness opinions. As part of its investment banking activities, Research Capital is regularly

engaged in the valuation of securities in connection with mergers and acquisitions, public offerings and private placements of listed and unlisted securities and regularly engaged in market making, underwriting and secondary trading of securities in connection with a variety of transactions.

In connection with this engagement, on May 30, 2022 and June 5, 2022, at meetings of each of the Independent Committee and the Board of Directors held to evaluate the Arrangement Agreement and the transactions contemplated by the Arrangement Agreement, Research Capital verbally rendered the Fairness Opinion, confirmed by delivery of a written opinion dated June 5, 2022, to the Independent Committee and to the Board of Directors to the effect that, as of that date and subject to the assumptions, limitations and qualifications contained in the opinion, the Consideration to be received by the Pan Orient Shareholders pursuant to the Arrangement Agreement is fair, from a financial point of view. The summary of the Fairness Opinion described in this Circular is qualified in its entirety by reference to the full text of the Fairness Opinion, setting out the respective assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with such fairness opinion, which is attached as Appendix D to this Circular.

Pan Orient has agreed to pay a fixed fee to Research Capital for rendering its opinion, which is not contingent upon completion of the Arrangement. Pan Orient also agreed to reimburse Research Capital for its reasonable out-of-pocket expenses in connection with the performance of its services and to indemnify Research Capital against certain expenses, losses, claims, actions, suits, proceedings, damages and liabilities which may arise directly or indirectly that might arise out of its engagement.

The Fairness Opinion has been prepared in accordance with the *Disclosure Standards for Formal Valuations and Fairness Opinions* of the IIROC, but IIROC has not been involved in the preparation or review of the Opinion.

The Fairness Opinion is not a recommendation to any Pan Orient Shareholder as to how to vote or act on any matter relating to the Arrangement and is not an opinion as to whether holders of convertible securities of Pan Orient should exercise any conversion or other rights.

The Fairness Opinion does not constitute a formal valuation or appraisal of the securities or assets of Pan Orient or any of its affiliates, and the Fairness Opinion should not be construed as such. The Fairness Opinion is not, and should not be construed as, advice as to the price at which the securities of Pan Orient may trade at any time. Research Capital was not engaged to review any legal, tax or regulatory aspects of the Arrangement and the Fairness Opinion does not address any such matters. In addition, Research Capital was not asked to provide, and did not offer, any opinion as to the material terms (other than the Consideration) of the Arrangement Agreement, the Support Agreements and the transactions contemplated thereby.

Research Capital disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Fairness Opinion which may come or be brought to the attention of Research Capital after the date of the Fairness Opinion. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Fairness Opinion after the date hereof, Research Capital reserves the right to change or withdraw the Fairness Opinion.

All Pan Orient Shareholders should read the Fairness Opinion in its entirety. The Fairness Opinion was one of several factors taken into consideration by the Independent Committee and the Board of Directors in making their recommendation to Pan Orient Shareholders vote in favor of the Arrangement Agreement.

PRIOR VALUATIONS AND OFFERS

To the knowledge of Pan Orient and its directors and officers, after reasonable inquiry, no "prior valuation" (as defined in MI 61-101) in respect of Pan Orient has been made in the 24 months before the date of this Circular.

The only *bona fide* prior offer relating to the Pan Orient Shares or otherwise relevant to the proposed Arrangement, received by Pan Orient during the 24 months before the Arrangement Agreement was agreed to, is an offer from Sea Oil Energy Limited. That offer and the background to it are described in *"The Arrangement - Background to the Arrangement - Initial Offer"*.

DIRECTOR APPROVALS

Independent Committee Recommendation

The Board of Directors created the Independent Committee of directors on March 15, 2022. The members of the Committee are the four independent directors of Pan Orient (Richard Alexander, Michael Hibberd, Gerald Macey and Cameron Taylor); that is, directors other than President & Chief Executive Officer Jeff Chisholm. The responsibilities of and work performed by the Independent Committee are described above in *"The Arrangement – Background to the Arrangement – Independent Committee"*.

The Independent Committee unanimously resolved on June 5, 2022 to recommend to the Board of Directors that they (a) accept the recommendation of the Independent Committee, including the Research Capital fairness opinion, (b) conclude that the

Arrangement is in the best interests of Pan Orient, (c) conclude that the Consideration to be received by Shareholders is fair, from a financial point of view, to Shareholders, (d) enter into the Arrangement Agreement and the Separation Agreement, (e) support and recommend that Shareholders vote in favor of the Arrangement and related matters, (f) approve the press release announcing the transaction, and (g) generally implement the Arrangement and related transactions. See *"The Arrangement – Background to the Arrangement – Recommendation of the Independent Committee and Approval by Directors"*.

Director Approval and Recommendation of the Arrangement

The Board of Directors met immediately after the Independent committee meeting on June 5, 2022, and unanimously determined that the Arrangement is fair, from a financial point of view, to the Shareholders and that the Arrangement is in the best interests of Pan Orient, unanimously resolved to approve the Arrangement and recommend that Shareholders vote in favour of the Arrangement, all in the manner recommended by the Independent Committee. See *"The Arrangement – Background to the Arrangement – Recommendation of the Independent Committee and Approval by Directors"*.

Shareholder Approval

In order for the Arrangement to be effective, the Arrangement Resolution must be passed (a) as a special resolution by a majority of not less than two-thirds of the votes cast by Pan Orient Shareholders who vote in respect of the resolution at the Meeting in person or by proxy and (b) as an ordinary resolution by a majority of the votes cast by Pan Orient Shareholders who vote in respect of the resolution at the Meeting in person or by proxy, excluding votes attached to Pan Orient Shares that are required to be excluded by MI 61-101. The text of the Arrangement Resolution is set forth at Appendix A.

The Board of Directors unanimously recommends that Shareholders vote FOR the Arrangement Resolution. In the absence of a contrary instruction, the person(s) designated by management of Pan Orient in the enclosed form of proxy intend to vote FOR the approval of the Arrangement Resolution.

EFFECTING THE ARRANGEMENT

Summary

The Arrangement involves a series of steps pursuant to an arrangement under Section 193 of the ABCA that will include, generally: (a) Pan Orient will sell and transfer the Excluded Assets to CanAsia in exchange for payment of the Purchase Price, being the assumption of the Assumed Liabilities (consisting of all liabilities of any Target Entity arising out of the activities or operations of the Excluded Business or the ownership or use of the Excluded Assets, in each case occurring before, at or after the Effective Time) and the issuance by CanAsia to Pan Orient of the aggregate Share Consideration, all in accordance with the Separation Agreement; (b) all outstanding Pan Orient Shares will be exchanged for New Pan Orient Shares, which in turn will all be acquired by the Purchaser for Cash Consideration of USD \$0.788 for each New Pan Orient Share; and (c) Pan Orient will distribute to Shareholders (other than Dissenting Shareholders) one CanAsia Share for each Pan Orient Share held.

As a result of the Arrangement:

- DIALOG, through the Purchaser, will hold all of the issued and outstanding shares of Pan Orient (being the New Pan Orient Shares), and Pan Orient will continue to own the Thailand Business;
- Shareholders (other than Dissenting Shareholders) will receive, for each Pan Orient Share held, Cash Consideration of USD \$0.788 and Share Consideration of one CanAsia Share; and
- CanAsia will be a new public company with the initial shareholders to be the Pan Orient Shareholders as at the Effective Time, with the CanAsia Shares expected to be listed on the TSXV (subject to satisfaction of the conditions of the TSXV), and CanAsia will own Pan Orient's Non-Thailand Business, which includes: (i) Pan Orient's 71.8% interest in Andora, which has interests in oil sands properties in Sawn Lake, Alberta; (ii) convertible loans receivable from Andora; (iii) Pan Orient's interests in Indonesia, which operations are, effective January 1, 2020, considered discontinued operations for accounting purposes; and (iv) working capital and long-term deposits, estimated to be approximately \$7.1 million.

Plan of Arrangement Steps

The following summarizes the steps which will occur under the Plan of Arrangement on the Effective Date, if all conditions to the implementation of the Arrangement have been satisfied or waived. The following description of steps is qualified in its entirety by reference to the full text of the Plan of Arrangement attached as Schedule A to Appendix C to this Circular.

- (a) each of the Shares held by Dissenting Shareholders will be deemed to have been transferred to Pan Orient and:
 - (i) such Dissenting Shareholders will cease to be holders of such Dissenting Shares or to have any rights as holders of such Dissenting Shares other than the right to be paid fair value for such Shares;
 - (ii) all such Dissenting Shares acquired will be cancelled and the stated capital account maintained by Pan Orient for the Shares will be reduced accordingly; and
 - (iii) such Dissenting Shareholders' names will be removed as the holders of such Dissenting Shares from the registers of Shares maintained by or on behalf of Pan Orient;
- (b) in accordance with the Option Surrender Agreements, each outstanding Option will be, and will be deemed to be, transferred and surrendered to Pan Orient, and thereafter cancelled, in sole consideration of the payment by Pan Orient of the amounts specified in the Option Surrender Agreements, and all of the transactions contemplated by the Option Surrender Agreements will become effective;
- (c) the Stock Option Plan, the Long-Term Incentive Plan, and all Options, RSUs and any other rights outstanding under the Stock Option Plan and/or the Long-Term Incentive Plan, as applicable, will be, and will be deemed to be, terminated, and none of Pan Orient, CanAsia, DIALOG or the Purchaser will have any further liabilities or obligations thereunder;
- (d) the articles of Pan Orient will be amended to create the New Pan Orient Shares;
- (e) the Separation Agreement, and the transactions contemplated thereby, including the conveyance of the Excluded Assets from Pan Orient to CanAsia, the assumption of the Assumed Liabilities by CanAsia, and the issuance of CanAsia Shares to Pan Orient in accordance with the Separation Agreement, will become effective;
- (f) all outstanding Shares will be, and will be deemed to be, simultaneously surrendered and transferred to Pan Orient, and in sole consideration therefor Pan Orient will:
 - (i) issue to the Shareholders one (1) New Pan Orient Share for each Share so exchanged; and
 - (ii) distribute to the Shareholders the CanAsia Shares held by Pan Orient, *pro rata* to the number of Shares held by them and surrendered to Pan Orient;

and the Shareholders will: (A) cease to be holders of Shares or to have any rights as holders of Shares; (B) be removed as the holders from the registers of Shares maintained by or on behalf of Pan Orient; (C) be added to the register of holders of New Pan Orient Shares maintained by or on behalf of Pan Orient; and (D) be added to the register of holders of CanAsia Shares maintained by or on behalf of CanAsia (and Pan Orient will be removed from the register of holders of CanAsia Shares maintained by or on behalf of CanAsia); and
- (g) each issued and outstanding New Pan Orient Share will be, and will be deemed to be, transferred to the Purchaser in exchange for USD \$0.788 in cash.

Shareholder Approval

At the Meeting, Shareholders will be asked to pass a special resolution to approve the Arrangement. The Arrangement Resolution must be passed (a) as a special resolution by a majority of not less than two-thirds of the votes cast by Shareholders who vote in respect of the Arrangement Resolution at the Meeting in person or by proxy; and (b) as an ordinary resolution by a majority of the votes cast by Shareholders who vote in respect of the Arrangement Resolution at the Meeting in person or by proxy, excluding votes attached to Shares that are required to be excluded by MI 61-101.

It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, to vote such proxy FOR the Arrangement Resolution in the form attached as Appendix A to this Circular.

Notwithstanding the foregoing, the Arrangement Resolution proposed for consideration by the Shareholders authorizes the Board of Directors, without further notice to or approval of Shareholders, to the extent permitted by the Arrangement Agreement and the Interim Order, to amend the Arrangement Agreement or the Plan of Arrangement and to not proceed with the Arrangement. See Appendix A to this Circular for the full text of the Arrangement Resolution.

Minority Approval

Summary

MI 61-101 contains disclosure, valuation, review and approval requirements in connection with certain transactions (business combinations, related party transactions, insider bids, and issuer bids) where there is a potential for conflicts of interest because

the transaction involves one or more interested or related parties who are parties to the transaction and have the potential to receive information, advantages, different consideration or other benefits that are not available to security holders generally.

The Arrangement is a "business combination" within the meaning of MI 61-101 because (a) it is a transaction as a consequence of which the interest of a holder of a Pan Orient Share may be terminated without the holder's consent and (b) persons who are related parties of Pan Orient at the time the transaction was agreed to are entitled to receive, directly or indirectly, as a consequence of the transaction, a "collateral benefit" as defined in MI 61-101.

The holders of Pan Orient Shares whose interest is being terminated are all the holders of Shares. The result of the Arrangement will be that the Purchaser will own 100% of the Shares. The collateral benefit is described below under "*Collateral Benefit*".

Requirements

Under MI 61-101, a business combination is subject to (a) heightened disclosure obligations, (b) a formal valuation of the affected securities (unless exempt), (c) independent director review and approval, and (d) approval by minority Shareholders (unless exempt). Each of those requirements is discussed below.

- a) Disclosure. The heightened disclosure obligations are satisfied by the contents of this Circular.
- b) Formal valuation. No formal valuation of the Pan Orient Shares is required. An exemption is available because the Shares are not listed on a senior stock exchange. However, the Board of Directors determined that it would be prudent to obtain a fairness opinion from a financial advisor. Research Capital was engaged to provide an opinion as to whether the consideration to be received by Shareholders under the Arrangement is fair, from a financial point of view, to Shareholders. See "*Fairness Opinion*", above.
- c) Independent directors. The proposed Arrangement was reviewed by the Independent Committee, recommended by the Independent Committee to the Board of Directors and approved by the Board of Directors. See "*Background to the Arrangement*" and "*Director Approvals*", above.
- d) Minority approval. Approval by Pan Orient's minority Shareholders is required (no exemption is available). The Arrangement Resolution must be passed (i) as a special resolution by a majority of not less than two-thirds of the votes cast by Shareholders who vote in respect of the Arrangement Resolution at the Meeting in person or by proxy; and (ii) as an ordinary resolution by a majority of the votes cast by Shareholders who vote in respect of the Arrangement Resolution at the Meeting in person or by proxy, excluding votes attached to Shares that are required to be excluded by MI 61-101.

In determining MI 61-101 minority approval, Pan Orient must exclude the votes attached to Shares that, to the knowledge of Pan Orient or its directors or officers, after reasonable inquiry, are beneficially owned or over which control or direction is exercised by the directors and officers of Pan Orient who are entitled to receive, directly or indirectly, a collateral benefit as a consequence of the Arrangement. The determination of which directors and officers of Pan Orient are entitled to receive a collateral benefit is described below under "*Collateral Benefit*".

Based on that test, Pan Orient must exclude votes attached to an aggregate of 3,697,400 Shares, comprised of Shares owned or controlled by:

- i. Jeff Chisholm (director and President & Chief Executive Officer) (inclusive of an associate of Mr. Chisholm): 2,238,600 Shares; and
- ii. Gerald Macey (non-executive director and Chairman) (inclusive of an associate of Mr. Macey): 1,458,800 Shares.

Those 3,697,400 Shares constitute 7.4% of the 49,793,907 issued and outstanding Shares.

Collateral Benefit

The Arrangement constitutes a business combination for the purposes of MI 61-101, but it is not considered a "material conflict of interest transaction" as described in Canadian Securities Administrators Staff Notice 61-302 because the Arrangement is captured incidentally within the scope of MI 61-101 only as a result of employment-related collateral benefits.

Pan Orient assessed whether the Arrangement could be a business combination for the purposes of MI 61-101 due to the existence of non-exempt collateral benefits. Pan Orient reviewed all benefits or payments which related parties of Pan Orient are entitled to receive, directly or indirectly, as a consequence of the Arrangement, to determine whether any benefit or payment to such related parties constitutes a collateral benefit.

A collateral benefit, as defined in MI 61-101, means any benefit that a related party of Pan Orient (which includes the directors and officers of Pan Orient) is entitled to receive, directly or indirectly, as a consequence of the Arrangement, including, without limitation, an increase in salary, a lump sum payment, a payment for surrendering securities, or other enhancement in benefits related to past or future services as an employee, director or consultant of Pan Orient.

The only related parties of Pan Orient who are entitled to receive, directly or indirectly, a collateral benefit as a consequence of the Arrangement are the directors and officers of Pan Orient. The collateral benefits are as follows: (a) each director and officer has entered into an Option Surrender Agreement to elect to transfer and surrender to Pan Orient his Options pursuant to the Plan of Arrangement for cancellation in consideration of a cash payment equal to (in effect) the in-the-money value of the Options or for no cash consideration for out-of-the-money Options, less withholding taxes; (b) each director and officer holds RSUs, the vesting of which (and of all other outstanding RSUs) will, pursuant to the Long-Term Incentive Plan, be accelerated immediately before the effective time of the Arrangement and an amount equal to the fair market value of the Shares underlying those RSUs will be paid to holders of the RSUs; (c) each officer will receive a termination payment under his executive employment agreement as a consequence of the change of control and termination of his employment that will occur pursuant to the Arrangement; and (d) each director is also a director of CanAsia and Jeff Chisholm is also the President & Chief Executive Officer of CanAsia, for which he will receive compensation. See also *"Other Matters – Benefits from the Arrangement to Directors, Officers and Insider"*.

However, MI 61-101 exempts from the meaning of "collateral benefit" a benefit that is received solely in connection with the related party's services as an employee, director or consultant of Pan Orient if:

- (a) the benefit is not conferred for the purpose, in whole or in part, of increasing the value of the consideration paid to the related party for securities relinquished under the transaction;
- (b) the conferring of the benefit is not, by its terms, conditional on the related party supporting the transaction in any manner;
- (c) full particulars of the benefit are disclosed in the disclosure document for the transaction; and
- (d) either:
 - (i) at the time the transaction is agreed to, the related party and its "associated entities" (as defined in MI 61-101) beneficially own or exercise control or direction over less than one percent of the outstanding equity securities; or
 - (ii) if the transaction is a business combination, (A) the related party discloses to an independent committee of the issuer the amount of consideration that the related party expects it will be beneficially entitled to receive, under the terms of the transaction, in exchange for the equity securities beneficially owned by the related party, (B) the independent committee, acting in good faith, determines that the value of the benefit, net of any offsetting costs to the related party, is less than five percent of the value referred to in subclause (A), and (C) the independent committee's determination is disclosed in the disclosure document for the transaction.

Pan Orient considered, for each director and officer, if the above conditions for an exempt collateral benefit are met. Pan Orient concluded that conditions (a), (b) and (c) are met. With respect to condition (d), above:

- (A) Each of Jeff Chisholm (director and President & Chief Executive Officer) and Gerald Macey (non-executive director and Chairman): (x) owns more than one percent of the outstanding Shares; and (y) will receive benefits having a value of more than five percent of the amount of consideration that they will be entitled to receive, under the terms of the Arrangement, in exchange for the Shares owned by them. Accordingly, the benefit to be received by them will not be an exempt collateral benefit.
- (B) Each of the other directors and officers, being Richard Alexander (director), Michael Hibberd (director), Cameron Taylor (director) and William Ostlund (Vice President Finance & Chief Financial Officer), owns less than one percent of the outstanding Shares. Accordingly, the benefit to be received by them will be an exempt collateral benefit.

The consequence of the benefits to be received by Jeff Chisholm and Gerald Macey not being exempt collateral benefits is this: In determining minority approval of the Arrangement, Pan Orient must exclude the votes attached to Shares owned by Jeff Chisholm and Gerald Macey (and any affiliates or joint actors, among others).

See *"Other Matters – Benefits From the Arrangement to Directors, Officers and Insider"* in this Circular for detailed information regarding the benefits and other payments to be received by each of the directors and officers in connection with the Arrangement.

Court Approval

Interim Order

The Arrangement requires approval by the Court under Section 193 of the ABCA. Prior to the mailing of this Circular, Pan Orient obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters. A copy of the Interim Order is attached as Appendix B to this Circular.

Final Order

Subject to the terms of the Arrangement Agreement, if the Arrangement Resolution is approved at the Meeting, Pan Orient will make a virtual application to the Court for the Final Order at the Calgary Courts Centre, 601 – 5th Street, S.W., Calgary, Alberta, Canada, on August 24, 2022 at 10:00 a.m. (Calgary time) or as soon thereafter as counsel may be heard. In accordance with the Interim Order, should the Court adjourn the hearing to a later date, notice of the later date will only be given to those interested parties who have filed and delivered a notice of intention to appear in accordance with the Interim Order. The Notice of Application for the Final Order accompanies this Circular. On the application for the Final Order, the Court will consider, among other things, the procedural and substantive fairness of the Arrangement to the Shareholders and any other interested party as the Court determines appropriate. The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court may determine appropriate.

Any registered Shareholder or any other interested party desiring to appear at the hearing is required to file with the Court of Queen's Bench of Alberta, Judicial District of Calgary, and serve upon Pan Orient on or before noon (Calgary time) on August 17, 2022 (or the business day that is five business days prior to the date of the application for such final order if it is not heard on August 24, 2022), a notice of intention to appear, including an address for service in the Province of Alberta, indicating whether such Shareholder or other interested party intends to support or oppose the application or make submissions thereat, together with a summary of the position such Shareholder or other interested party intends to advocate before the Court and any evidence or materials which are to be presented to the Court.

Conditions Precedent

In addition to the receipt of Shareholder approval and Court approval, the Arrangement Agreement provides that the implementation of the Arrangement is subject to a number of conditions being satisfied or waived by one or more of Pan Orient and the Purchaser on or before the Effective Date. See *"The Arrangement Agreement - Conditions"* below.

The conditions contained in the Arrangement Agreement include a condition that all of the requisite Regulatory Approvals be obtained. The required Regulatory Approvals are described below under the heading *"Effecting the Arrangement – Regulatory Matters"*.

Support Agreements

Each of the officers and directors of Pan Orient, each of the Optionholders, and the Supporting Shareholder, who collectively own or exercise control or direction over an aggregate of 10,569,067 Shares, representing approximately 21.2% of the outstanding Shares and all of the Options, have entered into support agreements with the Purchaser, pursuant to which they have agreed, among other things, to vote the Shares and/or Options beneficially owned or controlled by them in favour of the Arrangement Resolution, the Pan Orient Options Resolution and the CanAsia Equity Incentive Plan, as applicable, and to otherwise support the Arrangement and other related matters to be considered at the Meeting. Each holder of Options has also agreed in his respective support agreement to either: (a) surrender his Options for a cash payment equal to the in-the-money value of the Options or for no cash consideration for out-of-the-money Options, in accordance with the Arrangement, or, failing that; (b) exercise his in-the-money Options.

The rights and obligations of the parties to the Support Agreements terminate, among other circumstances, upon the termination of the Arrangement Agreement.

Separation Agreement

The following is a summary of the material terms of the Separation Agreement and is subject to, and qualified in its entirety by, the full text of the Separation Agreement, which is attached to this Circular as Schedule E to Appendix C. Shareholders are urged to read the Separation Agreement, and the schedules attached thereto, in its entirety.

In connection with the Arrangement, Pan Orient and CanAsia will complete the Separation Transaction pursuant to which Pan Orient and CanAsia will enter into the Separation Agreement and various agreements and documents ancillary thereto. Pursuant to the Separation Agreement, Pan Orient will sell and transfer the Non-Thailand Business to CanAsia, specifically, Pan Orient

will sell and transfer the Excluded Assets, consisting of all of Pan Orient's rights, title and interests in and to the assets owned by Pan Orient and associated with or used or held for use related to Excluded Business, to CanAsia or its subsidiaries in exchange for payment by CanAsia of the Purchase Price, all effective at the time specified in the Plan of Arrangement.

The Purchase Price will be paid by CanAsia: (a) as to an amount of the Purchase Price equal to the fair market value of the Assumed Liabilities, by the assumption of the Assumed Liabilities; consisting of all liabilities of any Target Entity arising out of the activities or operations of the Excluded Business or the ownership or use of the Excluded Assets, in each case occurring before, at or after the Effective Time; and (b) as to the remaining amount of the Purchase Price, by way of issuance and delivery by CanAsia to Pan Orient of the aggregate Share Consideration, being the number of CanAsia Shares equal to the number of issued and outstanding Pan Orient Shares as at the Effective Time (excluding Dissenting Shares), subject to an increase in the Shares to recognize any exercise of Options contemplated by the Arrangement Agreement and the Plan of Arrangement and less the one CanAsia Share issued and outstanding prior to the Effective Time.

At the Effective Time, the cash and cash equivalents of Pan Orient to be transferred to CanAsia will be equal to all cash or cash equivalents held by Pan Orient immediately prior to the Effective Time, less (a) the amounts paid to Optionholders for the surrender of Options pursuant to the terms of Option Surrender Agreements, (b) the Transaction Costs to the extent amounts representing Transaction Costs have not been paid by Pan Orient prior to the Effective Time; and (c) an amount equal to USD \$0.01 in cash multiplied by the number of issued and outstanding Shares as at the Effective Time (excluding any Shares issued on the exercise of Options contemplated by the Arrangement Agreement and the Plan of Arrangement).

The Purchase Price, and the cash and cash amounts to be transferred from Pan Orient to CanAsia pursuant to the Separation Agreement, has been determined based on the value of the business of Pan Orient as at December 31, 2021. To the extent there is any Leakage Amount or Contribution Amount that differs from the Adjusted Leakage Amount or the Adjusted Contribution Amount, respectively, the Purchase Price, and the cash and cash amounts to be transferred from Pan Orient to CanAsia pursuant to the Separation Agreement, will be adjusted.

Within 60 calendar days after the Effective Date, Pan Orient will, or will procure that Pan Orient's accountants will, prepare a draft final closing statement (the "**Final Closing Statement**") showing the amount of the Contribution Amount and the Leakage Amount. The Separation Agreement provides a process to be followed by Pan Orient and Can Asia to finalize the Final Closing Statement. When the Final Closing Statement has been finally agreed or determined in accordance with the Separation Agreement, CanAsia or Pan Orient (as the case may be) will be required to make a payment to the other party and the Purchase Price will be adjusted, as follows:

- (a) if the Contribution Amount is greater than the Adjusted Contribution Amount, then Pan Orient will pay an amount equal to the difference to CanAsia, or, if the Contribution Amount is less than the Adjusted Contribution Amount, then CanAsia will pay an amount equal to the difference to Pan Orient; and
- (b) if the Leakage Amount is greater than the Adjusted Leakage Amount, then CanAsia pay an amount equal to the difference to Pan Orient, or, if the Leakage Amount is less than the Adjusted Leakage Amount, then Pan Orient will pay an amount equal to the difference to CanAsia.

Any such payment shall be made together with an amount equal to interest on such payment at an amount calculated as though it were interest at a rate of 4% on an annualized basis, calculated as a daily rate assuming a 365-day year, for the period from (but excluding) the Effective Date to (and including) the due date for payment.

The Separation Agreement provides that the Purchase Price payable by CanAsia for the Excluded Assets shall be equal to the fair market value of the Excluded Assets as of the Effective Time, as determined by the CanAsia Board, acting reasonably, within 30 days of the Effective Time, and as agreed to by Pan Orient, acting reasonably, and as may be adjusted for Leverages and Contributions.

Under the terms of the Separation Agreement, CanAsia will agree to indemnify and hold harmless Pan Orient and its subsidiaries for a period of 18 months following the Effective Date from and against all losses which arise out of or result from, among other things, the Excluded Assets, the Excluded Business, the Assumed Liabilities, and any Leakage Amount less any Contribution Amount that has not been taken into account in calculating the Purchase Price. The Separation Agreement will contain a reciprocal indemnity under which Pan Orient will agree to indemnify and hold harmless CanAsia and its subsidiaries from and against all losses which arise out of or result from, among other things, the Retained Assets, the Thailand Business and the Retained Liabilities for a period of 18 months following the Effective Date. Pan Orient and CanAsia will also indemnify each other with respect to non-performance of their respective obligations under the Separation Agreement.

Other matters governed by the Separation Agreement will include, among other things, the termination of intercompany agreements and settlement of intercompany accounts, the exchange of information, the use of the "Pan Orient" name following the Effective Date and the responsibility for taxes.

Transitional Services Agreement

The Purchaser and CanAsia will enter into a transition services agreement on the Effective Date for a term up to 18 months following the Effective Time pursuant to which CanAsia will provide certain transitional services to Pan Orient, on terms and conditions satisfactory to the Purchaser and CanAsia, each acting reasonably.

THE ARRANGEMENT AGREEMENT

The following is a summary of the material terms of the Arrangement Agreement and is subject to, and qualified in its entirety by, the full text of the Arrangement Agreement, which is attached to this Circular as Appendix C. Shareholders are urged to read the Arrangement Agreement, and the Schedules attached thereto, in its entirety.

Pursuant to the Arrangement Agreement, it was agreed that the Parties would carry out the Arrangement in accordance with the Arrangement Agreement and on the terms set out in the Plan of Arrangement. See "*The Arrangement*" above.

Effective Date of the Arrangement

After obtaining the approval of the Shareholders, upon the other conditions in the Arrangement Agreement, including receipt of the appropriate regulatory approvals, being satisfied or waived (if permitted) and upon the Final Order being granted, Pan Orient will file the Articles of Arrangement with the Registrar. Pursuant to Section 193 of the ABCA, the Arrangement will become effective on the date shown on the certificate or certificates or other confirmation of filing giving effect to the Arrangement to be issued by the Registrar. See "*Effecting the Arrangement*" above.

Covenants

Covenants of Pan Orient and CanAsia

Pan Orient and, where applicable, CanAsia, have given usual and customary covenants for an agreement of this nature, including, among others, a covenant to conduct Pan Orient's business in the ordinary course of business consistent with past practice during the period from the date of the Arrangement Agreement until the earlier of the Effective Time and the time the Arrangement Agreement is terminated in accordance with its terms, to use commercially reasonable efforts to maintain Pan Orient's business, organization, goodwill, assets, employees, consultants, contractors, and business relationships, to comply in all material respects with the terms of all material contracts and with applicable laws and a covenant not to make any material change in Pan Orient's business, assets, liabilities, operations, capital or affairs.

Mutual Covenants

Pan Orient, CanAsia, DIALOG and the Purchaser have each given usual and customary mutual covenants for an agreement of this nature, including, among others, a mutual covenant to each use commercially reasonable efforts to: (i) prepare and file all documents necessary to obtain any Regulatory Approvals; (ii) satisfy the conditions precedent to its respective obligations under the Arrangement Agreement; and (iii) reasonably cooperate with the party and their tax advisors in structuring the Arrangement and the Separation Transaction. The parties have also agreed that they will not take any action, refrain from taking any commercially reasonable action, or permit any action to be taken or not taken, which is inconsistent with the Arrangement Agreement or which would reasonably be expected to significantly impede, delay or impair the completion of the transactions contemplated under the Arrangement Agreement or any Regulatory Approvals.

Non-Solicitation Covenants of Pan Orient

Pursuant to the terms of the Arrangement Agreement, Pan Orient agreed to immediately cease and cause to be terminated any solicitation, encouragement, discussion or negotiation with any persons conducted prior to the date of the Arrangement Agreement by Pan Orient or any of its affiliates, subsidiaries or representatives, with respect to any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal.

Pan Orient also agreed that it will not, directly or indirectly, or through its affiliates, subsidiaries or representatives, or otherwise, or permit any person to:

- (a) make, solicit, assist, initiate, facilitate or encourage (including by furnishing or providing copies of, access to, or disclosure of, any information, properties, facilities, books or records of Pan Orient or any Pan Orient Entity or entering into any form of agreement, arrangement or understanding) any inquiries or proposals regarding, constituting, or which may reasonably be regarded to lead to or constitute, an Acquisition Proposal;
- (b) enter into or otherwise engage, encourage or participate in any discussions or negotiations with any person (other than the Purchaser) regarding any inquiries or proposals regarding, constituting, or which may reasonably be regarded to

lead to or constitute, an Acquisition Proposal or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage any effort or attempt of any person to do or seek to do any of the foregoing;

- (c) make or propose publicly to make a change in its recommendation with respect to the Arrangement, except in accordance with the terms of the Arrangement Agreement;
- (d) accept, approve, endorse, enter into or recommend, or propose publicly to accept, approve, endorse or recommend, any Acquisition Proposal or take no position or remain neutral with respect to any Acquisition Proposal;
- (e) accept, approve, endorse, recommend or enter into, or publicly propose to accept, approve, endorse or enter into, any agreement in respect of an Acquisition Proposal (other than a confidentiality and standstill agreement permitted below in connection with a Superior Proposal);
- (f) waive, or otherwise forebear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to waive or otherwise forebear in respect of, any rights or other benefits under confidential information agreements including any "standstill" provisions thereunder; or
- (g) resolve or determine to take any action which would be reasonably likely to result in any of the foregoing.

However, if at any time following the date of the Arrangement Agreement and prior to obtaining the approval of the Arrangement Resolution by the Shareholders, Pan Orient receives any written *bona fide* Acquisition Proposal, other than any Acquisition Proposal that resulted from a breach of its non-solicitation covenants in the Arrangement Agreement, that the Board of Directors determines in good faith, after consultation with its financial advisors and outside counsel, constitutes a Superior Proposal, if consummated in accordance with its terms, then Pan Orient may, provided Pan Orient has been, and continues to be, in compliance, in all material respects, with its non-solicitation covenants in the Arrangement Agreement:

- (a) furnish information with respect to Pan Orient to the person making such Acquisition Proposal; and/or
- (b) enter into, participate, facilitate and maintain discussions or negotiations with, and otherwise co-operate with or assist, the person making such Acquisition Proposal,

provided that Pan Orient will not, and will not allow its representatives to, disclose any non-public information to such person without having entered into a confidentiality and standstill agreement (a correct and complete copy of which confidentiality and standstill agreement will be provided to the Purchaser before any such non-public information is provided) with such person that contains provisions that are no less favorable to Pan Orient than those contained in the confidentiality agreement dated January 13, 2022 between DIALOG and Pan Orient.

Pan Orient also agreed to promptly (and in any event within 24 hours following receipt) notify the Purchaser (orally and in writing) if it receives a *bona fide* Acquisition Proposal (including any inquiries or request for non-public information relating to Pan Orient in connection with a potential Acquisition Proposal), including the terms and conditions thereof and the identity of the person making the Acquisition Proposal, and provide the Purchaser with a copy of any written Acquisition Proposal and keep the Purchaser fully informed as to the status of developments and negotiations with respect to such Acquisition Proposal, including any changes to the material terms or conditions of such Acquisition Proposal.

If at any time following the date of the Arrangement Agreement and prior to the approval of the Arrangement Resolution by the Shareholders, Pan Orient receives an Acquisition Proposal not resulting from a breach of its non-solicitation covenants in the Arrangement Agreement that the Board of Directors concludes in good faith, constitutes a Superior Proposal, the Board of Directors may authorize Pan Orient to terminate the Arrangement Agreement and enter into a definitive agreement with respect to such Superior Proposal, if and only if, certain conditions are met, including payment of the Pan Orient Termination Fee in accordance with the Arrangement Agreement and that five Business Days (the "**Matching Period**") have elapsed from the date that is the later of: (i) the date the Purchaser received written notice advising Pan Orient that the Board of Directors has resolved to terminate the Arrangement Agreement; and (ii) the date the Purchaser has received all of the materials related to the matching rights as set forth in the Arrangement Agreement.

During the Matching Period, Pan Orient agreed that the Purchaser will have the right, but not the obligation, to offer to amend the terms of the Arrangement Agreement. If the Board of Directors determines that the Acquisition Proposal giving rise to such Matching Period would not continue to be a Superior Proposal compared to the Arrangement Agreement as it is proposed to be amended by the Purchaser, the Parties will amend the Arrangement Agreement to give effect to such amendments and the Board of Directors will promptly reaffirm its recommendation of the Arrangement by press release. If the Board of Directors continues to believe, in good faith, after consultation with its financial and outside legal advisors, that such Superior Proposal remains a Superior Proposal and rejects the Purchaser's amended offer, if any, or the Purchaser fails to enter into an agreement with Pan Orient reflecting such amended offer, the Board of Directors may authorize Pan Orient to terminate the Arrangement Agreement and contemporaneously enter into a definitive agreement with respect to such Superior Proposal.

Representations and Warranties

The Arrangement Agreement contains certain representations and warranties of Pan Orient including representations and warranties relating to the following: corporate existence and power; corporate authorization; governmental authorization; non-contravention; compliance with laws; corporate capitalization; corporate details; significant Shareholders; subsidiaries; leakage; indebtedness; bankruptcy and insolvency matters; guarantees; Canadian Securities Laws matters; financial statements; accounting practices; off-balance sheet arrangements; auditors; the absence of certain changes; undisclosed material liabilities; books, records and disclosure controls; internal control over financial reporting; up-the-ladder reporting; swaps; compliance with laws; litigation; taxes; net capital losses; flow-through obligations; employment matters; health, benefit, incentive and other plans; collective bargaining agreements; environmental matters; notices of environmental laws and policies; decommissioning; assets and equipment; properties; permits; restrictions on business; operational matters; areas of mutual interest; expropriation; material contracts; the concession agreement; customers and suppliers; previous hydrocarbon interests; intellectual property; government incentives; insurance; accounts receivable and payable; intercompany agreements and accounts; bank accounts; opinions of financial advisors; finders' fees; collateral benefits; related party transactions; Sproule's reserves report; anti-corruption, sanctions and money-laundering laws; the *Competition Act* (Canada); place of principal offices; non-arms' length transactions; sufficiency of funds; and disclosures.

The Arrangement Agreement contains certain representations and warranties of Pan Orient and CanAsia regarding CanAsia including representations and warranties relating to the following: corporate existence and power; corporate authorization; governmental authorization, non-contravention; corporate capitalization; subsidiaries; and conduct of business.

The Arrangement Agreement contains certain representations and warranties of the Purchaser including representations and warranties relating to the following: organization and qualification; corporate authorization; non-contravention; governmental authorization, litigation; sufficiency of funds; and U.S. Securities Law matters.

Conditions

Mutual Conditions Precedent

The respective obligations of the Parties to complete the Arrangement and the transactions contemplated by the Arrangement Agreement are subject to the fulfillment, on or before the Effective Time, of each of the following conditions precedent, each of which may only be waived with the mutual consent of the Parties:

- (a) the Arrangement Resolution has been approved by the Shareholders at the Meeting in accordance with the Interim Order;
- (b) the Interim Order and the Final Order will each have been obtained on terms consistent with the Arrangement Agreement, and will not have been set aside or modified in a manner unacceptable to the Parties, acting reasonably, on appeal or otherwise;
- (c) the Articles of Arrangement will be filed by the Outside Date with the Registrar in accordance with the Arrangement in form and substance satisfactory to the Parties, acting reasonably;
- (d) no applicable law will be in effect that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Parties from consummating the Arrangement;
- (e) no action or proceeding will be pending or threatened in any jurisdiction that is reasonably likely to: (i) cease trade, enjoin or prohibit the Purchaser's ability to acquire, hold, or exercise full rights of ownership over, any Shares, including the right to vote the Shares; (ii) prohibit the Arrangement, or the ownership or operation by the Purchaser of any material portion of the business or assets of the Target Entities or compel the Purchaser or its affiliates to dispose of or hold separate any material portion of the business or assets of the Target Entities (taken as a whole) as a result of the Arrangement; or (iii) materially delay the consummation of the Arrangement, or if the Arrangement is consummated, have a material adverse effect;
- (f) Pan Orient and CanAsia have executed the Separation Agreement;
- (g) the Effective Date will be on or before the Outside Date;
- (h) the Plan of Arrangement will not have been amended, modified or supplemented by approval or direction of the Court without the written consent of Pan Orient and the Purchaser, acting reasonably; and
- (i) the Arrangement Agreement will not have been terminated in accordance with its terms.

Conditions Precedent in Favour of DIALOG and the Purchaser

The obligations of DIALOG and the Purchaser to complete the transactions contemplated by the Arrangement Agreement are subject to the fulfillment of each of the following conditions precedent (each of which is for the exclusive benefit of DIALOG and the Purchaser and may be waived by DIALOG and the Purchaser):

- (a) Pan Orient and CanAsia have performed all covenants under the Arrangement Agreement to be performed on or before the Effective Time in all material respects;
- (b) (i) the representations and warranties made by Pan Orient relating to corporate existence and power, corporate authorization and non-contravention are true and correct as of the Effective Time in all respects (other than de minimis inaccuracies); (ii) all other representations and warranties made by Pan Orient which are qualified by references to materiality or by the expression Material Adverse Effect were true and correct as of the date of the Arrangement Agreement and are true and correct in all respects as of the Effective Time (except to the extent such representations and warranties speak as of an earlier date, the accuracy of which will be determined as of that specified date); and (iii) all other representations and warranties of Pan Orient which are not qualified by references to materiality or by the expression Material Adverse Effect are true and correct as of the date of the Arrangement Agreement and are true and correct in all material respects as of the Effective Time (except to the extent such representations and warranties speak as of an earlier date, the accuracy of which will be determined as of that specified date);
- (c) all Regulatory Approvals and all other third party consents, waivers, permits, orders and approvals that are required to consummate the transactions contemplated by the Arrangement Agreement and the failure of which to obtain, individually or in the aggregate: (i) would be reasonably expected to have a Material Adverse Effect or to be material and adverse to the Purchaser and the Target Entities; or (ii) would reasonably be expected to: (A) materially impede or materially delay the completion of the Arrangement; or (B) prevent the Purchaser from assuming after the Effective Time managerial control and operation of the Target Entities, have been obtained or received on terms that are acceptable to the Purchaser, acting reasonably;
- (d) since the date of the Arrangement Agreement, there will not have been or occurred a Material Adverse Effect in respect of the Target Entities (taken as a whole);
- (e) the aggregate number of Shares held, directly or indirectly, by those holders of such Shares who have validly exercised Dissent Rights and not withdrawn such exercise in connection with the Arrangement (or instituted proceedings to exercise Dissent Rights) will not exceed 5% of the aggregate number of Shares outstanding immediately prior to the Effective Time;
- (f) immediately prior to the Effective Time, the Target Entities have no indebtedness, other than intercompany receivables;
- (g) immediately prior to the Effective Time, Pan Orient has no more than 49,793,907 Shares, 2,865,000 Options and 339,998 RSUs outstanding, subject to the issuance of Shares prior to the Effective Time on a valid exercise of Options as contemplated by the Arrangement Agreement and the Plan of Arrangement;
- (h) prior to the Effective Date, the TSXV has conditionally approved the delisting of the Shares, on terms that are acceptable to the Purchaser, acting reasonably;
- (i) on or prior to the Effective Date, any rights of first refusal for the purchase of the Retained Assets that are or may be triggered by the Arrangement are waived in writing or expire unexercised;
- (j) on or prior to the Effective Date, the Separation Agreement and all agreements and documents ancillary thereto, all in a form satisfactory to the Purchaser, acting reasonably, have been duly executed and delivered by Pan Orient and CanAsia, as applicable, and the Purchaser will be satisfied, acting reasonably, that the transactions contemplated therein will be completed concurrently with, or immediately following, the Effective Time;
- (k) on or prior to the Effective Date, the Purchaser has received executed full and final resignations and mutual releases in form and substance acceptable to the Purchaser, acting reasonably, from: (i) all of the directors and officers of Pan Orient, POP and KSE; and (ii) Angus Mitchell in his capacity as a director of POES; and
- (l) Pan Orient and CanAsia have deposited or caused to be deposited with the Depositary in escrow in accordance with the Arrangement Agreement the aggregate Consideration issuable pursuant to this Arrangement.

Conditions Precedent in Favour of Pan Orient

The obligations of Pan Orient to complete the transactions contemplated by the Arrangement Agreement will also be subject to the following conditions precedent (each of which is for the exclusive benefit of Pan Orient and may be waived by Pan Orient):

- (a) the Purchaser has performed all covenants under the Arrangement Agreement to be performed on or before the Effective Time;
- (b) all representations and warranties of the Purchaser set forth in the Arrangement Agreement are true and correct as of the date of the Arrangement Agreement and will be true and correct as of the Effective Time (except to the extent such representations and warranties speak as of an earlier date, the accuracy of which will be determined as of that specified date);
- (c) all Regulatory Approvals have been obtained;
- (d) prior to the Effective Date, the TSXV has conditionally approved the listing of the CanAsia Shares; and
- (e) the Purchaser has deposited or caused to be deposited with the Depositary in escrow (on terms and conditions of such escrow to be satisfactory to the Parties, acting reasonably) the funds required to effect payment in full of the aggregate Cash Consideration to be paid pursuant to the Arrangement.

Termination

The Arrangement Agreement may be terminated and the Arrangement may be abandoned at any time prior to the Effective Time:

- (a) by mutual written agreement of the Parties;
- (b) by either of Pan Orient (on its own behalf and on behalf of CanAsia) or the Purchaser if:
 - (i) the Effective Time will not have occurred on or before the Outside Date, provided that a Party whose failure to fulfill any of its covenants, obligations and agreements or breach of any of its representations and warranties under the Arrangement Agreement has been the cause of, or resulted in, the failure of the Effective Time to occur by such date will not be permitted to so terminate;
 - (ii) any applicable Law is enacted or made (or any such applicable Law will have been amended) that makes consummation of the Arrangement illegal or otherwise prohibited or enjoins Pan Orient or the Purchaser from consummating the Arrangement and such applicable Law (if applicable) or injunction, if appealable, will have become final and non-appealable; or
 - (iii) the Meeting is duly convened and held and the Arrangement Resolution has failed to receive the requisite approval of the Shareholders at the Meeting in accordance with the Interim Order and the ABCA, except that, this right to terminate the Arrangement Agreement will not be available to any such Party whose failure to fulfill any of its covenants, obligations and agreements or breach of any of its representations and warranties under the Arrangement Agreement has been the cause of, or resulted in, the failure of the Arrangement Resolution to receive the requisite approval of the Shareholders;
- (c) by the Purchaser if:
 - (i) prior to obtaining the approval of the Arrangement Resolution by the Shareholders: (i) the Board of Directors will have withdrawn, amended, withheld, qualified or modified in a manner adverse to the Purchaser or the consummation of the Arrangement its recommendation to the Shareholders to vote in favour of the Arrangement, or failed to reconfirm within three days after request by the Purchaser its approval and recommendation of the Arrangement or the Arrangement Resolution; (ii) the Board of Directors has approved or recommended any Acquisition Proposal; (iii) Pan Orient has entered into a written agreement in respect of an Acquisition Proposal; or (iv) the Purchaser has publicly announced the intention to do any of the foregoing or Pan Orient breaches its non-solicitation covenants in the Arrangement Agreement;
 - (ii) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Pan Orient set forth in the Arrangement Agreement has occurred that would cause the conditions set forth in the Arrangement Agreement not to be satisfied, and such conditions are not satisfied or are incapable of being satisfied by the Outside Date; provided that the Purchaser is not then in breach of the Arrangement Agreement so as to cause any such conditions not to be satisfied; or

- (iii) there has occurred: (A) a Material Adverse Effect in respect of the Target Entities (taken as a whole); or (B) any fact or state of facts, circumstance, change, effect, occurrence or event in respect of the transfer of the Excluded Assets and the assumption of the Assumed Liabilities by CanAsia has occurred, that individually or in the aggregate, is or would reasonably be expected to prevent, impair or materially delay the consummation of the Arrangement, in each case, which is incapable of being cured on or before the Outside Date;
- (d) by Pan Orient (on its own behalf and on behalf of CanAsia), if:
 - (i) prior to obtaining the approval of the Arrangement Resolution by Shareholders, the Board of Directors authorizes Pan Orient to enter into a written agreement concerning a Superior Proposal; or
 - (ii) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Purchaser set forth in the Arrangement Agreement has occurred that would cause the conditions set forth in the Arrangement Agreement not to be satisfied, and such conditions are not satisfied or are incapable of being satisfied by the Outside Date; provided that Pan Orient or CanAsia is not then in breach of the Arrangement Agreement so as to cause any such conditions not to be satisfied.

Termination Fee and Damages

Pan Orient Termination Fee

Pursuant to the Arrangement Agreement, Pan Orient and the Purchaser have agreed that if, at any time after the execution of the Arrangement Agreement:

- (a) prior to obtaining the approval of the Arrangement Resolution by Shareholders, the Board of Directors authorizes Pan Orient to enter into a written agreement concerning a Superior Proposal;
- (b) prior to obtaining the approval of the Arrangement Resolution by the Shareholders: (i) the Board of Directors has withdrawn, amended, withheld, qualified or modified in a manner adverse to the Purchaser or the consummation of the Arrangement its recommendation to the Shareholders to vote in favour of the Arrangement, or failed to reconfirm within three days after request by the Purchaser its approval and recommendation of the Arrangement or the Arrangement Resolution; (ii) the Board of Directors has approved or recommended any Acquisition Proposal; (iii) Pan Orient has entered into a written agreement in respect of an Acquisition Proposal; or (iv) Pan Orient has publicly announced the intention to do any of the foregoing;
- (c) the Effective Time has not occurred on or before the Outside Date, provided that the Purchaser's failure to fulfill any of its covenants, obligations and agreements or breach of any of its representations and warranties under the Arrangement Agreement has not been the cause of, or resulted in, the failure of the Effective Time to occur by such date; or
- (d) the Meeting is duly convened and held and the Arrangement Resolution has failed to receive the requisite approval of the Shareholders at the Meeting in accordance with the Interim Order and the ABCA and: (i) a *bona fide* Acquisition Proposal has been publicly announced, proposed or disclosed by any person other than the Purchaser or any affiliate thereof; and (ii) an Acquisition Proposal is consummated within 12 months following the termination of the Arrangement Agreement, or a definitive agreement with respect to an Acquisition Proposal is entered into within such 12 month period and such Acquisition Proposal is subsequently consummated;

then Pan Orient will pay to the Purchaser the Pan Orient Termination Fee.

Liquidated Damages

Pan Orient and the Purchaser each acknowledged that payment of the Pan Orient Termination Fee is a payment of liquidated damages which is a genuine pre-estimate of the damages which the Purchaser will suffer or incur as a result of the event giving rise to such payment and the resultant termination of the Arrangement Agreement, and are not penalties, and Pan Orient irrevocably waived any right that it may have to raise as a defence that any such liquidated damages are excessive or punitive.

Amendments to the Arrangement Agreement

The Arrangement Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties, and any such amendment may, subject to the Interim Order and Final Order and applicable Laws, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;

- (b) modify any representation or warranty contained in the Arrangement Agreement or in any document delivered pursuant to the Arrangement Agreement;
- (c) modify any of the covenants contained in the Arrangement Agreement and waive or modify performance of any of the obligations of the Parties; or
- (d) modify any mutual conditions precedent contained in the Arrangement Agreement.

REGULATORY MATTERS

Thailand Approvals

The transactions contemplated by the Arrangement are not subject to any regulatory approvals under the laws of Thailand. However, on June 20, 2022, Pan Orient provided notice to the Department of Mineral Fuels of the Ministry of Energy of the Kingdom of Thailand of details of the Arrangement Agreement and the Arrangement by sending to the DMF the news release of Pan Orient dated June 6, 2022 in respect of the transactions contemplated by the Arrangement Agreement, as required by the Arrangement Agreement.

There will be routine post-closing notifications that must be made to governmental authorities in Thailand as a result of any changes in the corporate particulars of POES, such as a change in its directors or branch manager.

Bermuda Approvals

Under the Bermuda Companies Act 1981 (as amended), entities are required to maintain a beneficial ownership register that includes the specified information regarding the beneficial owners, which information is filed with the Bermuda Monetary Authority ("**BMA**"). These requirements are intended to enable Bermuda to meet the standards for transparency with regards to registered entities set by the Financial Action Task Force and the Organisation for Economic Co-operation and Development ("**OECD**"). The Arrangement involves the acquisition by the Purchaser of all of the Pan Orient Shares, which will result in a change in the beneficial ownership of POES.

The transfer of securities in Bermuda is regulated by the Exchange Control Act 1972 ("**Exchange Control Act**") and the Exchange Control Regulations 1973 ("**Regulations**"), and as modified by the Exchange Control Policy issued by the BMA. In general, pursuant to the Exchange Control Act and Regulations, specific permission from the BMA is required for all issues and transfers of securities of Bermuda companies involving persons who are non-resident, other than in cases where general permission has been given (such as when the company's securities are listed on an appointed stock exchange). As the Arrangement involves the change in the beneficial ownership of POES, a Bermuda company, POES is required to file such proposed change in beneficial ownership with the BMA, which change in beneficial ownership must be approved by the BMA prior to closing of the transactions contemplated by the Arrangement. On July 18, 2022, Pan Orient instructed POES's corporate services provider in Bermuda to file the requisite application to the BMA for approval of the change in beneficial ownership. Subject to how busy the BMA is at the time the application is submitted it is expected that BMA approval would be received within five business days from the date of submission. However, it should be noted that the BMA may have follow-up queries requesting additional information or clarification on the information provided in the application which could extend the time taken to receive the BMA's approval and is not an uncommon occurrence.

Securities Law Matters

Canada

The CanAsia Shares will be issued in reliance on exemptions from prospectus and registration requirements of applicable Canadian Securities Laws and will generally be "freely tradeable" (other than as a result of any "control block" restrictions which may arise by virtue of the ownership thereof) under applicable Canadian Securities Laws.

United States

The CanAsia Shares have not been and will not be registered under the U.S. Securities Act. Such securities will be issued in reliance upon the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act. Section 3(a)(10) exempts securities issued in exchange for one or more bona fide outstanding securities, claims or property interests from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities have been approved by any court of competent jurisdiction, after a hearing upon the fairness of the terms and conditions of the issuance and exchange at which all persons to whom the securities will be issued have the right to appear and receive timely notice thereof. The Court is authorized to conduct a hearing at which the fairness of the terms and conditions of the Arrangement will be considered. The Court granted the Interim Order on July 20, 2022 and, subject to the approval of the Arrangement by Pan Orient Shareholders,

a hearing on for the Final Order will be held on August 24, 2022 by the Court. See *"The Arrangement – Approvals – Court Approvals – Final Order"*.

The CanAsia Shares will be freely tradable under U.S. federal securities laws, except by persons who are "affiliates" of CanAsia within 90 days prior to the Arrangement or following completion of the Arrangement. Persons who may be deemed to be "affiliates" of an issuer include individuals or entities that control, are controlled by, or are under common control with, the issuer, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer. Subject to certain limitations, such affiliates may immediately resell Arrangement Securities outside the United States without registration under the U.S. Securities Act pursuant to Regulation S. Arrangement Securities held by such affiliates may also be resold in compliance with the resale provisions of Rule 145(d)(1), (2), or (3) under the U.S. Securities Act or as otherwise permitted under the U.S. Securities Act. Rule 145(d)(1) generally provides that such affiliates may not sell the Arrangement Securities received pursuant to the Arrangement unless pursuant to an effective registration statement or in accordance with the volume, current public information and manner of sale limitations of Rule 144 under the U.S. Securities Act. These limitations generally require that any sales made by an affiliate in any three-month period not exceed the greater of 1% of the outstanding applicable securities of Pan Orient or CanAsia or, if such securities are listed on a United States securities exchange, the average weekly trading volume over the four calendar weeks preceding the placement of the sell order, and that sales be made in unsolicited, open market "broker transactions" at times when certain information specified by Rule 144 is publicly available with respect to Pan Orient or CanAsia, as applicable. Rules 145(d)(2) and (3) generally provide that these limitations lapse for non-affiliates of Pan Orient or CanAsia after a period of one or two years, depending upon whether information continues to be publicly available with respect to such entity.

The foregoing discussion is only a general overview of certain requirements of United States securities laws applicable to the CanAsia Shares to be received by Pan Orient Shareholders under the Arrangement.

Pan Orient Shareholders are urged to consult with counsel to ensure that the resale of their securities complies with applicable securities legislation.

TSXV– Delisting of Pan Orient Shares

The Pan Orient Shares are currently listed for trading on the TSXV under the trading symbol "POE". The Arrangement will result in the Purchaser (a subsidiary of DIALOG) being the sole Shareholder of Pan Orient. Accordingly, there will no longer be a need for a stock exchange listing for the Pan Orient Shares and Pan Orient will no longer meet the TSXV's minimum listing requirements. Pan Orient will request in advance that the Pan Orient Shares be delisted from the TSXV on the Effective Date of the Arrangement.

TSXV– Listing of CanAsia Shares

The CanAsia Shares are not traded or quoted on a Canadian marketplace. Application has been made to list the CanAsia Shares on the TSXV. It is anticipated that the CanAsia Shares will be listed on the TSXV as a substitutional listing to the Pan Orient Shares under a new stock symbol of "CEC".

Listing of the CanAsia Shares on the TSXV will be subject to CanAsia fulfilling the continued listing requirements of the TSXV. There can be no assurance that the TSXV will list the CanAsia Shares. However, completion of the Arrangement is conditional on the TSXV conditionally approving the listing of the CanAsia Shares.

Pan Orient will issue a press release, as required by the TSXV, when the Effective Date of the Arrangement is known. On the Effective Date, Pan Orient Shareholders will be entitled to receive the Consideration payable pursuant to the Arrangement (USD \$0.788 in cash and one CanAsia Share for each Pan Orient Share).

Securities Commissions – Ceasing of Pan Orient Reporting Issuer Status

Pan Orient is a reporting issuer under the securities legislation of British Columbia, Alberta, Saskatchewan and Québec. As a reporting issuer, securities related information such as financial statements, management's discussion and analysis, news releases, material change reports, information circulars and other documents relating to Pan Orient are electronically filed and available through Pan Orient's issuer profile on SEDAR website at www.sedar.com.

The Arrangement will result in the Purchaser being the sole Shareholder of Pan Orient. Accordingly, there will no longer be a need for reporting issuer status. Pan Orient will apply to the securities regulatory authorities after completion of the Arrangement for an order that Pan Orient has ceased to be a reporting issuer in those provinces.

MATERIAL INCOME TAX CONSIDERATIONS

THE TAX CONSEQUENCES OF THE ARRANGEMENT WILL VARY DEPENDING UPON THE PARTICULAR CIRCUMSTANCES OF EACH SHAREHOLDER AND OTHER FACTORS. ACCORDINGLY, SHAREHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS TO DETERMINE THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE ARRANGEMENT.

Certain Canadian Federal Income Tax Consequences

In the opinion of Bennett Jones LLP, counsel to Pan Orient and CanAsia ("**Counsel**"), the following is, as of the date of this Circular, a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to a beneficial owner of a Share who disposes of or exchanges, or is deemed to have disposed of or exchanged, a Share pursuant to the Arrangement and who, for purposes of the Tax Act and at all relevant times, (a) deals at arm's length with and is not affiliated with Pan Orient, Purchaser or CanAsia, and (b) holds all Shares, and will hold all New Pan Orient Shares and CanAsia Shares held or acquired under the Arrangement, as capital property (each, a "**Holder**"). A Share, New Pan Orient Share or CanAsia Share, as applicable, will generally be considered to be capital property to a holder thereof for purposes of the Tax Act provided that the holder does not use or hold such shares in the course of carrying on a business of trading or dealing in securities and has not acquired such share in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Holder: (a) that is a "financial institution" for purposes of the mark-to-market rules; (b) that is a "specified financial institution"; (c) that is a partnership; (d) an interest in which is a "tax shelter" or a "tax shelter investment"; (e) that has elected to determine its "Canadian tax results" in a foreign currency pursuant to the functional currency reporting rules; (f) that has entered or will enter into, in respect of the Shares, New Pan Orient Shares, or the CanAsia Shares, as the case may be, a "synthetic disposition arrangement" or a "derivative forward agreement"; (g) that receives or will receive dividends on the Shares or the CanAsia Shares, as the case may be, under or as part of a "dividend rental arrangement", (h) that is a "foreign affiliate" of a taxpayer resident in Canada, or (i) that is a corporation resident in Canada and is, or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of New Pan Orient Shares or CanAsia Shares, controlled by a non-resident person (or, if no single non-resident person has or acquires control, a group of non-resident persons that do not deal at arm's length) for the purposes of the "foreign affiliate dumping" rules, each within the meaning of the Tax Act. **Any such Holders should consult their own tax advisors to determine the particular Canadian federal income tax consequences to them of the Arrangement.**

This summary does not address all tax considerations relevant to Holders who acquired Shares on the exercise or settlement of Options (including pursuant to the Arrangement) or pursuant to any other employee compensation arrangement. This summary is not applicable to holders of Options or RSUs. Any such Holders or holders of Options or RSUs should consult their own tax advisors to determine the particular Canadian federal income tax consequences to them of the Arrangement.

This summary is based on the facts set out in this Circular, the assumptions set out herein, the current provisions of the Tax Act in force as at the date of this Circular, and Pan Orient's understanding of the current administrative and assessing practices and policies of the CRA published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and assumes that all Proposed Amendments will be enacted in the form proposed; however, no assurance can be given that the Proposed Amendments will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative or assessing practice whether by legislative, regulatory, administrative or judicial action nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction, which may be different from those discussed herein.

This summary assumes that, at all relevant times prior to the exchange of Shares for New Pan Orient Shares and CanAsia Shares pursuant to the Arrangement (the "**Share Exchange**"), the Shares will be listed on the TSXV. Pan Orient and CanAsia have requested the TSXV to confirm that the New Pan Orient Shares and the CanAsia Shares will be considered to be listed for trading on the TSXV at the time of their issuance pursuant to the Arrangement, and it is assumed for the purposes of this summary, that the New Pan Orient Shares and CanAsia Shares will be so listed, although no assurances can be provided in this regard. Listing will be subject to Pan Orient or CanAsia, as the case may be, fulfilling all the applicable listing requirements of the TSXV.

Pan Orient does not intend to make, and this summary further assumes that Pan Orient will not make, a joint election with any Holder under section 85 of the Tax Act in respect of the Share Exchange.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income or other tax considerations applicable to the Arrangement. The income and other tax consequences of acquiring, holding or disposing of securities will vary depending on a Holder's particular status and circumstances, including the country, province or territory in

which the Holder resides or carries on business. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. No representations are made with respect to the income or other tax consequences to any particular Holder. No advance income tax ruling has been obtained from the CRA to confirm the tax consequences of the Arrangement. **Shareholders should consult their own tax advisors for advice with respect to the income and other tax consequences of the Arrangement in their particular circumstances, including the application and effect of the income and other tax laws of any applicable country, province, state or local tax authority.**

This summary does not discuss any non-Canadian income or other tax consequences of the Arrangement. Holders resident or subject to taxation in a jurisdiction other than Canada should be aware that the Arrangement may have tax consequences both in Canada and in such other jurisdiction. Such consequences are not described herein. Holders should consult with their own tax advisors with respect to their particular circumstances and the tax considerations applicable to them.

Canadian Currency

For the purposes of the Tax Act, subject to certain exceptions (including where a taxpayer has made an election to compute its "Canadian tax results" in a currency other than Canadian currency), all amounts relating to the acquisition, holding or disposition of a Share, New Pan Orient Share and CanAsia Share (including dividends, adjusted cost base and proceeds of disposition), as applicable, must be converted into Canadian dollars for the purposes of the Tax Act. Amounts, such as the Cash Consideration, which are denominated in a foreign currency must be converted into Canadian dollars using the exchange rate quoted by the Bank of Canada for the day on which the amount arose, or such other rate of exchange as is acceptable to the CRA.

Holders Resident in Canada

The following portion of the summary is generally applicable to a Holder who, for purposes of the Tax Act and any applicable tax treaty or convention, and at all relevant times, is or is deemed to be a resident of Canada and is not exempt from tax under Part I of the Tax Act (a "Resident Holder").

Share Exchange

Pursuant to the Arrangement, the articles of Pan Orient will be amended to create and authorize the issuance of New Pan Orient Shares, and thereafter each outstanding Share (other than Dissent Shares) will be transferred to Pan Orient in consideration for the issuance by Pan Orient of one New Pan Orient Share and the distribution by Pan Orient of one CanAsia Share. Consistent with the published administrative position of the CRA, such transactions should be considered to occur "in the course of a reorganization of capital" of Pan Orient, within the meaning of section 86 of the Tax Act. Accordingly, a Resident Holder whose Shares are exchanged for New Pan Orient Shares and CanAsia Shares under the Arrangement should be considered to have disposed of the Shares for proceeds of disposition equal to the greater of: (a) the Resident Holder's adjusted cost base of the Shares immediately before the effective time of the exchange; and (b) the fair market value, at the effective time of the exchange, of the CanAsia Shares received by the Resident Holder. Such proceeds of disposition would generally be reduced by the amount of the dividend, if any, referred to in the following paragraph that the Resident Holder is deemed to have received (which is not expected to be the case). Consequently, a Resident Holder will realize a capital gain only if, and to the extent that, the fair market value of the CanAsia Shares received on the exchange exceeds the adjusted cost base of the Resident Holder's Shares immediately before the effective time of the exchange. The taxation of capital gains and capital losses is discussed below under "*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*".

Pan Orient expects that the aggregate fair market value of the CanAsia Shares when they are distributed pursuant to the Arrangement will not exceed the aggregate "paid-up capital", as defined in the Tax Act, of the Shares immediately before the share exchange. Accordingly, Pan Orient should not be deemed to have paid, nor should a Resident Holder be deemed to receive, a dividend as a result of the distribution of CanAsia Shares in exchange for Shares under the Arrangement. If, however, the fair market value of the CanAsia Shares at the time of their distribution were to exceed the aggregate paid-up capital of the Shares immediately before that time (which is not expected to be the case), Pan Orient would be deemed to have paid a dividend on the Shares equal to the amount of the excess and each Resident Holder would be deemed to have received a pro rata portion of the dividend, based on the proportion of Shares held. See "*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Dividends on CanAsia Shares (Post-Arrangement)*" below for a general description of the taxation of dividends under the Tax Act.

The aggregate cost (and adjusted cost base) to a Resident Holder of the New Pan Orient Shares acquired on the Share Exchange will be equal to the amount, if any, by which the adjusted cost base of the Resident Holder's Shares, immediately before the exchange, exceeds the fair market value, at the time of the exchange, of the CanAsia Shares acquired by such Resident Holder on the Share Exchange. The aggregate cost to a Resident Holder of the CanAsia Shares acquired on the Share Exchange will be equal to the fair market value of the CanAsia Shares at the time of the exchange. A Resident Holder who acquires CanAsia

Shares pursuant to the Arrangement and who subsequently acquires other CanAsia Shares will generally be subject to the detailed cost averaging rules in the Tax Act in determining the adjusted cost base to the Resident Holder of each CanAsia Share.

Disposition of New Pan Orient Shares under the Arrangement

A Resident Holder who, pursuant to the Arrangement, transfers New Pan Orient Shares to the Purchaser in consideration for a payment by the Purchaser of the Cash Consideration, will realize a capital gain (or a capital loss) equal to the amount by which the payment exceeds (or is less than) the aggregate of the adjusted cost base to the Resident Holder of such New Pan Orient Shares (see the discussion above under "Certain Canadian Federal Income Tax Consequences – Holders Resident in Canada – Share Exchange") and any reasonable costs of the disposition. The taxation of capital gains and capital losses is discussed below under "*Certain Canadian Federal Income Tax Consequences – Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*".

Dividends on CanAsia Shares (Post-Arrangement)

A Resident Holder who is an individual (other than certain trusts) will be required to include in income any dividends received or deemed to be received on the CanAsia Shares, and will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit rules that apply to any dividends designated by CanAsia as "eligible dividends" as defined in the Tax Act. There can be no assurance that any dividend paid by CanAsia will be designated as an "eligible dividend" and CanAsia does not make any commitment in this regard.

A Resident Holder that is a corporation will be required to include in income any dividend received or deemed to be received on its CanAsia Shares, and generally will be entitled to deduct an equivalent amount in computing its taxable income, subject to certain limitations in the Tax Act. Subsection 55(2) of the Tax Act provides that, where certain corporate holders of shares receive a dividend or deemed dividend in specified circumstances, all or part of such dividend may be treated as a capital gain from the disposition of capital property and not as a dividend. Resident Holders that are corporations should consult with their own tax advisors having regard to their own circumstances.

A Resident Holder that is a "private corporation" or a "subject corporation" (each as defined in the Tax Act) may also be liable under Part IV of the Tax Act to pay a special tax (refundable in certain circumstances) on any dividend received or deemed to be received on the CanAsia Shares to the extent that the dividend is deductible in computing the corporation's taxable income.

A Resident Holder that is, throughout the year, a "Canadian-controlled private corporation", as defined in the Tax Act, or a "substantive CCPC", as proposed to be defined in the Tax Act pursuant to the Proposed Amendments announced in the April 7, 2022 federal budget, may be liable to pay an additional tax on its "aggregate investment income" (refundable in certain circumstances) which is defined to include dividends that are not deductible in computing income.

Dividends received or deemed to be received by individuals and certain trusts may, in certain circumstances, give rise to a liability for minimum tax under the Tax Act.

Disposition of CanAsia Shares (Post-Arrangement)

A Resident Holder that disposes or is deemed to dispose of a CanAsia Share after the Arrangement (other than a disposition to CanAsia that is not a sale in the open market in the manner in which shares would normally be purchased by any member of the public in an open market) will recognize a capital gain (or sustain a capital loss) equal to the amount by which the proceeds of disposition of the CanAsia Share exceeds (or is less than) the adjusted cost base to the Resident Holder of such CanAsia Share, determined immediately before the disposition, and any reasonable costs of disposition. For a description of the tax treatment of capital gains and capital losses, see "*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Capital Losses*" below.

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain realized by a Resident Holder in a taxation year will be included in computing the Resident Holder's income in that taxation year as a taxable capital gain and, generally, one-half of any capital loss realized in a taxation year (an "**allowable capital loss**") must be deducted from the taxable capital gains realized by the Resident Holder in the same taxation year, in accordance with the rules contained in the Tax Act. Allowable capital losses in excess of taxable capital gains realized by a Resident Holder in a particular taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized by the Resident Holder in such taxation year, subject to and in accordance with the rules contained in the Tax Act.

The amount of any capital loss realized by a Resident Holder that is a corporation on the disposition or deemed disposition of a Share, New Pan Orient Share or CanAsia Share, as applicable, may be reduced by the amount of dividends received or deemed

to be received by it on such share (or on a share for which the share has been substituted) to the extent and under the circumstances prescribed by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns shares, directly or indirectly through a partnership or a trust. Resident Holders to whom these rules may apply should consult their own tax advisors.

A Resident Holder that is, throughout the year, a "Canadian-controlled private corporation", as defined in the Tax Act, or a "substantive CCPC", as proposed to be defined in the Tax Act pursuant to the Proposed Amendments announced in the April 7, 2022 federal budget, may be liable to pay an additional tax on its "aggregate investment income" (refundable in certain circumstances) which is defined to include taxable capital gains.

Capital gains realized by individuals and certain trusts may, in certain circumstances, give rise to a liability for minimum tax under the Tax Act.

Dissenting Resident Holders

A Resident Holder who validly exercises Dissent Rights and who receives a cash payment from Pan Orient equal to the fair value of such Resident Holder's Shares (a "**Dissenting Resident Holder**") will be deemed to receive a taxable dividend equal to the amount, if any, by which the amount received (excluding interest) for the Dissenting Resident Holder's Shares exceeds the paid-up capital, within the meaning of the Tax Act, of such Shares determined immediately prior to the transfer of such Shares to Pan Orient pursuant to the Arrangement. The general tax consequences to a Dissenting Resident Holder of being deemed to have received a dividend are described above under the heading "*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Dividends on CanAsia Shares (Post-Arrangement)*".

In addition, the Dissenting Resident Holder will be considered to have disposed of such Shares for proceeds of disposition equal to the amount (excluding interest) received by the Dissenting Resident Holder from Pan Orient less the amount of the deemed dividend referred to above. Consequently, the Dissenting Resident Holder will recognize a capital gain (or sustain a capital loss) to the extent that the amount of such proceeds of disposition exceeds (or is less than) the adjusted cost base of such Dissenting Resident Holder's Shares, determined immediately before the disposition, and any reasonable costs of disposition. The general tax consequences to a Dissenting Resident Holder of realizing a capital gain or capital loss are described above under the heading, "*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Taxation of Capital Gains and Losses*".

Any interest awarded to a Dissenting Resident Holder will be included in such Holder's income for the purposes of and in accordance with the Tax Act.

Additional income tax considerations may be relevant to Resident Holders who fail to perfect or withdraw their claims pursuant to the Dissent Rights.

Resident Holders should consult their own tax advisors with respect to the tax consequences to them of exercising Dissent Rights.

Eligibility for Investment

New Pan Orient Shares

Subject to the provisions of any particular plan, the New Pan Orient Shares will constitute qualified investments under the Tax Act for a trust governed by a registered retirement savings plan ("**RRSP**"), a registered retirement income fund ("**RRIF**"), a registered disability savings plan ("**RDSP**"), a registered education savings plan ("**RESP**"), a tax-free savings account ("**TFSA**") or a deferred profit sharing plan (collectively, "**Registered Plans**") at a particular time provided that, at such time, the New Pan Orient Shares are listed on a "designated stock exchange", within the meaning of the Tax Act (which currently includes the TSXV) or Pan Orient is otherwise a "public corporation" (other than a mortgage investment corporation) for the purposes of the Tax Act. Pan Orient expects that the New Pan Orient Shares will be qualified investments as described above at the time such shares are issued pursuant to the Arrangement.

Pan Orient generally will be a "public corporation" for purposes of the Tax Act at a particular time if, at the particular time, it is a resident of Canada and (a) a class of shares of the capital stock of Pan Orient is listed on a "designated stock exchange" in Canada, or (b) prior to the particular time, Pan Orient qualified as a "public corporation", and since that prior time it has not elected to cease to be a "public corporation" nor has the Minister of National Revenue designated it not to be a "public corporation" in accordance with the provisions of the Tax Act.

CanAsia Shares

Subject to the provisions of any particular plan, the CanAsia Shares will constitute qualified investments under the Tax Act for a Registered Plan at a particular time provided that, at such time, the CanAsia Shares are listed on a "designated stock

exchange", within the meaning of the Tax Act (which currently includes the TSXV) or CanAsia is otherwise a "public corporation" for the purposes of the Tax Act. Pan Orient and CanAsia expect that the CanAsia Shares will be qualified investments at the time such shares are distributed pursuant to the Arrangement.

If the CanAsia Shares are not listed on the TSXV (or another "designated stock exchange") at the time they are issued pursuant to the Arrangement, but such shares become listed on a "designated stock exchange" in Canada following the Effective Date but before the filing-due date for CanAsia's income tax return for its first taxation year and CanAsia makes the appropriate election to be a "public corporation" in that income tax return, CanAsia will be deemed to be a "public corporation" for purposes of the Tax Act with effect from the beginning of its first taxation year, in which case the CanAsia Shares issued to Holders pursuant to the Arrangement will be considered to be qualified investments for Registered Plans. CanAsia intends to timely make such election, although no assurances can be provided in this regard.

Prohibited Investment Rules

Notwithstanding the foregoing, if the New Pan Orient Shares or the CanAsia Shares, as applicable, are "prohibited investments", within the meaning of the Tax Act, for a particular RRSP, RRIF, RDSP, RESP, or TFSA, the annuitant, holder or subscriber, as the case may be, of the Registered Plan will be subject to a penalty tax under the Tax Act. The New Pan Orient Shares and the CanAsia Shares will generally not be a "prohibited investment" for these purposes unless the annuitant, holder or subscriber, as the case may be, of the Registered Plan, (a) does not deal at arm's length with Pan Orient or CanAsia, as applicable, for purposes of the Tax Act, or (b) has a "significant interest", as defined in the Tax Act, in Pan Orient or CanAsia, as applicable. In addition, the New Pan Orient Shares or CanAsia Shares will generally not be a "prohibited investment" if such shares are "excluded property" for purposes of the prohibited investment rules for a Registered Plan.

Holders, subscribers, or annuitants, as the case may be, of Registered Plans which currently hold Shares and will acquire New Pan Orient Shares and CanAsia Shares pursuant to the Arrangement are urged to consult their own tax advisors having regard to their own particular circumstances.

Holders Not Resident in Canada

The following portion of the summary is generally applicable to a Holder who, for purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times, is not and is not deemed to be a resident of Canada and does not use or hold, and is not deemed to use or hold, Shares and will not use or hold, or be deemed to use or hold, New Pan Orient Shares or CanAsia Shares in connection with carrying on a business in Canada (a "**Non-Resident Holder**"). This portion of the summary is not generally applicable to a Non Resident Holder who is (a) carrying on an insurance business in Canada and elsewhere; or (b) an "authorized foreign bank", each as defined in the Tax Act.

Status of Shares, New Pan Orient Shares and CanAsia Shares as "Taxable Canadian Property"

Generally, a Share, New Pan Orient Share, or CanAsia Share, as the case may be, of a particular Non-Resident Holder will not be "taxable Canadian property" (within the meaning of the Tax Act) of a Non-Resident Holder at any time at which such share is listed on a "designated stock exchange" within the meaning of the Tax Act (which includes the TSXV), unless at any time during the 60-month period that ends at that time:

- (a) one or any combination of (i) the Non-Resident Holder, (ii) persons with whom the Non-Resident Holder does not deal at arm's length for purposes of the Tax Act, and (iii) partnerships in which the Non-Resident Holder or a person described in (ii) holds a membership interest directly or indirectly through one or more partnerships, owned 25% or more of the issued shares of any class or series of the capital stock of Pan Orient or CanAsia, as applicable, and
- (b) more than 50% of the fair market value of the Shares, New Pan Orient Shares or the CanAsia Shares, as the case may be, was derived (directly or indirectly) from one or any combination of: (i) real or immovable properties situated in Canada, (ii) "Canadian resource properties", (iii) "timber resource properties", and (iv) options in respect of, or interests in, or for civil law rights in, any of the foregoing property whether or not the property exists, all as defined for the purposes of the Tax Act.

Based on the anticipated assets of CanAsia, it is expected that the CanAsia Shares will constitute taxable Canadian property to a Non-Resident Holder during the period, if any, between the time the CanAsia Shares are distributed to the Non-Resident Holder pursuant to the Arrangement and the time that the CanAsia Shares are listed on the TSXV.

Shares, New Pan Orient Shares and/or CanAsia Shares may be deemed to be "taxable Canadian property" in certain circumstances as set out in the Tax Act.

In the event that a Share, New Pan Orient Share, or CanAsia Share is "taxable Canadian property", within the meaning of the Tax Act, to a Non-Resident Holder at the time of the disposition of such share, including pursuant to the Arrangement, such

Non-Resident Holder should consult its own tax advisor as to the Canadian federal income tax consequences of the disposition, including any Canadian compliance obligations.

Share Exchange

A Non-Resident Holder whose Shares are exchanged for New Pan Orient Shares and CanAsia Shares under the Arrangement will not be subject to tax under the Tax Act on any capital gain realized on such exchange unless the Shares are "taxable Canadian property" to the Non-Resident Holder at the effective time of the exchange and the Shares are not "treaty-protected property", each within the meaning of the Tax Act. See the discussion above under the heading "*Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada – Status of Shares, New Pan Orient Shares and CanAsia Shares as 'Taxable Canadian Property'*".

In the event that a Share is taxable Canadian property to a Non-Resident Holder at the effective time of the exchange, the tax consequences described above under "*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Share Exchange*" will generally apply. Non-Resident Holders may also be subject to Canadian tax compliance obligations in such a circumstance and should consult with their own tax advisors as to the same.

Pan Orient expects that the aggregate fair market value of the CanAsia Shares when they are distributed pursuant to the Arrangement will not exceed the aggregate "paid-up capital", as defined in the Tax Act, of the Shares immediately before the Share Exchange. Accordingly, Pan Orient should not be deemed to have paid, nor should a Non-Resident Holder be deemed to receive, a dividend as a result of the distribution of CanAsia Shares in exchange for Shares under the Arrangement. If, however, the fair market value of the CanAsia Shares at the time of their distribution were to exceed the aggregate paid-up capital of the Shares immediately before that time (which is not expected to be the case), Pan Orient would be deemed to have paid a dividend on the Shares equal to the amount of the excess and each Non-Resident Holder would be deemed to have received a pro rata portion of the dividend, based on the proportion of Shares held. See "*Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada – Dividends on CanAsia Shares (Post Arrangement)*" below for a general description of the taxation of dividends under the Tax Act, including the Canadian withholding tax implications thereof.

Disposition of New Pan Orient Shares under the Arrangement

A Non-Resident Holder that disposes or is deemed to dispose of a New Pan Orient Share under the Arrangement will not be subject to tax under the Tax Act on any capital gain realized on such disposition unless the New Pan Orient Share constitutes "taxable Canadian property" of the Non-Resident Holder at the time of the disposition and such share is not "treaty-protected property", each within the meaning of the Tax Act. See the discussion above under the heading "*Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada – Status of Shares, New Pan Orient Shares and CanAsia Shares as 'Taxable Canadian Property'*".

In the event that a New Pan Orient Share is taxable Canadian property to a Non-Resident Holder at the time of the disposition, the tax consequences described above under the heading "*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Disposition of New Pan Orient Shares under the Arrangement*" will generally apply. Non-Resident Holders may also be subject to Canadian tax compliance obligations in such a circumstance and should consult with their own tax advisors as to the same.

Dividends on CanAsia Shares (Post-Arrangement)

Dividends paid or credited, or deemed to be paid or credited, on CanAsia Shares to a Non-Resident Holder will be subject to Canadian withholding tax at a rate of 25% of the gross amount of the dividend, unless the rate is reduced under the provisions of an applicable income tax convention between Canada and the Non-Resident Holder's jurisdiction of residence. The rate of withholding tax under the Canada-U.S. Income Tax Convention (1980) (the "**Treaty**") applicable to a Non-Resident Holder who is a resident of the United States for the purposes of the Treaty who is the beneficial owner of the dividend, who is entitled to benefits under the Treaty, and who holds less than 10% of the voting stock of CanAsia generally will be 15%. CanAsia will be required to withhold and deduct the required amount of withholding tax from the dividend, and to remit it to the CRA for the account of the Non-Resident Holder.

Non-Resident Holders who may be eligible for a reduced rate of withholding tax on dividends pursuant to any applicable income tax convention should consult with their own tax advisors with respect to taking all appropriate steps in this regard.

Disposition of CanAsia Shares (Post-Arrangement)

A Non-Resident Holder that disposes or is deemed to dispose of a CanAsia Share after the Arrangement will not be subject to tax under the Tax Act on any capital gain realized on such disposition unless the CanAsia Share constitutes "taxable Canadian property" of the Non-Resident Holder at the time of the disposition and such share is not "treaty-protected property", each within the meaning of the Tax Act. See the discussion above under the heading "*Certain Canadian Federal Income Tax*".

Considerations – Holders Not Resident in Canada – Status of Shares, New Pan Orient Shares and CanAsia Shares as 'Taxable Canadian Property'".

In the event that a CanAsia Share is taxable Canadian property to a Non-Resident Holder at the time of the disposition, the tax consequences described above under "*Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Disposition of CanAsia Shares (Post-Arrangement)*" will generally apply. Non-Resident Holders may also be subject to Canadian tax compliance obligations in such a circumstance and should consult with their own tax advisors as to the same.

Dissenting Non-Resident Holders

A Non-Resident Holder who validly exercises Dissent Rights and who receives a cash payment from Pan Orient equal to the fair value of such Non-Resident Holder's Shares (a "**Dissenting Non-Resident Holder**") will be deemed to receive a taxable dividend equal to the amount, if any, by which the amount received (excluding interest) for the Dissenting Non-Resident Holder's Shares exceeds the paid-up capital, within the meaning of the Tax Act, of such Shares determined immediately prior to the transfer of such Shares to Pan Orient pursuant to the Arrangement. The general tax consequences to a Dissenting Non-Resident Holder of being deemed to have received a dividend are described above under the heading "*Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada – Dividends on CanAsia Shares (Post-Arrangement)*", including the Canadian withholding tax implications thereof.

In addition, the Dissenting Resident Holder will be considered to have disposed of such Shares for proceeds of disposition equal to the amount (excluding interest) received by the Dissenting Non-Resident Holder from Pan Orient less the amount of the deemed dividend referred to above. Consequently, the Dissenting Non-Resident Holder will recognize a capital gain (or sustain a capital loss) to the extent that the amount of such proceeds of disposition exceeds (or is less than) the adjusted cost base of such Dissenting Resident Holder's Shares, determined immediately before the disposition, and any reasonable costs of disposition. A Dissenting Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized unless the Shares are "taxable Canadian property" to the Non-Resident Holder and are not "treaty-protected property", each within the meaning of the Tax Act. See the discussion above under the heading "*Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada – Status of Shares, New Pan Orient Shares and CanAsia Shares as 'Taxable Canadian Property'".* A Dissenting Non-Resident Holder whose Shares are taxable Canadian property should consult its own tax advisor as to the Canadian tax consequences of exercising Dissent Rights.

Any interest awarded to a Dissenting Non-Resident Holder in respect of the exercise of Dissent Rights will not be subject to Canadian withholding tax, provided that such interest does not constitute "participating debt interest" within the meaning of the Tax Act.

Additional income tax considerations may be relevant to Non-Resident Holders who fail to perfect or withdraw their claims pursuant to the Dissent Rights.

Non-Resident Holders should consult their own tax advisors with respect to the tax consequences to them of exercising Dissent Rights.

Certain United States Federal Income Tax Considerations

Shareholders who are resident in, or citizens of, the United States are advised to consult their own tax advisors to determine the particular United States tax consequences to them of the Arrangement in light of their particular situation, as well as any tax consequences that may arise under the laws of any other relevant foreign, state, local, or other taxing jurisdiction. This Circular does not contain a description of the United States tax consequences of the Arrangement or the ownership of CanAsia Shares.

RISKS RELATED TO THE ARRANGEMENT

The ownership of Shares, and if the Arrangement is completed, CanAsia Shares is, and will be, subject to certain risks. Shareholders should review and carefully consider all of the information disclosed in this Circular prior to voting their Shares at the Meeting. The following are risks related specifically to the Arrangement.

Termination of the Arrangement Agreement

The Arrangement Agreement may be terminated by the Parties in certain circumstances. Accordingly, there is no certainty, nor can Pan Orient provide any assurance, that the Arrangement Agreement will not be terminated by any Party before the completion of the Arrangement. Failure to complete the Arrangement could materially negatively impact the trading prices of the Shares. Moreover, if the Arrangement Agreement is terminated, there is no assurance that the Board will be able to find a party willing to pay an equivalent or more consideration for Shares than the Consideration to be paid to Shareholders pursuant to the terms of the Arrangement Agreement.

The Completion of the Arrangement is Subject to Certain Conditions

There can be no certainty that all conditions precedent to the completion of the Arrangement will be satisfied or waived, nor can there be any certainty of the timing of their satisfaction or waiver. Failure to complete the Arrangement could materially negatively impact the price of the Shares. The completion of the Arrangement is subject to a number of conditions, some of which are outside of the control of Pan Orient, including approval of the Arrangement Resolution by the Shareholders and receipt of the Final Order. There can be no certainty, nor can Pan Orient provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. The failure to satisfy or waive all conditions precedent to completion of the Arrangement could result in the termination of the Arrangement Agreement.

If the Arrangement is not Completed, Pan Orient's Future Business and Operations Could be Harmed

If the Arrangement is not completed, the market price of the Shares may decline to the extent that the current market price reflects a market assumption that the Arrangement will be completed. In addition, Pan Orient has incurred, and will continue to incur significant direct transaction costs in connection with the Arrangement. Actual direct transaction costs incurred in connection with the Arrangement may be higher than expected. Moreover, certain of Pan Orient's costs related to the Arrangement, including legal, printing and mailing costs, must be paid even if the Arrangement is not completed.

In pursuing the Arrangement, Pan Orient may have lost other opportunities that would have otherwise been available had the Arrangement Agreement not been executed, including, without limitation: (i) investment opportunities and opportunities not pursued as a result of affirmative and negative covenants made by it in the Arrangement Agreement, such as covenants affecting the conduct of its business; or (ii) another sale, merger or amalgamation. If the Arrangement is not completed and the Board decides to seek another merger or arrangement, there can be no assurance that it will be able to find a transaction on terms as favorable as those available to it under the Arrangement. In addition, a failure to complete the Arrangement could have an impact on Pan Orient's current business relationships (including with current and prospective employees, customers, suppliers and partners).

The Transaction may divert the attention of Pan Orient's Management

The pendency of the Arrangement could cause the attention of Pan Orient's management to be diverted from the day-to-day operations of Pan Orient. These disruptions could be exacerbated by a delay in the completion of the Arrangement and could have an adverse effect on the business, operating results or prospects of Pan Orient, which could have a material and adverse effect on the business, financial condition, results of operations or prospects of Pan Orient.

The Disposition of Pan Orient's Assets, other than the Excluded Assets, may be Detrimental to Pan Orient

If the Arrangement is completed, the Shareholders will become shareholders of CanAsia, however, CanAsia will not own Pan Orient's current assets, other than the Excluded Assets, and will instead own only the Excluded Assets, which may not achieve the benefits expected to result from the Arrangement. It is possible that the management of CanAsia will be unable to effectively develop the Excluded Assets, and the value of the CanAsia Shares may deteriorate. Shareholders should consider carefully *Appendix F – Information Concerning CanAsia Energy Corp.*

Failure to Achieve Stock Exchange Listing for CanAsia Shares

There is no guarantee that the TSXV will approve the listing of the CanAsia Shares. In the event that the Arrangement is completed, but CanAsia fails to meet or maintain the conditions for listing of the CanAsia Shares, then holders of CanAsia Shares may have significant difficulty trading their CanAsia Shares.

In addition, if the CanAsia shares are not listed on the TSXV (or other "designated stock exchange" within the meaning of the Tax Act), and CanAsia does not otherwise constitute a "public corporation" (other than a "mortgage investment corporation") within the meaning of the Tax Act, the CanAsia Shares will not constitute qualified investments under the Tax Act for a Registered Plan. Should the CanAsia Shares be distributed to or otherwise acquired by a Registered Plan, or held by a Registered Plan, at a time when such shares do not constitute a qualified investment, adverse tax consequences not described herein are expected to arise for the Registered Plan and the annuitant, holder or subscriber thereunder, including that the Registered Plan or the controlling individual thereof may be subject to penalty taxes. The consequences to any particular Registered Plan resulting from the CanAsia Shares not being, or ceasing to qualify as, qualified investments will differ as between Registered Plans and such rules are complex. For further information, see the discussion above under *"The Arrangement – Material Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Eligibility for Investment"*.

Further, if the CanAsia Shares are not listed on the TSXV (or other "designated stock exchange" within the meaning of the Tax Act), such CanAsia Shares are generally expected to constitute "taxable Canadian property" to a Shareholder who is not a

resident of Canada, and such shareholder may have Canadian tax liabilities and compliance obligations on the disposition of such a share. For further information, see the discussion above under *"The Arrangement – Material Income Tax Considerations – Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada – Status of Shares, New Pan Orient Shares and CanAsia Shares as 'Taxable Canadian Property'".*

PROCEDURE FOR RECEIPT OF CONSIDERATION

At the Effective Time, each Pan Orient Shareholder (other than any Dissenting Shareholders) will be entitled to receive the Consideration. The Consideration is, for each Pan Orient Share owned immediately before the Effective Time of the Arrangement, Cash Consideration of USD \$0.788 and Share Consideration of one CanAsia Share.

At least one Business Day prior to the Effective Date, the Purchaser shall provide the Depositary with sufficient funds in escrow to pay the aggregate Cash Consideration payable pursuant to the Plan of Arrangement, and, as at the Effective Date, CanAsia shall issue the Share Consideration as is required in accordance with the Plan of Arrangement.

Instructions for Registered Shareholders

Enclosed with this Circular is a Letter of Transmittal which, when properly completed and returned together with the certificate(s) representing Pan Orient Shares and all other documents reasonably required by the Depositary or Pan Orient, will enable each Shareholder to obtain the Consideration that such Shareholder is entitled to receive under the Arrangement.

Registered Shareholders must duly complete and return a Letter of Transmittal, together with the certificate(s) representing their Pan Orient Shares and all other required documents, to the Depositary, at the office specified in the Letter of Transmittal. In the event that the Arrangement is not completed, such certificates will be promptly returned to Shareholders who provided such certificates to the Depositary. The Letter of Transmittal contains complete instructions on how to exchange your Pan Orient Shares.

From and after the Effective Time, certificates formerly representing Pan Orient Shares shall represent only the right to receive the Consideration to which the former Shareholders are entitled under the Arrangement, or as to those held by Dissenting Shareholders (other than those Dissenting Shareholders deemed to have participated in the Arrangement pursuant to the Plan of Arrangement) to receive the fair value of the Shares represented by such certificates, all in accordance with the Arrangement.

As soon as practicable following the later of the Effective Date and the date of deposit by a former holder of Pan Orient Shares of a duly completed Letter of Transmittal, and the certificates representing such Shares and all other required documents, the Depositary shall either forward by first class mail to such former holder at the address specified in the Letter of Transmittal, or, if requested by such Shareholder in the Letter of Transmittal make available or cause to be made available at the Depositary for pickup by such Shareholder, a share certificate representing the Share Consideration and a cheque representing the Cash Consideration to which such Shareholder is entitled under the Arrangement. Payment for the Cash Consideration may be made by wire by completing Box E in the Letter of Transmittal. No interest on the Consideration will be paid by reason of any delay in paying the Consideration or otherwise. The cash payment of the USD \$0.788 Cash Consideration will be issued in United States dollars. However, a registered Shareholder can instead elect to receive payment in Canadian dollars, by checking the appropriate box in the Letter of Transmittal. If the Shareholder elects to receive the Cash Consideration in Canadian dollars, such Shareholder will have acknowledged and agreed that the exchange rate for one United States dollar expressed in Canadian dollars, will be based on the prevailing market rate(s) available to Computershare Trust Company of Canada, in its capacity as foreign exchange service provider to Pan Orient, on the date of the currency conversion. All risks associated with the currency conversion from United States dollars to Canadian dollars, including risks relating to change in rates, the timing of exchange or the selection of a rate for exchange, and all costs incurred with the currency conversion are for the registered Pan Orient Shareholder's sole account and will be at such Shareholder's sole risk and expense, and neither Pan Orient nor Computershare Trust Company of Canada or their affiliates are responsible for any such matters. Computershare Trust Company of Canada will act as principal in such currency conversion transactions.

Instructions for Beneficial Shareholders

Only registered Shareholders should complete the Letter of Transmittal. Beneficial Shareholders, who hold their Pan Orient Shares through an intermediary such as a broker, investment dealer, trust company, bank or other nominee (including CDS), may only receive the Consideration through the registered owner of their Shares. In many cases, the registered Shareholder for a beneficial Shareholder will without further instructions complete the Letter of Transmittal, deposit with the Depositary the certificate(s) representing the Shares held and receive the Consideration for the Beneficial Shareholder. However, Beneficial Shareholders are encouraged to contact the intermediary who holds their Shares to determine what, if any, action must be taken by the beneficial Shareholder.

If you are a Beneficial Shareholder, you will receive the Cash Consideration per Share in United States dollars unless you contact the intermediary in whose name your Shares are registered and request that the intermediary make an election on your behalf. If your intermediary does not make an election on your behalf, you will receive payment in United States dollars. If the Beneficial Shareholder elects to receive the Cash Consideration in Canadian dollars, such Beneficial Shareholder will have acknowledged and agreed that the exchange rate for one United States dollar expressed in Canadian dollars, will be based on the prevailing market rate(s) available to Computershare Trust Company of Canada, in its capacity as foreign exchange service provider to Pan Orient, on the date of the currency conversion. All risks associated with the currency conversion from United States dollars to Canadian dollars, including risks relating to change in rates, the timing of exchange or the selection of a rate for exchange, and all costs incurred with the currency conversion are for the Beneficial Shareholder's sole account and will be at such Shareholder's sole risk and expense, and neither Pan Orient nor Computershare Trust Company of Canada or their affiliates are responsible for any such matters. Computershare Trust Company of Canada will act as principal in such currency conversion transactions.

Lost Share Certificates

If any certificate(s) representing Shares held by a registered Shareholder have been lost, stolen or destroyed, such Shareholder should complete the Letter of Transmittal as fully as possible and forward it, together with an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed, to the Depositary. The Depositary will assist in making arrangements for the necessary affidavit for payment of the Consideration and the person to whom such Consideration is to be delivered may, as a condition precedent to the delivery of such Consideration, be required to give a bond satisfactory to Pan Orient, the Purchaser and the Depositary (acting reasonably) in such sum as Pan Orient and the Purchaser may direct, and shall indemnify Pan Orient and the Purchaser in a manner satisfactory to Pan Orient and the Purchaser, acting reasonably, against any claim that may be made against Pan Orient and the Purchaser with respect to the certificate alleged to have been lost, stolen or destroyed.

Method of Delivery

The method of delivery of certificate(s) representing Shares, the Letter of Transmittal and all other required documents is at the option and risk of the person delivering them. Pan Orient and the Depositary recommend that such documents be delivered by hand to the Depositary, at the office noted in the Letter of Transmittal, and a receipt obtained therefor, or if mailed, that registered mail, with return receipt requested, be used, and that proper insurance be obtained.

Period

On the Effective Date of the Arrangement, each registered Shareholder will be removed from Pan Orient's register of Shareholders. Until validly surrendered, each certificate(s) formerly representing Shares held by a former registered Shareholder will be deemed to represent only the right to receive, upon such surrender, the Consideration (without interest).

Any certificate formerly representing Shares that has not been duly surrendered on or before the day that is three years less one day from the Effective Date will cease to represent a claim by or interest of any kind or nature against Pan Orient, CanAsia, DIALOG or the Purchaser.

SHAREHOLDER'S RIGHT TO DISSENT

The following description of the Dissent Rights to which registered Shareholders are entitled is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of such Dissenting Shareholder's Shares, and is qualified in its entirety by reference to the full text of the Plan of Arrangement, Interim Order and the text of Section 191 of the ABCA, which are attached to this Circular as Schedule A to Appendix C, Appendix B and Appendix I, respectively. A Dissenting Shareholder who intends to exercise Dissent Rights should carefully consider and comply with the provisions of the ABCA, as modified by the Plan of Arrangement and by the Interim Order. Failure to adhere to the procedures established therein may result in the loss of all rights thereunder.

Accordingly, each Dissenting Shareholder who might desire to exercise Dissent Rights should consult his or her own legal advisor.

A Court hearing the application for the Final Order has the discretion to alter the Dissent Rights described herein based on the evidence presented at such hearing. Subject to certain tests as described below, pursuant to the Interim Order, Dissenting Shareholders are entitled, in addition to any other right such Dissenting Shareholder may have, to dissent and, upon strict compliance with the established procedures, to be paid by Pan Orient, the fair value of the Shares held by such Dissenting Shareholder in respect of which such Dissenting Shareholder dissents, determined as of the close of business on the last Business Day before the day on which the Arrangement Resolution from which such Dissenting Shareholder's dissent was adopted and provided the Arrangement is completed in respect of such Shareholders. **A Dissenting Shareholder may dissent**

only with respect to all of the Shares held by such Dissenting Shareholder, or on behalf of any one Beneficial Shareholder and registered in the Dissenting Shareholder's name. Only registered Shareholders may dissent. Beneficial Shareholders, who hold their Shares through an intermediary such as a broker, investment dealer, trust company, bank or other nominee (including CDS) who wish to dissent, should be aware that they may only do so through the registered owner of such Shares. A registered Shareholder, such as a broker or CDS, who holds Shares as nominee for Beneficial Shareholders, some of whom wish to dissent, must exercise Dissent Rights on behalf of such Beneficial Shareholders with respect to all of the Shares held for such Beneficial Shareholders. In such case, the written objection to the Arrangement should set forth the number of Shares covered by such objection.

A Dissenting Shareholder must send a written objection to the Arrangement Resolution so that it is received by Pan Orient c/o Bennett Jones LLP, Suite 4500, Bankers Hall East, 855 – 2nd Street S.W., Calgary, Alberta, T2P 4K7, Attention: Michael P. Theroux, not later than 5:00 p.m. (Calgary time) on Friday, August 19, 2022, being the second Business Day immediately preceding the date of the Meeting, or the second Business Day immediately preceding the date of any adjournment or postponement of the Meeting, as applicable. **No Shareholder who has voted in favour of the Arrangement Resolution shall be entitled to dissent with respect to the Arrangement.**

Either Pan Orient (which for purposes hereof shall include any successor to Pan Orient) or a Dissenting Shareholder, as the case may be, may apply to the Court, after the approval of the Arrangement Resolution to fix the fair value of such Dissenting Shareholder's Shares which fair value shall be determined as of the close of business on the day before the Arrangement Resolution is approved. If such an application to the Court is made by either Pan Orient or a Dissenting Shareholder, as the case may be, Pan Orient must, unless the Court otherwise orders, send to each Dissenting Shareholder, a written offer to pay such Dissenting Shareholder an amount considered by Pan Orient's directors to be the fair value of the Shares held by such Dissenting Shareholder. The offer, unless the Court otherwise orders, must be sent to each Dissenting Shareholder, as the case may be, at least 10 days before the date on which the application is returnable, if Pan Orient is the applicant, or within 10 days after Pan Orient is served a copy of the application, if a Dissenting Shareholder is the applicant. Every offer will be made on the same terms to each Dissenting Shareholder and contain or be accompanied with a statement showing how the fair value was determined.

A Dissenting Shareholder may make an agreement with Pan Orient for the purchase of such holder's Shares in the amount of the offer made by Pan Orient, or otherwise, at any time before the Court pronounces an order fixing the fair value of the Shares.

A Dissenting Shareholder will not be required to give security for costs in respect of an application and, except in special circumstances, will not be required to pay the costs of the application or appraisal. On the application, the Court will make an order fixing the fair value of the Shares of all Dissenting Shareholders who are parties to the application, giving judgment in that amount against Pan Orient and in favour of each of those Dissenting Shareholders, and fixing the time within which Pan Orient must pay the amount payable to each Dissenting Shareholder calculated from the date on which such Dissenting Shareholder ceases to have any rights as a Shareholder until the date of payment.

On the Arrangement becoming effective, or upon the making of an agreement between Pan Orient and the Dissenting Shareholders as to the payment to be made by Pan Orient to the Dissenting Shareholder, or upon the pronouncement of a Court order, whichever first occurs, the Shares held by the Dissenting Shareholder and in respect of which Dissent Rights have been validly exercised shall be deemed to have been transferred to, and acquired by, Pan Orient (free and clear of all Encumbrances), and:

- (a) the Dissenting Shareholder shall cease to be the holder of such Shares so transferred to Pan Orient and to have any rights as a Shareholder, as applicable, other than the right to be paid the fair value for such Dissenting Shareholder's Shares;
- (b) such Dissenting Shareholder's name shall be removed from the register of Shares maintained by or on behalf of Pan Orient as it relates to the Shares so transferred; and
- (c) Pan Orient shall become the transferee (free and clear of all Encumbrances) of the Shares so transferred and shall be added to the applicable register or registers of Shares maintained by or on behalf of Pan Orient.

A Dissenting Shareholder who has duly exercised their Dissent Rights in respect of Shares shall be deemed to have transferred the Shares held by them and in respect of which Dissent Rights have been validly exercised to Pan Orient (free and clear of all Encumbrances) for cancellation without any further act or formality at the Effective Time, and

- (a) if such Dissenting Shareholder is ultimately entitled to be paid fair value for such Shares then such Dissenting Shareholder shall be deemed to have transferred the such Dissenting Shareholder's Shares to Pan Orient on the Effective Date, notwithstanding the provisions of Section 191 of the ABCA, or

- (b) if such Dissenting Shareholder is ultimately not entitled, for any reason, to be paid fair value for such Shares such Dissenting Shareholder shall be deemed to have participated in the Arrangement, commencing at the Effective Time, on the same basis as a Shareholder notwithstanding the provisions of section 191 of the ABCA, and such holder shall receive the Consideration for such holder's Shares on the basis set forth in the Plan of Arrangement, as applicable.

Pan Orient shall not make a payment to a Dissenting Shareholder under section 191 of the ABCA, as modified by the Interim Order and the Plan of Arrangement, if there are reasonable grounds for believing that Pan Orient is or would after the payment be unable to pay its liabilities as they become due, or that the realizable value of the assets of Pan Orient would thereby be less than the aggregate of its liabilities. In such event, Pan Orient shall, within 10 days of the pronouncement of the Court fixing the fair value of the Shares or the making of an agreement between the Dissenting Shareholder and Pan Orient as to the payment to be made for the Dissenting Shareholder's Shares, as applicable, notify each Dissenting Shareholder that it is unable lawfully to pay such Dissenting Shareholder for his or her Shares in which case the Dissenting Shareholder may, by written notice to Pan Orient within 30 days after receipt of such notice, withdraw such holder's written objection, in which case the holder shall be deemed to have participated in the Arrangement as a Shareholder. If the Dissenting Shareholder does not withdraw such holder's written objection, such Dissenting Shareholder retains status as a claimant against Pan Orient to be paid as soon as Pan Orient is lawfully entitled to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of Pan Orient but in priority to its Shareholders.

The above summary does not purport to provide a comprehensive statement of the procedures to be followed by Dissenting Shareholders who seek payment of the fair value of their Shares. Section 191 of the ABCA, other than as amended by the Arrangement and the Interim Order, requires adherence to the procedures established therein and failure to do so may result in the loss of all rights thereunder. **Accordingly, Dissenting Shareholders who might desire to exercise the right to dissent and appraisal should carefully consider and comply with the provisions of Section 191 of the ABCA, the full text of which is set out in Appendix I to this Circular and consult their own legal advisor.**

Unless otherwise waived, it is a condition to the completion of the Arrangement that holders of not more than 5% of the issued and outstanding Shares shall have properly exercised Dissent Rights in respect of the Arrangement that have not been withdrawn as of the Effective Date.

CANASIA EQUITY INCENTIVE PLAN AND OTHER BUSINESS

CANASIA EQUITY INCENTIVE PLAN

At the Meeting, Pan Orient Shareholders will be asked to consider and, if deemed advisable, to pass an ordinary resolution to approve the CanAsia Equity Incentive Plan, which will authorize the CanAsia directors to grant options, share appreciation rights, restricted share units or deferred share units to employees, officers, directors and other eligible service providers of CanAsia and its affiliates following completion of the Arrangement.

Approval of the CanAsia Equity Incentive Plan is required by the TSXV. It is a "rolling up to 10%" security based compensation plan under the applicable TSXV policy that must be approved at the time of implementation and yearly thereafter at CanAsia's annual meeting of CanAsia Shareholders.

The CanAsia Equity Incentive Plan is attached as *Appendix H – CanAsia Equity Incentive Plan*. The following summary of the CanAsia Equity Incentive Plan is subject to, and is qualified in its entirety by, the full text of the CanAsia Equity Incentive Plan.

Approval of the CanAsia Equity Incentive Plan is not a condition to completion of the Arrangement.

Purpose

The purpose of the CanAsia Equity Incentive Plan is to encourage and permit selected employees, officers, directors and consultants (including investor relations services providers) ("**Participants**") of CanAsia and its affiliates to work towards and participate in the success of CanAsia. The Equity Incentive Plan seeks to achieve that purpose by providing for awards in the form of Options, Share Appreciation Rights, Restricted Share Units and Deferred Share Units, each as defined in the Equity Incentive Plan ("**Awards**").

Administration

The CanAsia Board will administer the Equity Incentive Plan and may delegate this responsibility to a compensation committee or another committee of the CanAsia Board. (Reference to the "**Committee**" in the following description of the Equity Incentive Plan refers to the CanAsia Board if it has not delegated administration of the Equity Incentive Plan to a committee.)

Limits and CanAsia Shares Available

The limits of the CanAsia Equity Incentive Plan are as follows:

1. *All Participants (Shares Issuable At Any Time)*. The aggregate number of CanAsia Shares that may be reserved for issuance to Participants at any time under (a) the Equity Incentive Plan; and (b) all of CanAsia's other security based compensation arrangements involving the issuance of CanAsia Shares from treasury cannot exceed 10% of the total issued and outstanding CanAsia Shares.
2. *Insiders (Shares Issuable At Any Time)*. The aggregate number of CanAsia Shares that may be reserved for issuance to "insiders" (as defined in the *Securities Act (Alberta)*), as a group, at any time under (a) the Equity Incentive Plan and (b) all of CanAsia's other security based compensation arrangements involving the issuance of CanAsia Shares from treasury cannot exceed 10% of the total issued and outstanding CanAsia Shares.
3. *Insiders (Awards in 12 Months)*. The aggregate number of CanAsia Shares underlying or relating to Awards granted in a 12 month period to "insiders", as a group, under (a) the Equity Incentive Plan; and (b) all of CanAsia's other security based compensation arrangements involving the issuance of CanAsia Shares from treasury cannot exceed 10% of the total issued and outstanding CanAsia Shares.
4. *One Participant (Awards in 12 Months)*. The aggregate number of CanAsia Shares underlying or relating to Awards granted in a 12 month period to any one Participant (other than a consultant or an investor relations service provider) under (a) the Equity Incentive Plan; and (b) all of CanAsia's other security based compensation arrangements involving the issuance of CanAsia Shares from treasury cannot exceed 5% of the total issued and outstanding CanAsia Shares.
5. *One Consultant (Awards in 12 Months)*. The aggregate number of CanAsia Shares underlying or relating to Awards granted in a 12 month period to any one consultant under (a) the Equity Incentive Plan; and (b) all of CanAsia's other security based compensation arrangements involving the issuance of CanAsia Shares from treasury cannot exceed 2% of the total issued and outstanding CanAsia Shares.
6. *Investor Relations Service Providers (Option Awards in 12 Months)*. Investor relations service providers may only be granted Options. The aggregate number of CanAsia Shares underlying or relating to Options granted in a 12 month period to investor relations service providers (as a group) under (a) the Equity Incentive Plan; and (b) all of CanAsia's other security based compensation arrangements involving the issuance of CanAsia Shares from treasury cannot exceed 2% of the total issued and outstanding CanAsia Shares.

Any increase in the number of issued and outstanding CanAsia Shares will result in an increase in the available number of Awards issuable under the Equity Incentive Plan. Any CanAsia Shares issued upon the exercise, vesting or settlement of Awards under the Equity Incentive Plan will allow for corresponding additional grants of Awards under the Equity Incentive Plan. If the right to receive CanAsia Shares covered by an Award granted under the Equity Incentive Plan or to which such an Award relates (a) lapses, expires, or terminates, (b) is surrendered, forfeited or otherwise terminated, or (c) is canceled without the delivery of CanAsia Shares or other consideration, such CanAsia Shares will be, or will become, available for granting Awards under the Equity Incentive Plan.

Types of Awards, Eligibility and Terms of Awards

Awards in the form of Options, Share Appreciation Rights, Restricted Share Units and Deferred Share Units may be granted to employees, officers, directors and consultants of CanAsia and its affiliates (provided that Deferred Share Units can only be granted to employees, officers and directors).

Subject to the limitations in the Equity Incentive Plan, when granting Awards, the Committee (as defined in the CanAsia Equity Incentive Plan) has the authority to fix the terms and conditions of the Awards. Those terms and conditions include the exercise price of Options, the base amount of Share Appreciation Rights, vesting conditions and criteria of Awards, the form and method of payout, the expiry of the Awards and any other terms or conditions as the Committee deems appropriate. The terms and conditions fixed by the Committee for granted Awards will be set out in individual Award agreements.

The Committee may fix vesting criteria for Options, Share Appreciation Rights or Restricted Share Units (but not Deferred Share Units) based on the performance of CanAsia or an affiliate (in which case, those Awards will be referred to as "Performance Options", "Performance Share Appreciation Rights" or "Performance Restricted Share Units", respectively).

In the Equity Incentive Plan, "**Fair Market Value**" with respect to CanAsia Shares means, as determined by CanAsia and, if applicable, acceptable to the TSXV, (a) the closing market price for CanAsia Shares on the TSXV on the relevant date or (b) the volume weighted average trading price for CanAsia Shares on the TSXV for the five trading days on which the CanAsia Shares traded immediately preceding the relevant date.

Subject to certain restrictions, Awards may be settled in authorized and unissued CanAsia Shares, outstanding CanAsia Shares acquired on the open market by an independent broker, or cash (or a combination thereof).

Options

An Option (as defined in the CanAsia Equity Incentive Plan) represents a right to purchase a CanAsia Share at a purchase price determined by the Committee at the date of grant. The purchase price (referred to as the "exercise price") must not be less than Fair Market Value as at the date of grant. The CanAsia Board may permit, at any time before the exercise of an Option, that the Option may be exercised on a "cashless exercise", "net exercise" or other basis, as permitted by the TSXV.

The Option's term must not exceed a period of five years from the date of grant, unless the Option would expire during a blackout period imposed by CanAsia under its policies, in which case the Option's expiry date will be automatically extended to the date that is ten business days after the last day of the blackout period.

Share Appreciation Rights

A Share Appreciation Right (as defined in the CanAsia Equity Incentive Plan) represents a right to a payment of cash or CanAsia Shares (or a combination of both) equal to the Fair Market Value of a CanAsia Share on the date the Share Appreciation Right is settled less the base amount of the Share Appreciation Right, subject to deduction of applicable withholding taxes.

The base amount of a Share Appreciation Right set by the Committee must not be less than the Fair Market Value of a CanAsia Share on the date of grant.

A Share Appreciation Right will expire on the earlier of: (a) December 15th of the calendar year in which the Share Appreciation Right vested; and (b) the fifth anniversary of the date the Share Appreciation Right was granted. If the date on which a Share Appreciation Right is to expire occurs during a blackout period, then the expiry date will be the earlier of: (a) ten business days after the last day of such blackout period; and (b) December 15th of the calendar year in which the Share Appreciation Right vests, and the Share Appreciation Right will be deemed to have been settled on that date.

Restricted Share Units

A Restricted Share Unit (as defined in the CanAsia Equity Incentive Plan) represents a right to receive, on the vesting date, a cash payment equal to the Fair Market Value of one CanAsia Share or a CanAsia Share (or a combination of both), subject to deduction of any applicable withholding taxes.

Restricted Share Units will be paid out as soon as practicable following the date on which the Restricted Share Units vest. The payment date must be no later than December 15th of the third year following the end of the "Restricted Share Unit Service Year". (The Restricted Share Unit Service Year will be specified by the Committee at the time of granting the Restricted Share Unit and may be the current or immediately preceding calendar year.)

Deferred Share Units

Deferred Share Units (as defined in the CanAsia Equity Incentive Plan) have all of the rights and restrictions that may be applicable to Restricted Share Units except that the Deferred Share Units may not be redeemed until the Participant has ceased to hold all offices, employment and directorships with CanAsia and its affiliates (as interpreted under the *Income Tax Act* (Canada)).

No payment may be made in respect of a Deferred Share Unit until after the Participant ceases to be an employee, officer or director of CanAsia or any affiliate, unless the Participant dies before then (referred to as the "triggering event"). All payments must be made no later than December 15th of the year commencing immediately after the occurrence of a triggering event.

On the redemption date, the Deferred Share Units will be redeemed and the Fair Market Value, which is determined as of the triggering event, will be paid in cash or CanAsia Shares (or a combination of both), subject to deduction of any applicable withholding taxes.

Subject to such rules and conditions as the Committee may impose, a Participant may elect, irrevocably, no later than December 15th of the calendar year preceding the year in which the election is to be effective, to have all or a portion of his ordinary cash compensation to be paid for services to be performed in the calendar year following the date of the election satisfied by way of Deferred Share Units.

Early Termination of Awards

Death or Disability

Upon the death or long-term disability of a Participant who is an employee, officer or director, (a) unvested Awards will become vested Awards, (b) vested Options and vested Share Appreciation Rights will remain exercisable for 12 months, unless they expire before then, and (c) vested Restricted Share Units and Deferred Share Units will be paid out.

Termination for Cause

If a Participant's employment is terminated for cause, (a) unvested Awards will terminate, (b) vested Options and vested Share Appreciation Rights will remain exercisable for 90 days, unless they expire before then, and (c) vested Restricted Share Units and Deferred Share Units will be paid out.

Termination Without Cause

If a Participant's employment is terminated without cause, (a) unvested Awards will, subject to CanAsia Board discretion or the terms of the Participant's employment agreement, become vested Awards or terminate, (b) vested Options and vested Share Appreciation Rights will remain exercisable for 90 days, unless they expire before then, and (c) vested Restricted Share Units and Deferred Share Units will be paid out.

Voluntary Resignation or Retirement or Termination of Consulting Agreement

If a Participant resigns or retires voluntarily or ceases to be a consultant to CanAsia or an affiliate, (a) unvested Awards will terminate, (b) vested Options and vested Share Appreciation Rights will remain exercisable for 90 days, unless they expire before then, and (c) vested Restricted Share Units and Deferred Share Units will be paid out.

Non-employee Directors

If a non-employee director fails to be re-elected, then such event will be treated as a "termination without cause". If a non-employee director voluntarily chooses to not stand for re-election, then such event will be treated as a "voluntary resignation".

Amendments

The CanAsia Equity Incentive Plan specifies that CanAsia Shareholder approval is required for any amendments to the Equity Incentive Plan or any Award that would:

1. change the persons eligible to be granted Awards;
2. change the maximum percentage of CanAsia Shares that may be reserved under the Equity Incentive Plan for issuance pursuant to Awards;
3. change the limits under the Equity Incentive Plan on the number of Awards that may be granted to any one person or any category of persons;
4. change the method for determining the Option exercise price or Share Appreciation Right base amount (if the Share Appreciation Right is or may be payable in CanAsia Shares);
5. change the maximum term of Awards;
6. change the expiry and termination provisions applicable to Awards;
7. reduce the Option exercise price or Share Appreciation Right base amount (if the Share Appreciation Right is or may be payable in CanAsia Shares) of (a) any Award held by an insider or (b) any Award held by a non-insider if less than six months have elapsed since the later of the Award grant date and the last such amendment;
8. change any method or formula for calculating prices, values or amounts under the Equity Incentive Plan that may result in a benefit to a Participant; or
9. amend the Equity Incentive Plan's amending provision.

Subject to the above, the CanAsia Board may, without shareholder approval, amend, alter, suspend, discontinue, cancel or terminate the Equity Incentive Plan or any Awards granted under the Equity Incentive Plan, provided that no amendment, alternation, suspension, discontinuation, cancellation or termination would, without the consent of the holder, materially impair the rights of any Participant under any Award previously granted.

Proposed Changes of Control

If a change of control of CanAsia is proposed, the CanAsia Board may (subject to any written employment, consultancy or engagement agreements), determine the treatment of outstanding Awards, including whether to accelerate vesting of Awards under the Equity Incentive Plan. The Equity Incentive Plan defines "change of control" to mean the occurrence of any of the following events:

1. the acquisition by any person, or any persons acting jointly or in concert, whether directly or indirectly, of voting securities of CanAsia which, together with all other voting securities of CanAsia held by such persons, constitutes, in the aggregate, more than 30% of all outstanding voting securities of CanAsia;
2. an amalgamation, arrangement or other form of business combination of CanAsia with another corporation which results in the holders of voting securities of that other corporation holding, in the aggregate, more than 50% of all outstanding voting securities of the corporation resulting from the business combination;
3. a sale, disposition, lease or exchange to or with another person or persons (other than an Affiliate) of property of CanAsia representing 50% or more of the net book value of the assets of CanAsia, determined as of the date of the most recently published audited annual or unaudited quarterly interim financial statements of CanAsia;
4. a change in the composition of the Board over any twelve month period such that more than 50% of the persons who were directors of CanAsia at the beginning of the period are no longer directors at the end of the period, unless such change is a consequence of normal attrition; or
5. any other event which in the opinion of the Board constitutes a change of control of CanAsia.

Shareholder Approval.

In order for the CanAsia Equity Incentive Plan to be effective, the CanAsia Equity Incentive Plan Resolution must be passed as an ordinary resolution by a majority of the votes cast by Pan Orient Shareholders. The text of the CanAsia Equity Incentive Plan Resolution is set forth at Appendix G.

The Board of Directors unanimously recommends that Shareholders vote FOR the CanAsia Equity Incentive Plan Resolution. In the absence of a contrary instruction, the person(s) designated by management of Pan Orient in the enclosed form of proxy intend to vote FOR the approval of the CanAsia Equity Incentive Plan Resolution.

OTHER BUSINESS

As of the date of this Circular, the directors and management of Pan Orient are not aware of any matter to come before the Meeting other than those matters specifically identified in the accompanying notice of the Meeting. However, if such other matters properly come before the Meeting or any adjournment thereof, the persons designated in the accompanying form of proxy will vote thereon in accordance with their judgment pursuant to the discretionary authority conferred by the proxy with respect to such matters.

INFORMATION CONCERNING THE PARTIES TO THE ARRANGEMENT

DIALOG GROUP BERHAD

The Purchaser under the Arrangement Agreement is 2432707 Alberta Ltd., a newly incorporated wholly-owned subsidiary of DIALOG, which is in turn a subsidiary of DIALOG Group.

Headquartered in Kuala Lumpur, DIALOG Group is a leading integrated technical service provider to the energy sector, in Malaysia and internationally, with a staff strength of 2,500. DIALOG Group's global footprint includes offices and facilities in Malaysia, Singapore, Thailand, Indonesia, Philippines, China, Australia, New Zealand, Saudi Arabia and United Arab Emirates and its shares are listed on the Main Market of Bursa Malaysia with a market capitalization of approximately Malaysian Ringgit 14 billion (May 2022), which is equivalent to approximately CAD \$4.04 billion based on the exchange rate of Malaysian Ringgit to Canadian dollars in effect on May 31, 2022.

PAN ORIENT ENERGY CORP.

Pan Orient is a corporation incorporated under the ABCA. The principal business office of Pan Orient is located at Suite 1505, 505 – 3rd Street SW, Calgary, Alberta, T2P 3E6 Canada and the registered office of Pan Orient is located at 4500 Bankers Hall East, 855 – 2nd Street SW, Calgary, Alberta, T2P 4K7 Canada.

Pan Orient is a junior oil and natural gas company based in Calgary, Alberta, with two primary areas of focus: (i) exploration and development in Asia, specifically Thailand, being the Thailand Business, with discontinued operations, effective January 1, 2020, in Indonesia, and (ii) development of an oil sands project in Sawn Lake in northern Alberta, through its 71.8% interest in Andora.

Pan Orient is a reporting issuer under the securities legislation of British Columbia, Alberta, Saskatchewan and Québec. Pan Orient's Shares are listed on the TSXV under the trading symbol "POE".

See *Appendix E – Information Concerning Pan Orient Energy Corp.*

CANASIA ENERGY CORP.

CanAsia is a corporation incorporated under the ABCA. The principal business office of CanAsia is located at Suite 1505, 505 – 3rd Street SW, Calgary, Alberta, T2P 3E6 Canada and the registered office of CanAsia is located at 4500 Bankers Hall East, 855 – 2nd Street SW, Calgary, Alberta, T2P 4K7 Canada.

CanAsia was incorporated on May 27, 2022 for the sole purpose of participating in the Arrangement and has not carried on any active business other than in connection with the Arrangement and related matters.

As at the date of this Circular, CanAsia is a wholly-owned subsidiary of Pan Orient, and Pan Orient owns the one issued and outstanding CanAsia Share. CanAsia does not have any subsidiaries.

See *Appendix F – Information Concerning CanAsia Energy Corp.*

OTHER MATTERS

Trading in Pan Orient Shares

The following table sets forth the volume of trading and price range of Pan Orient Shares for 2021 and 2022.

2021	Trading Volume	Trading Price Per Share (\$)	
		High	Low
January	688	0.90	0.79
February	778	0.87	0.78
March	785	0.95	0.81
April	165	0.90	0.79
May	725	0.92	0.82
June	258	1.08	0.90
July	243	1.12	0.95
August	194	1.07	0.92
September	80	1.03	0.88
October	458	1.30	1.00
November	157	1.29	1.15
December	169	1.30	1.04

2022	Trading Volume	Trading Price Per Share (\$)	
		High	Low
January	585	1.33	1.17
February (before \$0.40 Special Distribution February 10) ⁽¹⁾	285	1.32	1.26
February (after \$0.40 Special Distribution February 10) ⁽¹⁾	542	1.13	0.88
March	616	1.05	0.88
April	536	1.01	0.96
May	201	0.99	0.89
June ⁽²⁾	4,158	1.14	0.96
July 1 – July 20	205	1.13	1.11

Notes:

- (1) Pan Orient announced on January 18, 2022 a \$0.40 per Share return of capital to holders of record of Pan Orient Shares on February 2, 2022 payable on February 10, 2022.
- (2) Pan Orient announced on June 6, 2022 that it intended to pursue the Arrangement. The closing price of Pan Orient's Shares on June 3, 2022, the most recent date on which the Shares traded before the announcement, was \$0.99.

Ownership of Pan Orient Securities by Directors, Officers and Insider

The following table sets forth the number, designation and the percentage of the outstanding securities of Pan Orient beneficially owned or over which control or direction is exercised (a) by each director and officer of Pan Orient; and (b) known after reasonable enquiry, by (i) each associate or affiliate of an insider of Pan Orient; (ii) each associate or affiliate of Pan Orient; (iii) an insider of Pan Orient, other than a director or officer of Pan Orient; and (iv) each person acting jointly or in concert with Pan Orient.

Name	Relationship to Pan Orient	Shares ⁽¹⁾		Options ⁽²⁾		RSUs ⁽³⁾	
Jeff Chisholm ⁽⁴⁾	Chief Executive Officer	1,795,500	3.61%	870,000	30.37%	90,000	26.47%
Richard Alexander	Director	250,000	0.50%	250,000	8.73%	40,000	11.76%
Michael Hibberd	Director	420,000	0.84%	245,000	8.55%	40,000	11.76%
Gerald Macey ⁽⁵⁾	Director	1,438,800	2.89%	280,000	9.77%	40,000	11.76%
Cameron Taylor ⁽⁶⁾	Director	411,767	0.83%	245,000	8.55%	40,000	11.76%
William Ostlund ⁽⁷⁾	Vice President Finance & Chief Financial Officer	38,000	0.08%	725,000	25.31%	56,666	16.67%
Marcel Nunes ⁽⁸⁾	Accounting Manager	0	0.00%	150,000	5.24%	16,666	4.90%
Chatchai Yenbamroong ⁽⁹⁾	Insider	6,208,100	12.47%	0	0.00%	0	0.00%
Total:		10,562,167	21.22%	2,765,000	96.51%	323,332	95.10%

Notes:

- (1) Pan Orient has 49,793,907 Shares issued and outstanding.
- (2) Pan Orient has outstanding Options to purchase 2,865,000 Shares, comprised of 1,500,000 Options exercisable at \$0.69 and expiring on February 7, 2023 and 1,365,000 Options exercisable at \$1.50 and expiring on March 19, 2024. Each director and officer has entered into an Option Surrender Agreement to elect to transfer and surrender to Pan Orient his Options pursuant to the Plan of Arrangement for cancellation in consideration of a cash payment equal to (in effect) the in-the-money value of the Options or for no cash consideration for out-of-the-money Options, less withholding taxes. See *"The Arrangement – Effecting the Arrangement – Plan of Arrangement Steps"*.
- (3) Pan Orient has outstanding 339,998 RSUs with a vesting date of November 19, 2022. Each RSU represents the right to receive a payment in cash equal to the fair market value of a Share, its equivalent paid in Shares acquired on the open market or a combination of cash and Shares. Pursuant the Long-Term Incentive Plan, the vesting of all outstanding RSUs will be accelerated immediately before the effective time of the Arrangement and an amount equal to the fair market value of the Shares underlying those RSUs will be paid in cash to holders of the RSUs.
- (4) Mr. Chisholm is also the President and a director of Pan Orient. An associate of Mr. Chisholm owns 443,100 Pan Orient Shares. Mr. Chisholm does not beneficially own or exercise control or direction over those Shares.
- (5) An associate of Mr. Macey owns 20,000 Pan Orient Shares. Mr. Macey does not beneficially own or exercise control or direction over those Shares.
- (6) Associates of Mr. Taylor own an aggregate of 18,000 Pan Orient Shares. Mr. Taylor does not beneficially own or exercise control or direction over those Shares.
- (7) Mr. Ostlund is also the Vice President Finance and Corporate Secretary of Pan Orient.
- (8) Mr. Nunes will be the Vice President Finance, Chief Financial Officer and Corporate Secretary of CanAsia on completion of the Arrangement.
- (9) Mr. Yenbamroong's Shares are held through Gulf Overseas Investment Trading Corporation. See *"Proxy Solicitation Matters – Principal Holders of Voting Shares"*.
- (10) Each of the directors and officers of Pan Orient, each Optionholder and Mr. Yenbamroong, as listed in the table above, has entered into a Support Agreement to vote Pan Orient Shares beneficially owned or controlled by them in favor of the Arrangement and to otherwise support the Arrangement and other related matters to be considered at the Meeting. See *"The Arrangement – Effecting the Arrangement – Support Agreements"*.

Benefits from the Arrangement to Directors, Officers and Insider

If the Arrangement is approved by Shareholders and is completed, the Pan Orient directors, officers, employee and insider named in the table immediately above who own Pan Orient Shares, and their associates who own Pan Orient Shares, will be entitled to receive the Consideration, consisting of a cash payment of USD \$0.788 and one CanAsia Share, for each Pan Orient Share owned by them.

Each director and officer has entered into an Option Surrender Agreement to elect to transfer and surrender to Pan Orient his options pursuant to the Plan of Arrangement for cancellation in consideration of a cash payment equal to (in effect) the in-the-money value of the options or for no cash consideration for out-of-the-money options, less withholding taxes. The actual amounts of those payments will not be known until the Effective Date of the Arrangement.

Each director and officer holds RSUs, the vesting of which (and of all other outstanding RSUs) will, pursuant to the Long-Term Incentive Plan, be accelerated immediately before the effective time of the Arrangement and an amount equal to the fair market value of the Pan Orient Shares underlying those RSUs will be paid to holders of the RSUs. The actual amounts of those payments will not be known until the Effective Date of the Arrangement.

Completion of the Arrangement will be a "change of control" under the employment agreements of Jeff Chisholm (Pan Orient's President and Chief Executive Officer), William Ostlund (Pan Orient's Vice President Finance and Chief Financial Officer) and Marcel Nunes (Pan Orient's Accounting Manager) and will result in constructive dismissal of their employment. They will be entitled to a termination payment of \$1,247,400 for Mr. Chisholm, \$837,855 for Mr. Ostlund and \$159,700 for Mr. Nunes. For further information regarding the payments to Messrs. Chisholm and Ostlund, see *"Executive Compensation – Executive Employment Agreements"* in Appendix E – Information Concerning Pan Orient Energy Corp.

In connection with the Arrangement, each of directors of Pan Orient has been appointed a director of CanAsia, and at the Effective Time, it is expected that Jeff Chisholm will be the President & Chief Executive Officer and Marcel Nunes will be the Vice President Finance, Chief Financial Officer & Corporate Secretary of CanAsia, and will also be appointed as the President & Chief Executive Officer of Andora and as the Vice President Finance & Chief Financial Officer of Andora, respectively, which services will be provided under a management services agreement between CanAsia and Andora. For further information, see *Appendix F – Information Concerning CanAsia Energy Corp.*

Previous Purchases and Sales

Pan Orient purchased the following securities during the twelve months preceding the date of this Circular:

1. An aggregate of 87,100 Shares were purchased pursuant to Pan Orient's normal course issuer bid. Purchases were made on July 6, 8 and 12, 2021 at an average price of \$1.09 per Share.
2. 260,000 RSUs vested on November 14, 2021 and the holders (directors, officers, an employee and a consultant) were paid an aggregate of \$319,800 based on the \$1.23 fair market value of each RSU calculated in accordance with the Long-Term Incentive Plan.
3. 340,001 RSUs vested on November 19, 2021 and the holders (directors, officers, an employee and a consultant) were paid an aggregate of \$414,801.22 based on the \$1.22 fair market value of each RSU calculated in accordance with the Long-Term Incentive Plan.
4. 260,000 RSUs vested on May 14, 2022 and the holders (directors, officers, an employee and a consultant) were paid an aggregate of \$247,000 based on the \$0.95 fair market value of each RSU calculated in accordance with the Long-Term Incentive Plan.

No securities of Pan Orient have been sold by Pan Orient during the twelve months preceding the date of this Circular.

Previous Distributions

There were two distributions of Pan Orient Shares during the five years preceding the date of this Circular, as follows:

1. On June 20, 2017, 15,000 Shares were issued on exercise of options by an employee, at an exercise price of \$1.43 per Share.
2. On July 12, 2019, 250,000 Shares were issued on exercise of options by a director, at an exercise price of \$0.89 per Share.

Dividend Policy

There are no restrictions on Pan Orient's ability to pay dividends. Pan Orient has no formal dividend policy. During the two years preceding the date of this Circular, a special distribution of \$0.40 per Pan Orient Share was paid as a return of capital on February 10, 2022 to Shareholders of record on February 2, 2022. Pan Orient has no plan or intention to declare any other dividends or to adopt a formal dividend policy.

Expenses of the Arrangement

Expenses incurred or to be incurred in connection with the Arrangements are expected to total approximately \$1,400,000, comprised of a finder's fee payable to Moyes & Co., a fairness opinion fee payable to Research Capital, costs of printing this Circular and other materials sent to Shareholders, fees and expenses of Pan Orient's registrar, transfer agent and the Depositary, legal fees, newswire expenses, TSXV filing fees and other matters. Those amounts will, in effect, be paid by CanAsia from the approximately CAD \$7.1 million in working capital and long-term deposits being transferred from Pan Orient to CanAsia pursuant to the Separation Agreement.

In addition, as described above in *"Benefits from the Arrangement to Directors, Officers and Insider"*, cash payments will be made for the surrender of Options and vesting of RSUs, and two officers and an employee of Pan Orient will be entitled to termination payments under their employment agreements.

Interest of Certain Persons in Matters to be Acted Upon

Other than as set out in this Circular, management of Pan Orient is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or officer of Pan Orient since the beginning of Pan Orient's last financial year, or of any associate or affiliate of any of the foregoing, in any matter to be acted on at the Meeting.

Interest of Informed Persons in Material Transactions

Other than as set out in this Circular, no informed person, no director of Pan Orient and no associate or affiliate of any informed person or director has any material interest, direct or indirect, in any material transaction since the commencement of Pan Orient's most recently completed fiscal year or in any proposed transaction which has materially affected or would materially affect Pan Orient or any of its subsidiaries.

Other Material Facts

There are no other material facts concerning Pan Orient Shares or Pan Orient's other securities that have not previously been generally disclosed. There is no other matter not disclosed in this Circular that has not previously been generally disclosed, is known to Pan Orient, and that would reasonably be expected to affect the decision of a holder of Pan Orient Shares to vote for or against the Arrangement.

Experts

Certain legal matters relating to the Arrangement will be passed upon by Bennett Jones LLP. As at the date hereof, the partners and associates of Bennett Jones LLP who participated in or were in a position to directly influence the preparation of the opinions of that firm (as a group), beneficially own, directly or indirectly, less than 1% of the outstanding Pan Orient Shares, and each own less than 1% of the outstanding securities of any associate or affiliate of Pan Orient.

As at the date hereof, the principals of Sproule, independent engineering consultants to POES, a subsidiary of Pan Orient, and Andora, do not beneficially own, directly or indirectly, any of the outstanding Pan Orient Shares or common shares of Andora.

KPMG LLP has advised they are independent with respect to Pan Orient and CanAsia within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

No person or company whose profession or business gives authority to a report, valuation, statement or opinion made by such person or company and who is named in this Circular as having prepared or certified a part of this Circular, or a report, valuation, statement or opinion described in this Circular, has received or shall receive a direct or indirect interest in any securities or other property of Pan Orient, CanAsia or any associate or affiliate of Pan Orient or CanAsia.

ADDITIONAL INFORMATION

Additional information relating to Pan Orient is available through Pan Orient's issuer profile on the SEDAR website at www.sedar.com. Financial information concerning Pan Orient is provided in its financial statements for the year ended December 31, 2021, along with the accompanying management's discussion and analysis, all of which can be accessed on SEDAR and is included in *Appendix E – Information Concerning Pan Orient Energy Corp.*

QUESTIONS AND OTHER ASSISTANCE

If you are a Shareholder and you have any questions about the information contained in this Circular, please contact William D. Ostlund, Vice President Finance, Chief Financial Officer and Corporate Secretary of Pan Orient, at (403) 294-1770 ext. 233. If you require assistance in completing your form of proxy, please contact Computershare Trust Company of Canada at (514) 982-7255 or toll free (within North America) at 1-800-564-6253.

APPROVAL BY DIRECTORS

This Circular and its delivery to Pan Orient Shareholders have been approved and authorized by the Board of Directors.

APPENDIX A – ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the "**Arrangement**") under Section 193 of the Business Corporations Act (Alberta) (the "**ABCA**") of Pan Orient Energy Corp. ("**Pan Orient**"), as more particularly described and set forth in the management information circular (the "**Circular**") dated July 20, 2022 of Pan Orient accompanying the notice of this meeting (as the Arrangement may be amended, modified or supplemented in accordance with the arrangement agreement (the "**Arrangement Agreement**") made as of June 6, 2022 between Pan Orient, Dialog Systems (Asia) Pte Ltd., 2432707 Alberta Ltd. and CanAsia Energy Corp.), is hereby authorized, approved and adopted.
2. The plan of arrangement of Pan Orient (as it has been or may be amended, modified or supplemented in accordance with the Arrangement Agreement and its terms) (the "**Plan of Arrangement**"), the full text of which is set forth in Schedule A to the Arrangement Agreement, is hereby authorized, approved and adopted.
3. The: (i) Arrangement Agreement and related transactions; (ii) actions of the directors of Pan Orient in approving the Arrangement and the Arrangement Agreement; and (iii) actions of the directors and officers of Pan Orient in executing and delivering the Arrangement Agreement, and any amendments, modifications or supplements thereto, are hereby ratified and approved.
4. Notwithstanding that these resolutions have been passed (and the Arrangement adopted) by the securityholders of Pan Orient or that the Arrangement has been approved by the Court of Queen's Bench of Alberta, the directors of Pan Orient are hereby authorized and empowered to, without notice to or approval of the shareholders or optionholders of Pan Orient: (i) amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement; and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and related transactions.
5. Any officer or director of Pan Orient is hereby authorized and directed for and on behalf of Pan Orient to execute or cause to be executed and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such Person determines may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.

APPENDIX B - INTERIM ORDER

Court File Number 2201 - 08273

COM
July 20 2022

Court COURT OF QUEEN'S BENCH OF ALBERTA

Judicial Centre CALGARY

Matter IN THE MATTER OF SECTION 193 OF THE *BUSINESS CORPORATIONS ACT*, RSA 2000, c B-9, AS AMENDED



AND IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING PAN ORIENT ENERGY CORP., ITS SHAREHOLDERS, CANASIA ENERGY CORP. AND 2432707 ALBERTA LTD.

Applicant Pan Orient Energy Corp.

Respondent Not Applicable

Document **INTERIM ORDER**

Address for Service and Contact Information of Party Filing this Document **BENNETT JONES LLP**
Suite 4500 Bankers Hall East
855 – 2nd Street SW
Attention: Michael P. Theroux / Victoria Rudolf
Telephone: 403-298-4438 / 3465
Facsimile: 403-265-7219
Email: therouxm@bennettjones.com / rudolfv@bennettjones.com
File Number: 67713-18

DATE ON WHICH ORDER WAS PRONOUNCED: JULY 20, 2022

NAME OF JUDGE WHO MADE THIS ORDER: JUSTICE DOUGLAS R. MAH

LOCATION OF HEARING: EDMONTON

UPON the Originating Application (the "**Originating Application**") of Pan Orient Energy Corp. (the "**Applicant**");

AND UPON reading the Originating Application, the Affidavit of William D. Ostlund, sworn on July 19, 2022 (the "**Affidavit**") and the documents referred to therein;

AND UPON being advised that notice of the Originating Application has been given to the Registrar (the "**Registrar**") appointed under section 263 of the *Business Corporations Act*, RSA 2000, c B-9, as amended (the "**ABCA**");

AND UPON hearing counsel for the Applicant;

FOR THE PURPOSES OF THIS ORDER:

- (a) the capitalized terms not defined in this Order (the "**Order**") shall have the meanings attributed to them in the draft management information circular of the Applicant (the "**Information Circular**") which is attached as Exhibit 1 to the Affidavit; and
- (b) all references to "Arrangement" used herein mean the arrangement as set forth in the plan of arrangement attached as Schedule A to the arrangement agreement dated June 6, 2022 (the "**Arrangement Agreement**") between the Applicant, CanAsia Energy Corp. ("**CanAsia**") and 2432707 Alberta Ltd. (the "**Purchaser**"), a subsidiary of DIALOG Systems (ASIA) PTE Ltd. ("**DIALOG**"), which Arrangement Agreement is attached as Appendix C to the Information Circular.

IT IS HEREBY ORDERED THAT:

General

1. The Applicant shall seek approval of the Arrangement as described in the Information Circular by the Shareholders in the manner set forth below.

The Meeting

2. The Applicant shall call and conduct a special meeting (the "**Meeting**") of the Shareholders on or about August 23, 2022, to be held in person in Calgary, Alberta. At the Meeting, the Shareholders will consider and vote upon (a) a special resolution to approve the Arrangement substantially in the form attached as Appendix A to the Information Circular (the "**Arrangement Resolution**") (b) an ordinary resolution to approve the proposed equity incentive plan of CanAsia; and (c) such other business as may properly be brought before the Meeting or any adjournment or postponement thereof, all as more particularly described in the Information Circular.
3. A quorum at the Meeting shall be two persons present in person, each being a Shareholder entitled to vote or a duly appointed proxyholder or representative for an absent Shareholder entitled to vote, and together holding or representing by proxy not less than 5% of the issued and outstanding common shares of Pan Orient (together, the

"Shares", and each individually, a **"Share"**) entitled to vote at the Meeting.

4. If within 30 minutes from the time appointed for the Meeting, a quorum is not present, the Meeting shall stand adjourned to a date not less than two (2) and not more than 30 days later, as may be determined by the Chair of the Meeting. No notice of the adjourned meeting shall be required and, if at such adjourned meeting a quorum is not present, the holders of Shares (the **"Shareholders"**) present at the adjourned Meeting in person or represented by proxy shall constitute a quorum for all purposes.
5. Each Share entitled to be voted at the Meeting will entitle the holder thereof to one vote at the Meeting in respect of the Arrangement Resolution and any other matters to be considered at the Meeting.
6. The record date for the Shareholders entitled to receive notice of and vote at the Meeting shall be July 6, 2022 (the **"Record Date"**). Only Shareholders whose names have been entered on the register of Shareholders as at the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting, provided that, to the extent a Shareholder transfers the ownership of any Shares after the Record Date and the transferee of those Shares produces properly endorsed Share certificates or otherwise establishes ownership of such Shares and demands, not later than 10 days before the Meeting, to be included on the list of Shareholders entitled to vote at the Meeting, such transferee will be entitled to vote those Shares at the Meeting.
7. The Meeting shall be called, held and conducted in accordance with the applicable provisions of the *Business Corporations Act*, RSA 2000, c B-9, as amended (the **"ABCA"**), the articles and by-laws of the Applicant in effect at the relevant time, the Information Circular, the rulings and directions of the Chair of the Meeting, this Order and any further Order of this Court. To the extent that there is any inconsistency or discrepancy between this Order and the ABCA or the articles or by-laws of the Applicant, the terms of this Order shall govern.

Conduct of the Meeting

8. The only persons entitled to attend the Meeting shall be the Shareholders or their authorized proxy holders, the Applicant's directors and officers and its auditors, the Applicant's legal counsel, representatives and legal counsel of other parties to the

Arrangement and such other persons who may be permitted to attend by the Chair of the Meeting.

9. The number of votes required to pass the Arrangement Resolution shall be:
 - (a) not less than two-thirds of the votes cast by the Shareholders present in person or represented by proxy at the Meeting; and
 - (b) a simple majority of the votes cast by Securityholders present in person or represented by proxy at the Meeting after excluding the votes cast by those persons whose votes are required to be excluded in accordance with Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.
10. To be valid, a proxy must be deposited with Computershare Trust Company of Canada in the manner described in the Information Circular.
11. The accidental omission to give notice of the Meeting or the non-receipt of the notice shall not invalidate any resolution passed or proceedings taken at the Meeting.
12. Subject to paragraph 4 of this Order, the Applicant is authorized to adjourn or postpone the Meeting on one or more occasions (whether or not a quorum is present, if applicable) and for such period or periods of time as the Applicant deems advisable, without the necessity of first convening the Meeting or first obtaining any vote of the Shareholders in respect of the adjournment or postponement. Notice of such adjournment or postponement may be given by such method as the Applicant determines appropriate in the circumstances. If the Meeting is adjourned or postponed in accordance with this Order, the references to the Meeting in this Order shall be deemed to be the Meeting as adjourned or postponed, as the context allows.

Amendments to the Arrangement

13. Each of the Applicant, CanAsia, DIALOG and the Purchaser are authorized to make such amendments, revisions or supplements to the Arrangement as they may together determine necessary or desirable, provided that such amendments, revisions or supplements are made in accordance with and in the manner contemplated by the Arrangement and the Arrangement Agreement. The Arrangement so amended, revised or

supplemented shall be deemed to be the Arrangement submitted to the Meeting and the subject of the Arrangement Resolution, without need to return to this Court to amend this Order.

Amendments to Meeting Materials

14. The Applicant is authorized to make such amendments, revisions or supplements ("**Additional Information**") to the Information Circular, form of proxy ("**Proxy**"), notice of the Meeting ("**Notice of Meeting**"), the form of letter of transmittal ("**Letter of Transmittal**") and notice of Originating Application ("**Notice of Originating Application**") as it may determine, and the Applicant may disclose such Additional Information, including material changes, by the method and in the time most reasonably practicable in the circumstances as determined by the Applicant. Without limiting the generality of the foregoing, if any material change or material fact arises between the date of this Order and the date of the Meeting, which change or fact, if known prior to mailing of the Information Circular, would have been disclosed in the Information Circular, then:
- (a) the Applicant shall advise the Shareholders of the material change or material fact by disseminating a news release (a "**News Release**") to the Shareholders in accordance with applicable securities laws and the policies of the TSX Venture Exchange; and
 - (b) provided that the News Release describes the applicable material change or material fact in reasonable detail, the Applicant shall not be required to (i) deliver an amendment to the Information Circular to the Shareholders or otherwise give notice to the Shareholders of the material change or material fact other than dissemination of the News Release as aforesaid; or (ii) adjourn or postpone the meeting as a result of such Additional Information or material change or material fact.

Dissent Rights

15. The registered Shareholders are, subject to the provisions of this Order and the Arrangement, accorded the right to dissent under section 191 of the ABCA with respect to the Arrangement Resolution and the right be paid the fair value of their Shares by the Applicant in respect of which such right to dissent was validly exercised.

16. In order for a registered Shareholder (a "**Dissenting Shareholder**") to exercise such right to dissent under section 191 of the ABCA:
- (a) the Dissenting Shareholder's written objection to the Arrangement Resolution must be received by the Applicant (at the address provided in para 24 herein) not later than 5:00 p.m. (Calgary time) on Friday, August 19 or 5:00 p.m. (Calgary time) on the day that is two (2) business days immediately preceding the date that any adjournment or postponement of the Meeting is reconvened or held, as the case may be;
 - (b) a vote against the Arrangement Resolution, whether in person or by proxy, shall not constitute a written objection to the Arrangement Resolution as required under paragraph 16(a) herein;
 - (c) a Dissenting Shareholder shall not have voted his, her or its Shares at the Meeting, either by proxy or in person, in favour of the Arrangement Resolution;
 - (d) a Shareholder may not exercise the right to dissent in respect of only a portion of the Shareholder's Shares, but may dissent only with respect to all of the Shares held by the Shareholder; and
 - (e) the exercise of such right to dissent must otherwise comply with the requirements of section 191 of the ABCA, as modified and supplemented by this Order and the Arrangement.
17. The fair value of the consideration to which a Dissenting Shareholder is entitled pursuant to the Arrangement shall be determined as of the close of business on the last business day before the day on which the Arrangement Resolution is approved by the Shareholders and shall be paid to the Dissenting Shareholders by the Applicant as contemplated by the Arrangement and this Order.
18. Dissenting Shareholders who validly exercise their right to dissent, as set out in paragraphs 15 and 16 above, and who:
- (a) are determined to be entitled to be paid the fair value of their Shares, shall be deemed to have transferred such Shares as of the effective time of the Arrangement (the "**Effective Time**"), without any further act or formality and free

and clear of all liens, claims and encumbrances to the Purchaser in exchange for the fair value of the Shares; or

- (b) are, for any reason (including, for clarity, any withdrawal by any Dissenting Shareholder of their dissent) determined not to be entitled to be paid the fair value for their Shares shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting Shareholder and such Shares will be deemed to be exchanged for the consideration under the Arrangement,

but in no event shall the Applicant, CanAsia, DIALOG and the Purchaser, or any other person be required to recognize such Dissenting Shareholders as holders of Shares or holders of common shares of CanAsia after the Effective Time, and the names of such Dissenting Shareholders shall be removed from the register of Shares as at the Effective Time.

- 19. Subject to further order of this Court, the rights available to Shareholders under the ABCA and the Arrangement to dissent from the Arrangement Resolution shall constitute full and sufficient dissent rights for the Shareholders with respect to the Arrangement Resolution.
- 20. Notice to the Shareholders of their right to dissent with respect to the Arrangement Resolution and to receive, subject to the provisions of the ABCA and the Arrangement, the fair value of the consideration to which a Dissenting Shareholder is entitled pursuant to the Arrangement shall be sufficiently given by including information with respect to this right as set forth in the Information Circular which is to be sent to Shareholders in accordance with paragraph 21 of this Order.

Notice

- 21. The Information Circular, substantially in the form attached as Exhibit 1 to the Affidavit, with such amendments thereto as counsel to the Applicant may determine necessary or desirable (provided such amendments are not inconsistent with the terms of this Order), and including the Notice of Meeting, the Proxy, the Letter of Transmittal, the Notice of Originating Application and this Order, together with any other communications or documents determined by the Applicant to be necessary or advisable (collectively, the "**Meeting Materials**"), shall be sent to those Shareholders who hold Shares as of the Record Date, the directors of the Applicant, and the auditors of the Applicant, and the

Registrar by one or more of the following methods:

- (a) in the case of registered Shareholders, by email, pre-paid first class or ordinary mail, by courier or by delivery in person, addressed to each such holder at his, her or its email address or mailing address, as applicable, as shown on the books and records of the Applicant as of the Record Date not later than 21 days prior to the Meeting;
 - (b) in the case of non-registered Shareholders, by providing sufficient copies of the Meeting Materials to intermediaries, in accordance with National Instrument 54-101 – *Communication With Beneficial Owners of Securities of a Reporting Issuer*;
 - (c) in the case of the directors and auditors of the Applicant, by email, pre-paid first class or ordinary mail, by courier or by delivery in person, addressed to the individual directors or firm of auditors, as applicable, not later than 21 days prior to the date of the Meeting; and
 - (d) in the case of the Registrar, by email to corp.reg@gov.ab.ca, by courier or by delivery in person, addressed to the Registrar not later than 21 days prior to the date of the Meeting;
22. Delivery of the Meeting Materials in the manner directed by this Order shall be deemed to be good and sufficient service upon the Shareholders, the directors and auditors of the Applicant, and the Registrar, of:
- (a) the Originating Application;
 - (b) this Order;
 - (c) the Notice of the Meeting; and
 - (d) the Notice of Originating Application.

Final Application

23. Subject to further order of this Court, and provided that the Shareholders have approved the Arrangement in the manner directed by this Court and the directors of the Applicant have not revoked their approval, the Applicant may proceed with an application for a final

order of the Court approving the Arrangement (the "**Final Order**") on August 24, 2022 at 10:00 a.m. (Calgary time) or so soon thereafter as counsel may be heard. Subject to the Final Order and to the issuance of the proof of filing of the articles of arrangement, the Applicant, all Shareholders, CanAsia, DIALOG, the Purchaser and all other persons affected will be bound by the Arrangement in accordance with its terms.

24. Any Shareholder or other interested party (each, an "**Interested Party**") desiring to appear and make submissions at the application for the Final Order has the right to so appear, provided that he, she or it has filed with this Court and served upon the Applicant, at or before 12:00 p.m. (Calgary time) on August 17, 2022 (or the business day that is five business days prior to the date of the application for such final order if it is not heard on August 24, 2022), a notice of intention to appear ("**Notice of Intention to Appear**") including the Interested Party's address for service (or alternatively, a facsimile number for service by facsimile or an email address for service by electronic mail), indicating whether such Interested Party intends to support or oppose the application or make submissions at the application, together with a summary of the position such Interested Party intends to advocate before the Court, and any evidence or materials which are to be presented to the Court. Service of this notice on the Applicant shall be effected by delivery to the address set forth below:

Bennett Jones LLP
Suite 4500 Bankers Hall East
855 2nd Street SW
Attention: Michael Theroux

25. In the event that the application for the Final Order is adjourned, only those parties appearing before this Court for the Final Order, and those Interested Parties serving a Notice of Intention to Appear in accordance with paragraph 24 of this Order, shall receive notice of the adjourned date.

Leave to Vary Interim Order

26. The Applicant is entitled at any time to seek leave to vary this Order upon such terms and the giving of such notice as this Court may direct.



Justice of the Court of Queen's
Bench of Alberta

APPENDIX C – ARRANGEMENT AGREEMENT

ARRANGEMENT AGREEMENT AMONG

2432707 ALBERTA LTD.

- AND -

DIALOG SYSTEMS (ASIA) PTE LTD.

- AND -

PAN ORIENT ENERGY CORP.

- AND -

CANASIA ENERGY CORP.

JUNE 6, 2022

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ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT (the "**Agreement**") dated as of June 6, 2022,

AMONG:

2432707 ALBERTA LTD., a corporation existing under the laws of the Province of Alberta,

("Purchaser")

AND:

DIALOG SYSTEMS (ASIA) PTE LTD., a corporation existing under the laws of Singapore,

("Parent")

AND:

PAN ORIENT ENERGY CORP., a corporation existing under the laws of the Province of Alberta,

("Pan Orient")

AND:

CANASIA ENERGY CORP., a corporation existing under the laws of the Province of Alberta,

("NewCo")

WHEREAS Purchaser, an indirect wholly owned Subsidiary of the Parent, desires to acquire all of the Shares;

AND WHEREAS prior to the acquisition of the Shares by Purchaser, Pan Orient wishes to undertake a reorganization pursuant to which it will transfer the Excluded Assets to its wholly-owned subsidiary, NewCo, and, as part of a reorganization of capital governed by Section 86 of the Tax Act, distribute the Share Consideration to the Shareholders;

AND WHEREAS the Parties intend to carry out the transactions contemplated herein by way of an arrangement under Section 193 of the ABCA on the terms and conditions set forth in the Plan of Arrangement (annexed hereto as Schedule A);

AND WHEREAS as an inducement to the willingness of Parent and Purchaser to enter into this Agreement, all of the directors and officers of Pan Orient, all of the Optionholders and the Supporting Shareholder, have agreed to enter into the Support Agreements which will be executed and delivered contemporaneously with the execution and delivery of this Agreement;

AND WHEREAS the board of directors of Pan Orient (the "**Board of Directors**") has unanimously determined that the Consideration to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders and that the Arrangement is in the best interests of Pan Orient, and the Board of Directors has resolved to support the Arrangement and to recommend that the Shareholders vote in favour of the Arrangement, all subject to the terms and the conditions contained herein;

THIS AGREEMENT WITNESSES THAT in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires:

"**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, and the regulations thereto, as now in effect and as it may be amended from time to time prior to the Effective Time;

"**Accounts**" means the audited financial statements of Pan Orient (on a consolidated basis), POES and the Thailand branch of POES and, management prepared financial statements of POP for the year ended December 31, 2021, together with the notes, reports, statements and other documents annexed to such financial statements;

"**Acquisition Proposal**" means, other than the transactions contemplated by this Agreement, any written or oral offer, proposal, expression of interest, or inquiry from any person or group of Persons acting jointly or in concert within the meaning of NI 62-104 (other than Parent, Purchaser or their respective Affiliates) relating to: (i) any direct or indirect sale, disposition, alliance or joint venture (or any lease, long-term supply agreement, royalty interest, farm-in, farm-out, development agreement or other arrangement having the same economic effect as a sale), in a single transaction or series of related transactions, of assets (including shares of any of the Pan Orient Entities) representing 20% or more of the Assets of the Pan Orient Entities, taken as a whole, or contributing 20% or more of the consolidated revenue, as applicable, of the Pan Orient Entities, taken as a whole; (ii) any direct or indirect take-over bid, exchange offer, tender offer or treasury issuance that, if consummated, would result in such Person or group of Persons beneficially owning 20% or more of any class of voting or equity securities of Pan Orient or any of the other Pan Orient Entities; (iii) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction involving any of the Pan Orient Entities; (iv) any other transaction, the consummation of which would or could be reasonably expected to impede, interfere with, prevent, impair or delay the transactions contemplated by this Agreement or the Arrangement or which could or would be reasonably expected to materially reduce the benefits to Parent or Purchaser under this Agreement or the Arrangement; or (v) any public announcement of an intention to do any of the foregoing;

"**Action**" means any action, charge, claim, suit, counter suit, arbitration, hearing, inquiry, proceeding, audit, review, demand, complaint, litigation or investigation, or proceeding of any nature whether administrative, civil, criminal, regulatory or otherwise, by or before any federal, state, local, foreign or international Governmental Entity or any arbitration or mediation tribunal;

"**Affiliate**" has the meaning ascribed thereto in the Securities Act;

"Agreement" means this Arrangement Agreement dated June 6, 2022 among Purchaser, Parent, Pan Orient and NewCo, including the recitals and Schedules, as it may be amended, modified or supplemented from time to time;

"Andora" means Andora Energy Corporation, a corporation existing under the ABCA;

"Anti-Bribery Laws" means all anti-bribery and anti-corruption Laws of any jurisdictions applicable to a Person, including those: (a) of the country of incorporation of such Person or its Affiliates; (b) of any country in which this Agreement, the transactions contemplated under this Agreement are to be performed; (c) of any country in which a Target Entity is incorporated or conducts business; (d) the Corruption of Foreign Public Officials Act (Canada); (e) the US Foreign Corrupt Practices Act of 1977; and (f) any other Law (including the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions) or other legally binding measure of any jurisdiction that relates to bribery or corruption (in the case of each of (a) to (f), as amended, re-enacted or replaced from time to time and the rules and regulations issued thereunder);

"Arrangement" means an arrangement under the provisions of Section 193 of the ABCA on the terms and subject to the conditions set forth in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the provisions of this Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of Pan Orient and Purchaser, each acting reasonably;

"Arrangement Resolution" means the special resolution of Shareholders approving the Plan of Arrangement to be considered at the Meeting, to be substantially in the form and content of Schedule B hereto;

"Articles of Arrangement" means the articles of arrangement in respect of the Arrangement required under Subsection 193(10) of the ABCA to be sent and filed with the Registrar after the Final Order has been granted, which shall include the Plan of Arrangement and otherwise be in form and content satisfactory to Pan Orient and Purchaser, each acting reasonably;

"Assets" means, with respect to any Person, the assets, properties, claims and rights (including goodwill) of such Person, wherever located (including in the possession of vendors or other third parties or elsewhere), whether real, personal or mixed, tangible, intangible or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of such Person;

"Assumed Liabilities" has the meaning ascribed thereto in the Separation Agreement;

"Authorization" means with respect to any Person, any order, permit, approval, consent, waiver, licence or similar authorization of any Governmental Entity having jurisdiction over the Person;

"Board of Directors" has the meaning ascribed thereto in the recitals;

"Business Day" means any day on which commercial banks are open for business in Calgary, Alberta, other than a Saturday, a Sunday or a day observed as a holiday in Calgary, Alberta, Canada;

"Canadian Securities Laws" means the Securities Act and all other applicable Canadian provincial securities laws, rules and regulations and published policies thereunder, and the rules of the TSXV applicable to companies listed thereon;

"Cash Consideration" has the meaning ascribed thereto in the Plan of Arrangement;

"Certificate of Arrangement" means the certificate or proof of filing to be issued by the Registrar pursuant to Subsection 193(12) of the ABCA in respect of the Articles of Arrangement;

"Change in Recommendation" has the meaning ascribed thereto in Section 8.1(a)(iii);

"Change of Control Payments" has the meaning ascribed thereto in paragraph (ee)(iv) of Schedule F;

"Circular" means the notice of the Meeting and accompanying management information circular of Pan Orient, including all schedules, appendices and exhibits thereto, and all information incorporated by reference therein, to be sent to, among others, the Shareholders in connection with the Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of this Agreement;

"Concession Agreement" means; (i) the Petroleum Concession No. 1/2550/77 in relation to the Exploration Block No. L53/48 in Thailand dated January 8, 2007 issued by the Ministry of Energy to Pan Orient; and (ii) the Supplementary Petroleum Concession (No. 1) to the Petroleum Concession No. 1/2550/77 dated April 11, 2013 issued by the Ministry of Energy to POES, in which POES holds a 100% working interest;

"Concession L45" means: (i) the Petroleum Concession No. 10/2551/101 in relation to the Exploration Block No. L45/50 in Thailand dated January 21, 2008 issued by the Ministry of Energy to Mitra Energy Limited; (ii) the Supplementary Petroleum Concession (No. 1) to the Petroleum Concession 10/2551/101 dated July 20, 2010 issued by the Ministry of Energy to Mitra Energy Limited; (iii) the Supplementary Petroleum Concession (No. 2) to the Petroleum Concession 10/2551/101 dated February 16, 2011 issued by the Ministry of Energy to Mitra Energy Limited; and (iv) the Supplementary Petroleum Concession (No. 3) to the Petroleum Concession 10/2551/101 dated August 5, 2013 issued by the Ministry of Energy to Mitra Energy Limited and POES, in which POES held a 60% working interest;

"Confidentiality Agreement" means the confidentiality agreement dated January 13, 2022 between Parent and Pan Orient;

"Consideration" has the meaning ascribed thereto in the Plan of Arrangement;

"Court" means the Court of Queen's Bench of Alberta;

"Data Room" means the electronic data room established by Pan Orient in connection with the transactions contemplated hereby;

"Data Room Information" means the information contained in the files, reports, data, documents and other materials relating to the Pan Orient Entities including an index of documents contained in the Data Room as provided in the Data Room as it existed at 5:00 p.m. (Calgary time) on May 24, 2022, all of which is contained on a memory stick delivered to the Purchaser, with a copy delivered to NewCo, on the date of this Agreement;

"Depository" means Computershare Trust Company of Canada, as depository, or any other bank, trust company or financial institution, as may be agreed to in writing by Pan Orient and Purchaser;

"Disclosure Letter" means the disclosure letter dated the date hereof regarding this Agreement that has been provided by Pan Orient, and acknowledged and agreed to by the Parent and Purchaser concurrently with the execution of this Agreement;

"Dissent Rights" means the rights of dissent in respect of the Arrangement described in the Plan of Arrangement and the Interim Order;

"DMF" means the Department of Mineral Fuels of the Ministry of Energy of the Kingdom of Thailand;

"Economic Sanctions" has the meaning ascribed thereto in Section (ggg) of Schedule F;

"Effective Date" means the effective date of the Arrangement, being the date shown on the Certificate of Arrangement;

"Effective Time" means the time on the Effective Date at which the Arrangement becomes effective in accordance with the ABCA;

"Environment" means the natural environment (including soil, land surface or subsurface strata), surface waters, groundwater, sediment, ambient air (including all layers of the atmosphere), organic and inorganic matter and living organisms, and any other environmental medium or natural resource and all sewer systems;

"Environmental Approvals" means all permits, certificates, licences, consents, orders, grants, instructions, registrations, directions, approvals or other authorizations issued or required by any Governmental Entity pursuant to any Environmental Law;

"Environmental Laws" means any applicable Law relating to pollution or protection of human health (including worker health and safety) or the Environment (whether statutory, common law or otherwise), or governing the handling, use, re-use, generation, treatment, storage, transportation, disposal, recycling, manufacture, distribution, formulation, packaging, labelling, Release or threatened Release of or exposure to Hazardous Materials;

"Excluded Assets" has the meaning ascribed thereto in the Separation Agreement;

"Excluded Business" has the meaning ascribed thereto in the Separation Agreement;

"Excluded Business Taxes" has the meaning ascribed thereto in Section 5.2(h);

"Excluded Entity" means NewCo, Andora, POEH and their respective Subsidiaries;

"Fairness Opinion" means the opinion of Research Capital Corporation, the financial advisor to Pan Orient, addressed to the Independent Committee of the Board of Directors, as of the date of such opinion and based upon and subject to the assumptions, limitations and qualifications set forth therein, as to the fairness, from a financial point of view, of the Consideration to be received by the Shareholders under the Arrangement;

"Final Order" means the final order of the Court approving the Arrangement pursuant to Subsection 193(9)(a) of the ABCA, in a form acceptable to each of Pan Orient and Purchaser, acting reasonably, as contemplated by this Agreement, as such order may be amended by the Court (with the consent of each of Pan Orient and Purchaser, acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to each of Pan Orient and Purchaser, acting reasonably) on appeal;

"Governmental Entity" means any: (i) supranational, multinational, federal, national, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank,

court, tribunal, arbitral body, office, Crown corporation, commission, commissioner, board, bureau or agency, domestic or foreign; (ii) subdivision, agent, agency, commission, board or authority of any of the foregoing; or (iii) quasi-governmental or private body, including any tribunal, commission, stock exchange, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, and **"Governmental Entities"** means more than one Governmental Entity;

"Government Official" means any official, employee or representative of, or any other Person acting in an official capacity for or on behalf of: (a) any Governmental Entity, including any entity owned or controlled thereby; (b) any political party or political candidate; (c) any public international organization; or (d) any candidate for political office or any Person acting on his or her behalf;

"Hazardous Materials" means any element, waste or other substance whether natural or artificial and whether consisting of gas, liquid, solid or vapour that is prohibited, listed, defined, designated or classified as dangerous, hazardous, radioactive, explosive or toxic or a pollutant or a contaminant under or pursuant to any applicable Environmental Laws, and specifically including petroleum and all derivatives thereof or synthetic substitutes therefor and asbestos or asbestos-containing materials or any substance which is deemed under Environmental Laws to be deleterious to the Environment or worker or public health and safety;

"IFRS" means International Financial Reporting Standards;

"Indebtedness" means all obligations, liabilities and indebtedness that would be classified as debt on the balance sheet of a Person (including the notes thereto) in accordance with generally accepted accounting principles and in any event including (without duplication): (a) indebtedness for borrowed money; (b) any amount raised by acceptance under any acceptance credit facility or dematerialized equivalent; (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock, or any similar instrument; (d) the amount of any liability in respect of any lease or hire purchase contract, which would, in accordance with generally accepted accounting principles, be treated as a finance or capital lease; and (e) any amount raised under any other transaction (including any forward sale or purchase, sale and sale back, or sale and leaseback agreement) having the commercial effect of a borrowing;

"Indonesian PSC" means the Production Sharing Contract made on November 13, 2008 between Badan Pelaksana Kegiatan Usaha Hulu Minyak Dan Gas Bum, a State Owned Legal Entity, established under Government Regulation No. 42/2002 with reference to Law No. 22/2001, and RPTE in respect of South CPP contract area;

"Intercompany Receivables" means indebtedness of Target Entities and Excluded Entities owing to Pan Orient, as described in the Disclosure Letter;

"Interim Order" means the interim order of the Court pursuant to Subsection 193(4) of the ABCA, in a form acceptable to Pan Orient and Purchaser, each acting reasonably, as contemplated by this Agreement providing for, among other things, the calling and holding of the Meeting, as such order may be amended by the Court (with the consent of Pan Orient and Purchaser, each acting reasonably);

"Joint Operating Agreement" means the joint operating agreement dated November 5, 2014 among POES, Sea Oil Energy Limited and POP in respect of the rights and obligations of Sea Oil Energy Limited and POP concerning POES' operations and activities under the Concession Agreement;

"KSE" means Kamphaeng Saen Energy Ltd., a company existing under the laws of Bermuda;

"KSE Shares" has the meaning set out in paragraph (j)(iv) of Schedule F hereto;

"Law" or **"Laws"** means, with respect to Canada, Singapore, Indonesia, Thailand, Malaysia, the United States, or Bermuda, all federal, national, multinational, provincial, state, municipal, regional and local laws (statutory, common or otherwise), constitutions, treaties, conventions, by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, certificates, ordinances, judgments, injunctions, determinations, awards, decrees, legally binding codes or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or licence or other similar requirement enacted, adopted, promulgated, or applied by any Governmental Entity or self-regulatory authority (including the TSXV and Bursa Malaysia), and, for greater certainty, includes Canadian Securities Laws and U.S. Securities Laws, and the term "applicable" with respect to such Laws and in a context that refers to one or more Persons, means such Laws as are binding upon or applicable to such Person or its assets;

"Leakage Amount" has the meaning ascribed thereto in the Separation Agreement;

"Liens" means any hypothecs, mortgages, liens, charges, security interests, prior claims, pledges, encroachments, options, rights of first refusal or first offer, occupancy rights, covenants, restrictions, encumbrances of any kind and adverse claims;

"Long-Term Incentive Plan" means the long-term incentive plan incentive plan of Pan Orient adopted May 12, 2020;

"Matching Period" has the meaning ascribed thereto in Section 7.2(e);

"Material Adverse Effect" means any fact or state of facts, circumstance, change, effect, occurrence or event that, individually or in the aggregate, is or would reasonably be expected to be material and adverse to the financial condition, business, results of operations, properties, prospects, Assets, liabilities (contingent or otherwise), obligations (whether absolute, accrued, conditional or otherwise), operations, prospects, production, or affairs of the Target Entities (taken as a whole) or would reasonably be expected to prevent or materially delay or materially impair the consummation of the Arrangement, except for any such fact, state of facts, circumstance, change, effect, occurrence or event relating to or resulting from: (i) any change in IFRS or changes in regulatory accounting requirements applicable to the oil and gas industry; (B) any adoption, proposal, implementation or change in applicable Law or interpretations thereof by any Governmental Entity (other than any change in applicable Law that results in a material increase in the direct acquisition cost of the Target Entities to Parent or Purchaser, which change may be taken into account in determining whether there is a Material Adverse Effect); (C) any change in global, national or regional political conditions (including the outbreak of war or acts of terrorism) or in general economic, business, regulatory, political or market conditions or in national or global financial or capital markets; (D) any change generally affecting the oil and gas industry in the regions in which the Target Entities operate; (E) the announcement of this Agreement or consummation of the transactions contemplated hereby; (F) any natural disaster; (G) any change in interest rates, exchange rates or the price of oil or natural gas; (H) any change in the market price or trading volume of the securities of Pan Orient (it being understood that the causes underlying such change in market price or trading volume may be taken into account in determining whether a Material Adverse Effect has occurred); (I) any actions taken (or omitted to be taken) at the written request or with the written consent of Purchaser; (J) any matter which has been publicly disclosed by Pan Orient or disclosed by Pan Orient to Parent and Purchaser in the Disclosure Letter prior to date hereof, or any action taken by Pan Orient which is required pursuant to this Agreement (including but not limited to any steps taken pursuant to Section 5.4 to obtain the Regulatory Approvals); provided, however, that: (i) with respect to clauses (A), (B), (C), (F) and (G) such matter does not have a materially disproportionate effect on the Target Entities, taken as a whole, relative to other comparable

companies and entities operating in the oil and gas industry in which the Target Entities operate in which case, the relevant exclusion from this definition of Material Adverse Effect referred to above shall not be applicable; and (ii) any fact or state of facts, circumstance, change, effect, occurrence or event in respect of the transfer of the Excluded Assets and the assumption of the Assumed Liabilities by NewCo, that individually or in the aggregate, is or would reasonably be expected to prevent, impair or materially delay the consummation of the Arrangement will be deemed to be a Material Adverse Effect in respect of the Target Entities;

"Material Contract" means the material contracts of the Target Entities set out in the Disclosure Letter;

"Material Counterparty" means each of the parties to a Material Contract other than a Target Entity;

"material fact" has the meaning ascribed thereto in the Securities Act;

"Meeting" means the special meeting of the Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider, *inter alia*, the Arrangement Resolution, the Pan Orient Options Resolution (if required by the TSXV) and the NewCo Stock Option Plan Resolution;

"MI 61-101" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;

"misrepresentation" has the meaning ascribed thereto in the Securities Act;

"Money Laundering Laws" has the meaning ascribed thereto in Section (iii) of Schedule F;

"NewCo" has the meaning ascribed thereto in the recitals;

"NewCo Shares" means the common shares in the capital of NewCo;

"NewCo Stock Option Plan" means the stock option plan of NewCo;

"NewCo Stock Option Plan Resolution" means the ordinary resolution approving the NewCo Stock Option Plan to be considered at the Meeting, to be substantially in the form and content of Schedule D;

"New Pan Orient Shares" means the Class A Common Shares in the capital of Pan Orient, created pursuant to Section 3.1(3) of the Plan of Arrangement;

"NI 51-102" means National Instrument 51-102 – *Continuous Disclosure Obligations*;

"NI 62-104" means National Instrument 62-104 - *Take-Over Bids and Issuer Bids*;

"OFAC" has the meaning ascribed thereto in Section (ggg) of Schedule F;

"Optionholder" means a holder of Options;

"Option Surrender Agreements" means the agreements to be entered into by Pan Orient and each of the Optionholders pursuant to which each such Optionholder has agreed or shall agree to surrender or exercise, as applicable, their Options in accordance with the provisions of Section 2.12(b) and the Plan of Arrangement;

"Options" means the outstanding share options of Pan Orient granted under the Stock Option Plan, whether or not vested, entitling the holders thereof to acquire Shares;

"Outside Date" means August 29, 2022, or such later date as may be agreed to in writing by the Parties, provided that if the Effective Date is not expected to occur by August 29, 2022 as a result of the failure to satisfy the condition set forth in either Section 6.2(c) or Section 6.3(c), then any Party may elect, by notice in writing delivered to the other Parties by no later than 5:00 p.m. (Calgary time) on the date that is not less than five days prior to such date or, in the case of any subsequent extensions, the date that is not less than five days prior to the Outside Date, as previously extended, to extend the Outside Date from time to time by a specified period of not less than 15 days, provided that: (i) each such extension must be agreed to in writing by each of Purchaser and Pan Orient; and (ii) if the period during which the Arrangement may be completed under Article 12.3.c.1 of the Joint Operating Agreement is extended automatically in accordance with its terms, by the same amount as such extension;

"Pan Orient" has the meaning ascribed thereto in the recitals;

"Pan Orient Capital Budget" means the document entitled "Pan Orient Capital Budget" as included in the Disclosure Letter regarding capital expenditures to be made in respect of the business, operations and assets of the Target Entities from the date of this Agreement until the Effective Date;

"Pan Orient Employees" means the employees of Pan Orient set forth in the Disclosure Letter;

"Pan Orient Entities" means, collectively, the Target Entities and the Excluded Entities, and **"Pan Orient Entity"** means each of them;

"Pan Orient Options Resolution" means the ordinary resolution of Shareholders approving the amendment to the Stock Option Plan to permit the surrender of the Options under the Plan of Arrangement to be considered at the Meeting (if required by the TSXV), to be substantially in the form and content of Schedule C;

"Pan Orient Plans" has the meaning ascribed thereto in paragraph (ff) of Schedule F;

"Pan Orient Public Disclosure Record" means all information filed by Pan Orient since January 1, 2020 with any Securities Authority in compliance or intended compliance with Canadian Securities Laws, to the extent such information is available to the public under the profile of Pan Orient on the System for Electronic Document Analysis and Retrieval (SEDAR);

"Pan Orient Termination Fee" has the meaning ascribed thereto in Section 8.4(a);

"Pan Orient Termination Fee Event" has the meaning ascribed thereto in Section 8.4(a);

"Parent" has the meaning ascribed thereto in the recitals;

"Parties" means collectively, Pan Orient, NewCo, Parent and Purchaser, and **"Party"** means any of them;

"Permit" means all licenses, permits, consents, certificates, exemptions, registrations, waivers and other authorizations obtained or required to be obtained from any Person, including any Governmental Entity;

"Permitted Leakage" has the meaning ascribed thereto in the Separation Agreement;

"Permitted Liens" means: (i) the royalty burdens, liens, adverse claims, penalties, reductions in interest and other encumbrances identified in respect of the Retained Assets as disclosed in the Disclosure Letter; (B) the reservations, limitations, provisos and conditions expressed in any original grant and any statutory exceptions to title; (C) inchoate or statutory Liens of contractors, subcontractors, mechanics, workers, suppliers, materialmen, warehousemen, carriers and others arising in the ordinary course of business consistent with past practice in respect of the construction, maintenance, repair, or operation or storage of real or immovable, or personal or movable property; (D) easements, servitudes, restrictions, restrictive covenants, party wall agreements, rights of way, licenses, permits and other similar rights in real or immovable property (including, without limitation, easements, servitudes, rights of way and agreements for sewers, drains, gas and water mains or electric light and power or telephone, telecommunications or cable conduits, poles, wires and cables) that in each case do not materially impact the use of such property as it is being used at the date hereof; (E) Liens for Taxes, assessments or governmental charges or levies which relate to obligations not yet due and delinquent or that are being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been established in accordance with IFRS in the balance sheet of Pan Orient included in Pan Orient Public Disclosure Record; (F) zoning and building by-laws and ordinances, regulations made by public authorities and other restrictions affecting or controlling the use, marketability or development of real or immovable property that in each case do not materially impact the use of such property as it is being used at the date hereof; (G) agreements with any Governmental Entity and any public utilities or private suppliers of services, including subdivision agreements, development agreements, site control agreements, engineering, grading or landscaping agreements and similar agreements that in each case do not materially impact the use of such property as it is being used at the date hereof; (H) Liens against furniture, leasehold improvements and equipment securing indebtedness to finance the acquisition of such furniture, leasehold improvements and equipment; (I) terms and conditions of the Material Contracts or the Permits; and (J) such other imperfections or irregularities of title or Liens as do not materially affect the use of the properties or assets subject thereto or affected thereby or otherwise materially impair business operations at such properties;

"Person" includes an individual, firm, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, venture capital fund, association, body corporate, unincorporated organization, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

"Plan of Arrangement" means the plan of arrangement, in the form of Schedule A hereto, and any amendments or variations thereto made in accordance with the provisions of this Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order with the written consent of Pan Orient and Purchaser, each acting reasonably;

"POEH" means Pan Orient Energy Holdings Ltd., a company existing under the laws of Bermuda;

"POES" means Pan Orient Energy (Siam) Ltd., a company existing under the laws of Bermuda;

"POES Shares" has the meaning set out in paragraph (i)(ii) of Schedule F hereto;

"POP" means Pan Orient Petroleum Pte. Ltd., a company existing under the laws of Singapore;

"POP Shares" has the meaning set out in paragraph (i)(i) of Schedule F hereto;

"Properties" means collectively, the freehold properties of POES set out in the Disclosure Letter and the leasehold properties of POES set out in the Disclosure Letter, and **"Property"** means any one of them or any part or parts of any one of them;

"Purchaser" has the meaning ascribed thereto in the recitals;

"Registrar" means the Registrar of Corporations or the Deputy Registrar of Corporations appointed pursuant to Section 263 of the ABCA;

"Regulatory Approvals" means any consent, waiver, permit, exemption, review, order, decision or approval of, or any registration and filing with, any Governmental Entity, or the expiry, waiver or termination of any waiting period imposed by Law or a Governmental Entity, in each case required under applicable Laws in connection with the Arrangement or deemed to be required in the circumstances set out in the Disclosure Letter;

"Release" has the meaning prescribed in any Environmental Law and includes any sudden, intermittent or gradual release, spill, leak, pumping, addition, pouring, emission, emptying, discharge, migration, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, incineration, seepage, placement or introduction of a Hazardous Material, whether accidental or intentional, into the Environment;

"Reporting Requirements" has the meaning ascribed thereto in Section 5.4(k);

"Representatives" means, collectively, the directors, officers, employees, agents and advisors of a Party;

"Retained Assets" has the meaning ascribed thereto in the Separation Agreement;

"Retained Liabilities" has the meaning ascribed thereto in the Separation Agreement;

"RPTE" means Ranhill Pamai Taluk Pte. Ltd., a company existing under the laws of Singapore;

"RSU" means a restricted share unit entitling the holders thereof to receive a cash payment upon vesting (including as a consequence of a change of control of Pan Orient) and settlement, all in accordance with the Long-Term Incentive Plan;

"Section 3(a)(10) Exemption" has the meaning ascribed thereto in Section 2.14;

"Securities Act" means the *Securities Act*, R.S.A. 2000. c. S-4;

"Securities Authorities" means the Alberta Securities Commission and the applicable securities commissions and other securities regulatory authorities in each of the provinces of British Columbia, Saskatchewan and Québec;

"Separation Agreement" means the separation agreement to be entered into on the Effective Date between Pan Orient and NewCo, substantially in the form attached hereto as Schedule E, to: (i) effect the sale and transfer of Excluded Assets from Pan Orient to NewCo or its subsidiaries; and (ii) the assumption of the Assumed Liabilities, all effective at the time specified in the Plan of Arrangement;

"Separation Transaction" means the transactions set forth in Section 2.8(a);

"Severance Costs" for Pan Orient Employees has the meaning ascribed thereto in Section 2.11(b);

"Share Consideration" has the meaning ascribed thereto in the Plan of Arrangement;

"Shareholders" means the registered or beneficial holders of the Shares or the New Pan Orient Shares, as the context requires;

"Shares" means all of the issued and outstanding common shares in the capital of Pan Orient;

"Sproule" means Sproule International Limited, independent oil and gas reservoir engineers;

"Sproule Report" means the independent engineering evaluation of Pan Orient's reserves prepared by Sproule, with an effective date of December 31, 2021 and a preparation date of January 25, 2022;

"Stock Option Plan" means the stock option plan of Pan Orient, as amended May 22, 2022;

"Straddle Period" means any tax period that begins before January 1, 2022 and ends on or after January 1, 2022;

"Subsidiary" has the meaning ascribed thereto in the Securities Act;

"Superior Proposal" means a *bona fide* unsolicited written Acquisition Proposal not obtained in breach of Section 7.2 to acquire not less than all of the outstanding Shares (or all or substantially all of the Assets of the Pan Orient Entities) that the Board of Directors determines in good faith, after consultation with its financial and outside legal advisors, is a transaction: (i) reasonably capable of being completed in accordance with its terms without undue delay, taking into account all financial, legal, regulatory and other aspects of such Acquisition Proposal and the Person making such Acquisition Proposal; (B) that if consummated in accordance with its terms (but not assuming away any risk of non-completion) is on terms and conditions more favourable, from a financial point of view, to the holders of Shares than the terms and conditions of the transaction contemplated by this Agreement (after giving effect to any changes to the terms of this Agreement proposed by Purchaser in response to such Acquisition Proposal pursuant to Section 7.2), taking into account all financial, legal, regulatory and other aspects of such Acquisition Proposal and the Person making such Acquisition Proposal, that recommending such Acquisition Proposal to the Shareholders and entering into a definitive agreement in respect of such Acquisition Proposal would be necessary for the Board of Directors to discharge its fiduciary duties under applicable Law; (C) is not subject to a due diligence and/or access condition; and (D) that is not subject to a financing condition and in respect of which any funds or other consideration necessary to complete the Acquisition Proposal have been demonstrated to the satisfaction of the Board of Directors, acting in good faith (after receiving advice from its financial advisor(s) and outside legal counsel), to have been obtained (as evidenced by a written financing commitment from one or more reputable and financially sound financial institutions) or are reasonably likely to be obtained to fund completion of the Acquisition Proposal at the time and on the basis set out therein;

"Support Agreements" means the support agreements between Purchaser and each of the directors and officers of Pan Orient, each of the Optionholders and the Supporting Shareholder, pursuant to which each officer and director of Pan Orient, each Optionholder and the Supporting Shareholder has agreed to vote the Shares and/or Options beneficially owned or controlled by such officer or director, Optionholder and Supporting Shareholder in favour of the Arrangement Resolution, the Pan Orient Options Resolution and the NewCo Stock Option Plan, as applicable, and to otherwise support the Arrangement and other related matters to be considered at the Meeting;

"Supporting Shareholder" means Chatchai Yenbamroong;

"Swaps" means any transaction which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, hedge, commodity option, equity or equity index swap, equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, forward sale, exchange

traded futures contract or any other similar transaction (including any option with respect to any of these transactions or any combination of these transactions);

"Target Employees" means all of the employees of the Thailand branch of POES listed in the Disclosure Letter, being all of the employees of the Target Entities other than the Pan Orient Employees;

"Target Entities" means each of Pan Orient, POP, POES and KSE;

"Tax Act" means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.);

"Tax Returns" means all reports, forms, elections, declarations, designations, schedules, agreements, statements, estimates, declarations of estimated tax, information statements, returns and all other similar documents (whether in tangible, electronic or other form) required by Law to be filed with or provided to a Governmental Entity with respect to Taxes or Tax information reporting, and whether in tangible or electronic form, including any claims for refunds of Taxes, and any amendments or supplements of the foregoing;

"Taxes" means any and all domestic and foreign federal, state, provincial, municipal and local taxes, assessments, reassessments and other governmental charges, duties, impositions and liabilities of any kind imposed by any Governmental Entity, including tax instalment payments, unemployment insurance contributions and employment insurance contributions, Canada Pension Plan and provincial pension contributions (and similar foreign plans), worker's compensation and deductions at source, and including taxes based on or measured by gross receipts, income, profits, sales, capital, use and occupation, and including goods and services, value added, ad valorem, sales, use, capital, transfer, franchise, non- resident withholding, customs, payroll, recapture, employment, excise and property duties and taxes, together with all interest, penalties, fines and additions imposed with respect to such amounts;

"Technology" has the meaning ascribed thereto in Section (tt) of Schedule D;

"Thailand Business" means the activities carried out under the Concession Agreement principally with respect to the exploration, development, production, lifting, transportation, marketing and sale of hydrocarbons in and from the working area pursuant to the Concession Agreement, together with all activities ancillary to the foregoing;

"Transaction Agreements" has the meaning ascribed thereto in Section 5.4(k);

"Transaction Costs" means all costs of the Pan Orient Entities (whether incurred, accrued or billed) in connection with the Arrangement, including, without limitation, Severance Costs, Change of Control Payments, fees and expenses of Research Capital Corporation, the fees of Moyes & Co. legal advisors, auditors, engineers and other professionals or consultants and printing, mailing, proxy solicitation and other costs and expenses related to the Meeting (other than costs payable by the Purchaser pursuant to Section 2.4(c));

"TSXV" means the TSX Venture Exchange;

"United States" means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia;

"U.S. Exchange Act" means the *United States Securities Exchange Act* of 1934, as amended, and the rules and regulations promulgated thereunder;

"U.S. Investment Company Act" means the *United States Investment Company Act* of 1940, as amended, and the rules and regulations promulgated thereunder;

"U.S. Securities Act" means the *United States Securities Act* of 1933, as amended, and the rules and regulations promulgated thereunder; and

"U.S. Securities Laws" means the U.S. Securities Act and all other applicable U.S. federal and state securities laws, rules and regulations and published policies thereunder.

1.2 Interpretation Not Affected by Headings

The division of this Agreement into Articles, Sections, subsections, paragraphs, clauses and Schedules and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Unless the contrary intention appears, references in this Agreement to an Article, Section, subsection, paragraph, clause or Schedule by number or letter or both refer to the Article, Section, subsection, paragraph, clause or Schedule, respectively, bearing that designation in this Agreement.

1.3 Date for Any Action

If the date on which any action is required to be taken hereunder by a Party is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day. In this Agreement, references from or through any date mean, unless otherwise specified, from and including that date and/or through and including that date, respectively.

1.4 Currency

Unless otherwise stated, all references in this Agreement to sums of money are expressed in, and all payments provided for herein shall be made in, the currency of the United States and "USD\$" or "\$" refers to dollars of the United States.

1.5 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement in respect of Pan Orient shall have the meanings attributable thereto under IFRS and all determinations of an accounting nature in respect of Pan Orient required to be made shall be made in a manner consistent with IFRS.

1.6 Knowledge

In this Agreement, unless otherwise stated, references to: (a) "the knowledge of Pan Orient" means the actual knowledge, after due inquiry, in their capacity as officers of Pan Orient and not in their personal capacity of the President and Chief Executive Officer, and the Chief Financial Officer and Corporate Secretary of Pan Orient; and (b) "the knowledge of Purchaser" means the actual knowledge, after due inquiry, in their capacity as an officer or representative of the Purchaser or Parent and not in their personal capacity, of the Chief Executive Officer of the Purchaser, and each of [REDACTED] in respect of the Retained Assets, the Thailand Business, the Target Entities (other than Target Entities in respect of the Excluded Assets, the Excluded Business, the Excluded Entities and the Assumed Liabilities) and the Retained Liabilities.

1.7 Schedules

The following Schedules are annexed to this Agreement and are incorporated by reference into this Agreement and form a part hereof:

- Schedule A - Plan of Arrangement
- Schedule B - Arrangement Resolution
- Schedule C - Pan Orient Options Resolutions
- Schedule D - NewCo Stock Option Plan Resolution
- Schedule E - Separation Agreement
- Schedule F - Representations and Warranties of Pan Orient
- Schedule G - Representations and Warranties Regarding NewCo
- Schedule H - Representations and Warranties of Purchaser

1.8 Other Definitional and Interpretive Provisions

- (a) In this Agreement, unless the contrary intention appears, words importing the singular include the plural and vice versa, and words importing gender include all genders.
- (b) Any reference in this Agreement to any person includes its heirs, administrators, executors, legal personal representatives, predecessors, successors and permitted assigns of that Person.
- (c) References in this Agreement to the words "include", "includes" or "including" shall be deemed to be followed by the words "without limitation" whether or not they are in fact followed by those words or words of like import.
- (d) The words "hereof", "herein" and "hereunder" and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement.
- (e) References to any agreement, contract or plan are to that agreement, contract or plan as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof.
- (f) References to a particular statute or Law shall be to such statute or Law and the rules, regulations and published policies made thereunder, as now in effect and as they may be promulgated thereunder or amended from time to time.
- (g) Any capitalized terms used in the Disclosure Letter, any exhibit or Schedule but not otherwise defined therein, shall have the meaning as defined in this Agreement.

ARTICLE 2 THE ARRANGEMENT

2.1 Arrangement

The Arrangement shall be implemented in accordance with and subject to the terms and conditions contained in this Agreement and the Plan of Arrangement.

2.2 Support Agreements

Contemporaneously with the execution and delivery of this Agreement, Pan Orient will deliver to Purchaser the executed Support Agreements.

2.3 Interim Order

As soon as reasonably practicable after the date hereof, and in any event no later than July 15, 2022, Pan Orient shall apply, in a manner acceptable to Purchaser, acting reasonably, pursuant to Section 193 of the ABCA and, in co-operation with Purchaser, prepare, file and diligently pursue an application for the Interim Order, the terms of which are acceptable to Purchaser, each acting reasonably, which shall provide, among other things:

- (a) for the calling and holding of the Meeting and for the class of Persons to whom notice is to be provided in respect of the Arrangement and the Meeting and for the manner in which notice is to be provided;
- (b) that the requisite approval for the Arrangement Resolution by the Shareholders shall be (i) two-thirds of the votes cast on the Arrangement Resolution by the Shareholders voting as a single class, present in Person or represented by proxy at the Meeting (with each Shareholder being entitled to one vote for each Share held); and (ii) such other approval as is required by MI 61-101;
- (c) that, in all other material respects, the terms, restrictions and conditions of Pan Orient's articles and by-laws, including quorum requirements and all other matters, shall apply in respect of the Meeting;
- (d) for the grant of the Dissent Rights to the Shareholders who are registered holders of the Shares as set forth in the Plan of Arrangement;
- (e) for the notice requirements with respect to the presentation of the application to the Court for the Final Order, subject to the terms of this Agreement;
- (f) to the extent that is permitted under this Agreement, that the Meeting may be adjourned or postponed from time to time by Pan Orient without the need for additional approval of the Court;
- (g) that the record date for Shareholders entitled to vote at the Meeting shall not change in respect of any adjournment(s) or postponement(s) of the Meeting, unless required by applicable Law;
- (h) that it is the Parties' intention to rely upon the Section 3(a)(10) Exemption to issue, based on the Court's approval of the Arrangement, the Share Consideration to Shareholders who are resident in the United States in exchange for the Shares in accordance with the Plan of Arrangement without registration under the U.S. Securities Act; and
- (i) for such other matters as the Parties may agree in writing, each acting reasonably.

2.4 Meeting

- (a) Subject to the terms of this Agreement and the Interim Order and provided that this Agreement has not been terminated in accordance with its terms, Pan Orient shall convene and conduct the Meeting in accordance with the Interim Order, Pan Orient's articles and by-laws and applicable Laws on or about August 23, 2022 and not postpone or propose to adjourn the Meeting without the prior written consent of Purchaser:
 - (i) except as required for quorum purposes or, if required, by applicable Law or by a Governmental Entity; or
 - (ii) except as required under Section 7.2(h) of this Agreement or as otherwise permitted under this Agreement.
- (b) Other than the Arrangement Resolution, the Pan Orient Options Resolution and the NewCo Stock Option Plan Resolution, there will be no business brought before the Shareholders at the Meeting without the consent of Purchaser.
- (c) Subject to the terms of this Agreement, Pan Orient shall use its commercially reasonable efforts to solicit proxies in favour of the approval of the Arrangement Resolution, including, if so requested by Purchaser, acting reasonably, using dealer and proxy solicitation services (provided such solicitation services shall be paid for by the Purchaser) and cooperating with any persons engaged by Purchaser to solicit proxies in favour of the approval of the Arrangement Resolution.
- (d) Pan Orient shall give notice to Parent and Purchaser of the Meeting and allow Parent's and Purchaser's Representatives to attend the Meeting.
- (e) Pan Orient shall advise Purchaser, as Purchaser may reasonably request, and at least on a daily basis on each of the last five Business Days prior to the date of the Meeting, as to the aggregate tally of the proxies received by or on behalf of Pan Orient in respect of the Arrangement Resolution.
- (f) Pan Orient shall promptly advise Purchaser of any written notice of dissent or purported exercise by any Shareholder of Dissent Rights received by or on behalf of Pan Orient in relation to the Arrangement Resolution and any withdrawal of Dissent Rights received by or on behalf of Pan Orient and any written communications sent by or on behalf of Pan Orient to any Shareholder exercising or purporting to exercise Dissent Rights in relation to the Arrangement Resolution. Pan Orient shall not make any payment or settlement offer, or agree to any such settlement, prior to the Effective Time with respect to any such notice of dissent or purported exercise of Dissent Rights that provides for any rights, obligations or liabilities in connection with the Arrangement (other than a payment) or following completion of the Arrangement on the part of any of Pan Orient or any of the other Target Entities unless Purchaser shall have given its prior written consent to such payment, settlement offer or settlement as applicable.

2.5 The Circular

- (a) Subject to compliance by Purchaser with Section 2.5(d), promptly after the execution of this Agreement, Pan Orient shall prepare and complete the Circular together with any other documents required by the ABCA, Canadian Securities Laws, and other applicable Laws

in connection with the Meeting and the Arrangement, and Pan Orient shall, as promptly as reasonably practicable after obtaining the Interim Order, cause the Circular and other documentation required in connection with the Meeting to be filed and to be sent to each Shareholder and other persons as required by the Interim Order and applicable Laws, in each case so as to permit the Meeting to be held within the time required by Section 2.4(a).

- (b) Pan Orient shall ensure that the Circular complies in all material respects with Canadian Securities Laws, and other applicable Laws, and, without limiting the generality of the foregoing, that the Circular shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (other than with respect to any information furnished by Purchaser) and shall provide the Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters to be placed before them at the Meeting and to allow NewCo to rely upon the exemption from registration provided under the Section 3(a)(10) Exemption with respect to the issuance of the Share Consideration pursuant to the Arrangement. The Circular shall state that the Board of Directors: (i) has unanimously determined that the Arrangement is fair, from a financial point of view, to the Shareholders and that the Arrangement is in the best interests of Pan Orient; and (ii) has unanimously approved the Arrangement and recommends that Shareholders vote in favour of the Arrangement, and will contain a summary and a full copy of the Fairness Opinion.
- (c) Purchaser and its legal counsel shall be given a reasonable opportunity to review and comment on drafts of the Circular and other documents related thereto, and reasonable consideration shall be given to any comments made by Purchaser and its counsel, provided that all information relating solely to Purchaser or its Affiliates included in the Circular shall be in form and content satisfactory to Purchaser, acting reasonably.
- (d) Purchaser shall, in a timely manner, furnish to Pan Orient all such information concerning Parent and Purchaser as may be reasonably required by Pan Orient in the preparation of the Circular and other documents related thereto, and Purchaser shall ensure that no such information shall contain any untrue statement of a material fact or omit to state a material fact required to be stated in the Circular in order to make any information so furnished not misleading in light of the circumstances in which it is disclosed.
- (e) Purchaser shall indemnify and save harmless Pan Orient and NewCo and their Representatives from and against any and all liabilities, claims, demands, losses, costs, damages and expenses to which Pan Orient and its Representatives may be subject or may suffer, in any way caused by, or arising, directly or indirectly, from or in consequence of:
 - (i) any misrepresentation or alleged misrepresentation in any information provided by Purchaser pursuant to Section 2.5(d);
 - (ii) any order made, or any inquiry, investigation or proceeding by any Securities Authority or other Governmental Entity, to the extent based on any misrepresentation or any alleged misrepresentation in the Circular contained in the information provided by Purchaser pursuant to Section 2.5(d); and
 - (iii) Purchaser or Parent not complying with the requirements of applicable Laws in connection with the transactions contemplated by this Agreement.

- (f) Each of Pan Orient and NewCo shall jointly and severally indemnify and save harmless each of Parent and Purchaser and their respective Representatives from and against any and all liabilities, claims, demands, losses, costs, damages and expenses to which Parent and Purchaser and their respective Representatives may be subject or may suffer, in any way caused by, or arising, directly or indirectly, from or in consequence of:
- (i) any misrepresentation or alleged misrepresentation in the Circular;
 - (ii) any order made, or any inquiry, investigation or proceeding by any Securities Authority or other Governmental Entity, to the extent based on any misrepresentation or any alleged misrepresentation in the Circular or any information concerning or provided by Pan Orient or NewCo in the Circular or in any material filed by or on behalf of Pan Orient or NewCo in compliance with Canadian Securities Laws and U.S. Securities Law; and
 - (iii) Pan Orient or NewCo not complying with requirements of applicable Laws in connection with the transactions contemplated in this Agreement;

except that Pan Orient and NewCo shall not be liable pursuant to this Section 2.5(f) to the extent such claims, losses, and liabilities arise out of or are based on information provided by Purchaser pursuant to Section 2.5(d).

- (g) The Parties shall promptly notify each other if at any time before the Effective Date it becomes aware that the Circular contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Circular, and the Parties shall co-operate in the preparation of any amendment or supplement to the Circular, as required or appropriate, and Pan Orient shall, if required by the Court or applicable Laws, promptly mail or otherwise publicly disseminate any amendment or supplement to the Circular to the Shareholders and file the same with the Securities Authorities and as otherwise required.

2.6 Final Order

If the Interim Order is obtained and the Arrangement Resolution is passed at the Meeting as provided for in the Interim Order and as required by applicable Law then, subject to the terms of this Agreement and the Interim Order, Pan Orient shall as soon as reasonably practicable thereafter take all steps necessary or desirable to submit the Arrangement to the Court and diligently pursue an application for the Final Order pursuant to Section 193 of the ABCA such that the Final Order is obtained as soon as reasonably practicable following the Meeting (and, in any event, within two Business Days of the Meeting).

2.7 Articles of Arrangement and Certificate of Arrangement

Following the receipt of the Final Order, and subject to the satisfaction or waiver of any conditions set forth in Article 6 (other than those that, by their nature, can only be satisfied immediately prior to the Effective Date), Pan Orient shall, on such date as determined by Purchaser, acting reasonably, file the Articles of Arrangement, the Final Order and such other documents as may be required to give effect to the Arrangement with the Registrar. The Certificate of Arrangement will be conclusive evidence that the Arrangement has become effective on, and shall be binding on and after, the Effective Time.

2.8 NewCo

- (a) **Agreements.** NewCo shall enter into the Separation Agreement and any other ancillary agreements reasonably required to complete the transactions contemplated herein and therein as of the Effective Date (the "**Separation Transaction**").
- (b) **Conveyance of Excluded Assets.** Pursuant to the Plan of Arrangement and the Separation Agreement, the Excluded Assets will be transferred to, and the Assumed Liabilities will be assumed by, NewCo in accordance with the provisions of the Separation Agreement.
- (c) **Covenants.** Prior to the Effective Time, NewCo shall not, and Pan Orient shall cause NewCo not to:
 - (i) issue or enter into any agreements to issue any NewCo Shares or other securities of NewCo, other than as contemplated herein; or
 - (ii) carry on any business, incur any liabilities or obligations, enter into any transaction or effect any corporate act whatsoever, other than as contemplated herein, or as reasonably necessary to carry out the transactions contemplated by the Plan of Arrangement, unless previously consented to in writing by Purchaser.
- (d) **Further Assurances.** NewCo shall, and Pan Orient as the sole shareholder of NewCo covenants and agrees to cause NewCo to, take all steps to do and perform all such acts and things and to execute and deliver all such agreements, documents and other instruments as are necessary or desirable to effect and complete the transactions contemplated herein and in the Arrangement in accordance with the terms and conditions hereof and thereof and all covenants and agreements of Pan Orient contained herein and in the Plan of Arrangement shall, to the extent that they are required to be performed by NewCo, be and be deemed to be covenants of both Pan Orient and NewCo.
- (e) The Parties acknowledge and agree that Pan Orient and NewCo will submit, by no later than July 29, 2022, an application to the TSXV for the approval of the listing of the NewCo Shares in accordance with the requirements of the TSXV.

2.9 Closing

The closing of the transactions contemplated hereby shall take place at the Effective Time, and unless otherwise agreed in writing by Pan Orient, Purchaser, Parent and NewCo, all documents required to be delivered pursuant to this Agreement to effect the closing shall be delivered electronically between Pan Orient's legal counsel and Purchaser's legal counsel.

2.10 Court Proceedings

In connection with all Court proceedings relating to obtaining the Interim Order and the Final Order, Pan Orient shall diligently pursue, and cooperate with Purchaser in diligently pursuing, the Interim Order and the Final Order and Pan Orient shall provide Purchaser and its legal counsel with reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement, including by providing on a timely basis a description of any information required to be supplied by Purchaser for inclusion in such material, prior to the service and filing of that material, and will accept the reasonable comments of Purchaser and its legal counsel with respect to any such information required to be supplied by Purchaser and included in such material and any other matters

contained therein. Purchaser shall cooperate with, and assist, Pan Orient in pursuing the Interim Order and the Final Order, including by providing Pan Orient on a timely basis any information required to be supplied by Purchaser in connection therewith. Pan Orient shall ensure that all material filed with the Court in connection with the Arrangement is consistent in all material respects with the terms of this Agreement and the Plan of Arrangement. In addition, Pan Orient shall not object to legal counsel to Purchaser making such submissions on the application for the Interim Order and the application for the Final Order as such counsel considers appropriate, acting reasonably, provided that Pan Orient is advised in writing of the nature of any submissions prior to the hearing and such submissions are consistent in all material respects with this Agreement and the Plan of Arrangement. Pan Orient shall also provide to Purchaser's legal counsel, on a timely basis, with copies of any notice and evidence served on Pan Orient or its legal counsel in respect of the application for the Final Order or any appeal therefrom, and any notice, written or oral, indicating the intention of any Person to appeal, or oppose the granting of, the Interim Order or Final Order. Subject to applicable Laws, Pan Orient shall not file any material with, or make any submissions to, the Court in connection with the Arrangement or serve any such material, and will not agree to modify or amend materials so filed or served, except as contemplated hereby or with Purchaser's prior written consent, such consent not to be unreasonably withheld or delayed; provided that nothing herein shall require Parent or Purchaser to agree or consent to any increased purchase price or other consideration or other modification or amendment to such filed or served materials that expands or increases Parent's or Purchaser's obligations, or diminishes or limits Parent's or Purchaser's rights, set forth in any such filed or served materials or under this Agreement. Pan Orient shall oppose any proposal from any Person that the Final Order contain any provision inconsistent with this Agreement, and if required by the terms of the Final Order or by Law to return to Court with respect to the Final Order do so only after notice to, and in consultation and cooperation with, Purchaser. Pan Orient shall consult with Purchaser with respect to the defense or settlement of any Shareholder or derivative suit, action, litigation or claim and shall not settle any such suit, action, litigation or claim without Purchaser's prior written consent.

2.11 Employment Matters

- (a) No less than 10 Business Days prior to the Effective Date, Pan Orient shall terminate the employment or engagement of all Pan Orient Employees in accordance with their written employment or consulting agreements (if applicable) and all Laws and effective as of the Effective Date. The Disclosure Letter includes names of each Pan Orient Employee and identifies the Target Employees.
- (b) The Parties acknowledge that the Arrangement will result in a "change of control" for purposes of any Pan Orient Employee employment and other agreements. All payments and benefits to which a Pan Orient Employee is entitled in connection with the termination of such employment or engagement pursuant to Section 2.11(a), including, without limitation, all pay in lieu of notice, termination pay, severance pay, damages for wrongful dismissal and all other costs or benefits pursuant to statute, contract, tort and the common law, and all other or similar payments to the Pan Orient Employees as a result of the termination of their employment or engagement pursuant to Section 2.11(a) (collectively, the "**Severance Costs**") and any Change of Control Payments shall be disclosed by Pan Orient to Purchaser in writing in the Disclosure Letter, and made by Pan Orient at the Effective Time, conditional upon the execution by the Pan Orient Employee of a full and final release in favour of Pan Orient and Purchaser in a form and with substance satisfactory to Pan Orient and Purchaser, each acting reasonably. All Severance Costs and Change of Control Payments shall not exceed the amounts disclosed in the Disclosure Letter.
- (c) The Parties acknowledge that it is the intention of the Purchaser that the Target Employees will remain employees of the applicable Target Entities following completion of the

Arrangement, and the Parties agree that Pan Orient will not terminate the employment or engagement of any Pan Orient Employees or take any action to terminate the Target Employees before the Effective Date without the Purchaser's prior written consent, such consent not to be unreasonably withheld.

- (d) Notwithstanding the foregoing, the Parties agree that Pan Orient shall in respect of the Pan Orient Employees, and shall, to the extent permitted under the Joint Operating Agreement, cause POES, in respect of the Target Employees:
 - (i) to be responsible for all liabilities for compensation, including salary, wages, holiday pay, vacation pay, overtime, allowances, incentives, other compensation, benefits or perquisites as well as any other employment related obligations payable in respect of the Pan Orient Employees or Target Employees, as applicable, before the Effective Date;
 - (ii) to be liable for all other claims, losses, and liabilities arising out of matters that occur before the Effective Date, including without limitation, any notice, pay in lieu of notice, severance, termination pay, damages for wrongful dismissal or any similar costs or amounts in respect of the termination by Pan Orient of the employment or engagement of Pan Orient Employees or Target Employees, as applicable, before the Effective Date;
 - (iii) to be responsible for all liabilities for Actions for injury, disability, death, occupational health and safety or workers' compensation arising from or related to employment of the Pan Orient Employees or Target Employees, as applicable, before the Effective Date;
 - (iv) to be liable for all employment-related Actions (including those relating to human rights and labour relations), penalties, contributions, premiums and assessments in respect of Pan Orient Employees (including Target Employees) arising out of matters which occur before the Effective Date; and
 - (v) to indemnify and save harmless Parent, Purchaser and NewCo with respect to those matters for which Pan Orient is liable as described in this Section 2.11.

2.12 Options and RSUs

- (a) The Parties acknowledge and agree that the Board of Directors has resolved to:
 - (i) accelerate the vesting of the outstanding Options to the extent not currently vested, such that all Options shall be deemed to become vested and exercisable immediately prior to the Effective Time; and
 - (ii) amend the terms of the Stock Option Plan and the Options to allow for a surrender of such options for cash consideration as contemplated by the Option Surrender Agreements.
- (b) Pan Orient will use its commercially reasonable efforts to cause each of the holders of outstanding Options to enter into an Option Surrender Agreement prior to the date of the Interim Order, in a form mutually satisfactory to Pan Orient and Purchaser, each acting reasonably, pursuant to which each such holder will: (i) in the event that the Pan Orient Options Resolution is approved by the Shareholders (or such Pan Orient Options Resolution is not required by the TSXV), elect, in respect of each Option held by such holder as of the Effective Time, to transfer and surrender to Pan Orient such Option at the

time specified in the Plan of Arrangement and, pursuant to the Plan of Arrangement and in accordance with the Option Surrender Agreements, each outstanding Option shall be, and shall be deemed to be, thereafter cancelled, in sole consideration of the payment by Pan Orient of an amount equal to (A) the average closing price for such Shares on the TSXV for the ten trading days on which the Shares traded immediately preceding the Effective Date (or such other calculation of fair market value of the Shares as required by the TSXV) less (B) the exercise price of such Option, and (ii) if the Pan Orient Options Resolution is required by the TSXV and such Pan Orient Options Resolution is not approved by the Shareholders, agree to exercise their Options at the time specified in the Plan of Arrangement (including payment of the exercise price and any other amounts required to be paid pursuant to the Stock Option Plan as set forth in such Options or Stock Option Plan prior to the Effective Date), and, at the time specified in the Plan of Arrangement, the Options shall be, and shall be deemed to be, exercised and the Shares issuable pursuant to such exercise shall be, and shall be deemed to be, issued to such holder of Options under the Plan of Arrangement, and any such Options not so exercised shall be, and shall be deemed to be, terminated and cancelled under the Plan of Arrangement with no further force and effect, and each holder of Options shall thereafter cease to be a holder of Options and to have any rights as a holder of Options, and the name of each holder shall be removed from the register of holders of Options maintained by or on behalf of Pan Orient. All option agreements in respect of Options, grants and similar instruments relating thereto shall similarly be cancelled at the Effective Time.

- (c) The Parties acknowledge and agree that the Board of Directors has resolved to: (i) accelerate the vesting of each RSU; and (ii) cause a cash payout of the RSUs in accordance with the provisions of the Long-Term Incentive Plan, as soon as practicable after the Effective Time, such that, at or prior to the Effective Time, each holder of RSUs shall thereafter cease to be a holder of RSUs and to have any rights as a holder of RSUs, and the name of each holder shall be removed from the register of holders of RSUs maintained by or on behalf of Pan Orient. All award agreements in respect of RSUs, grants and similar instruments relating thereto shall similarly be cancelled at the Effective Time.
- (d) Immediately following the effective time of the transactions contemplated by the Option Surrender Agreements, the Plan of Arrangement, the Stock Option Plan and the Long-Term Incentive Plan shall each be terminated, and none of Pan Orient, NewCo, Parent or Purchaser shall have any further liabilities or obligations thereunder.
- (e) The Parties acknowledge and agree that to the extent an amount is paid by Pan Orient to a holder of Options on the surrender of such Options where such holder would have been eligible to claim a deduction pursuant to paragraph 110(1)(d) of the Tax Act on an exercise of such Options (as determined by NewCo acting reasonably):
 - (i) Pan Orient will, and Purchaser shall cause Pan Orient to, timely elect and file under Subsection 110(1.1) of the Tax Act, in prescribed form, in respect of such Options surrendered that neither Pan Orient, nor any person who does not deal at arm's length with Pan Orient (including, for greater certainty, the Purchaser after the Effective Time), will deduct, in computing income for the purposes of the Tax Act, any amount in respect of a payment made to such holders of Options in connection with the exercise or surrender of such Options; and
 - (ii) Pan Orient will provide such holders of Options with evidence in writing of the election under Subsection 110(1.1) of the Tax Act.

2.13 Performance of NewCo

Until the Effective Time, Pan Orient unconditionally and irrevocably guarantees, in favour of each of Parent and Purchaser, and covenants and agrees with each of Purchaser and Parent to be jointly and severally liable with NewCo for the due and punctual performance of each and every obligation, covenant and agreement of NewCo arising under this Agreement, the Arrangement, any agreements entered into by NewCo in connection with, ancillary to or to effect any transaction contemplated by this Agreement or the Arrangement and any amount of any judgment or award made against NewCo for the benefit of one or both of Parent and Purchaser. Until the Effective Time Pan Orient shall cause NewCo to comply with all of NewCo's obligations under or relating to the Arrangement and the transactions contemplated by this Agreement.

2.14 Performance of Purchaser

Parent hereby unconditionally and irrevocably guarantees, in favour of Pan Orient and NewCo, and covenants and agrees to be jointly and severally liable with Purchaser for the due and punctual performance of each and every obligation, covenant and agreement of Purchaser arising under this Agreement, the Arrangement, any agreements entered into by Purchaser in connection with, ancillary to or to effect any transaction contemplated by this Agreement or the Arrangement and any amount of any judgment or award made against Purchaser for the benefit of one or both of Pan Orient and NewCo. Parent shall cause Purchaser to comply with all of Purchaser's obligations under or relating to the Arrangement and the transactions contemplated by this Agreement.

2.15 U.S. Securities Law Matters

The Parties intend that the Arrangement shall be carried out such that the issuance of the Share Consideration under the Arrangement qualifies in the United States for the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) of the U.S. Securities Act (the "**Section 3(a)(10) Exemption**") and applicable state securities laws in reliance upon similar exemptions under applicable state securities laws. Each Party agrees to act in good faith, consistent with the intent of the Parties and the intended treatment of the Arrangement as set forth in this Section 2.14. In order to ensure the availability of the Section 3(a)(10) Exemption, the Parties agree that the Arrangement will be carried out on the following basis and pursuant to the Plan of Arrangement:

- (a) each Shareholder shall receive the Cash Consideration and Share Consideration in exchange for its Shares;
- (b) the Arrangement will be subject to the approval of the Court;
- (c) the Court will be advised as to the intention of the Parties to rely on the Section 3(a)(10) Exemption prior to the Court hearing at which the Final Order will be sought;
- (d) the Court will be required to satisfy itself as to the fairness of the Arrangement;
- (e) the Final Order will address the Arrangement being approved by the Court as being fair to the Shareholders;
- (f) the Parties will ensure that each Shareholder will be given adequate notice advising them of their right to attend the Court hearing and providing them with sufficient information necessary for them to exercise that right; and

- (g) the Interim Order approving the Meeting will specify that each Shareholder will have the right to appear before the Court at the Court hearing on the Final Order so long as such Shareholder files and delivers a response to petition within a reasonable time.

2.16 Payment of Consideration

- (a) At least one Business Day prior to the Effective Date, Purchaser shall provide the Depositary with sufficient funds in escrow (on terms satisfactory to the Parties, each acting reasonably) to pay the aggregate Cash Consideration payable pursuant to the Plan of Arrangement.
- (b) NewCo shall issue as at the Effective Date the Share Consideration as is required in accordance with Section 3.1(5)(b) of the Plan of Arrangement.

2.17 Tax Withholdings and Other Source Deductions

Each of Pan Orient, NewCo, Purchaser and the Depositary shall be entitled to deduct and withhold from any amounts payable to any person pursuant to this Agreement and under the Plan of Arrangement (including any other agreements or transaction contemplated herein and therein) such amounts as are required to be deducted or withheld with respect to each such payment under the Tax Act or any provision of any other applicable Law. To the extent that amounts are so withheld or deducted and timely remitted to the applicable Governmental Entity, such withheld or deducted amounts shall be treated for all purposes of this Agreement and the Plan of Arrangement as having been paid to such Person as the remainder of the payment in respect of which such deduction and withholding were made.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF PAN ORIENT

3.1 Representations and Warranties of Pan Orient

- (a) Except (i) as set forth in the Disclosure Letter in respect of the Excluded Assets, the Excluded Business, the Excluded Entities and the Assumed Liabilities, and (ii) as set forth in the Data Room Information and Disclosure Letter in respect of the Retained Assets, the Thailand Business, the Target Entities (other than Target Entities in respect of the Excluded Assets, the Excluded Business, the Excluded Entities and the Assumed Liabilities) and the Retained Liabilities, Pan Orient hereby represents and warrants to and in favour of each of Parent and Purchaser as set forth in Schedule F and Schedule G, and acknowledges that each of Parent and Purchaser is relying upon such representations and warranties in connection with the entering into of this Agreement.
- (b) Except for the representations and warranties set forth in Schedule F and Schedule G, including the related disclosures in the Disclosure Letter and Data Room Information, as applicable, neither Pan Orient nor any other Person has made or makes any other express or implied representation or warranty, either written or oral, on behalf of Pan Orient, including any representation as to the accuracy or completeness of any information regarding the Pan Orient Entities furnished or made available to Purchaser or their Representatives or as to the future revenue, profitability or success of the Pan Orient Entities, or any representation or warranty arising in Law.

3.2 Disclosure Letter and Data Room Information

- (a) Contemporaneously with the execution and delivery of this Agreement, Pan Orient will deliver to Parent and Purchaser the Disclosure Letter and the memory stick containing the Data Room Information.
- (b) The Disclosure Letter and all schedules attached thereto shall be construed with and as an integral part of the representations and warranties of Pan Orient in respect of the Excluded Assets, the Excluded Business, the Excluded Entities and the Assumed Liabilities in this Agreement to the same extent as if the same had been set forth verbatim in Schedule F and Schedule G.
- (c) The Data Room Information and, in certain cases the Disclosure Letter (if the Disclosure Letter is specifically identified in such applicable representation or warranty) and the information that is deemed within the knowledge of the Purchaser as set forth in Section 1.6, shall be construed with and as an integral part of the representations and warranties of Pan Orient in respect of the Retained Assets, the Thailand Business, the Target Entities (other than Target Entities in respect of the Excluded Assets, the Excluded Business, the Excluded Entities and the Assumed Liabilities) and the Retained Liabilities in this Agreement to the same extent as if the same had been set forth verbatim in Schedule F and Schedule G.
- (d) The Purchaser shall not claim a breach of the representations or warranties of Pan Orient or NewCo set forth in Schedules F and G for any facts, matters or circumstances that: (i) are disclosed in the Disclosure Letter in respect of the Excluded Assets, the Excluded Business, the Excluded Entities and the Assumed Liabilities, (ii) are disclosed in the Data Room Information and in certain cases, the Disclosure Letter (if the Disclosure Letter is specifically identified in such applicable representation or warranty) in respect of the Retained Assets, the Thailand Business, the Target Entities (other than Target Entities in respect of the Excluded Assets, the Excluded Business, the Excluded Entities and the Assumed Liabilities) and the Retained Liabilities, or (iii) are deemed to be within the knowledge of the Purchaser as set forth in Section 1.6 in respect of the Retained Assets, the Thailand Business, the Target Entities (other than Target Entities in respect of the Excluded Assets, the Excluded Business, the Excluded Entities and the Assumed Liabilities) and the Retained Liabilities.

3.3 Survival of Representations and Warranties of Pan Orient

Except as provided in the Separation Agreement, the representations and warranties of Pan Orient contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

4.1 Representations and Warranties of the Purchaser

- (a) The Purchaser hereby represents and warrants to and in favour of each of Pan Orient and NewCo as set forth in Schedule H and acknowledges that each of Pan Orient and NewCo

is relying upon such representations and warranties in connection with the entering into of this Agreement.

- (b) Except for the representations and warranties set forth in Schedule H, neither Parent, Purchaser, nor any other person has made or makes any other express or implied representation or warranty, either written or oral, on behalf of Purchaser, including any representation as to the accuracy or completeness of any information regarding Parent or Purchaser furnished or made available to Pan Orient or its Representatives or as to the future revenue, profitability or success of Parent or Purchaser, or any representation or warranty arising in Law.

4.2 Survival of Representations and Warranties of the Purchaser

Except as provided in the Separation Agreement, the representations and warranties of Purchaser contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Date and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 5 COVENANTS OF PAN ORIENT, NEWCO AND THE PURCHASER

5.1 Covenants of Pan Orient and NewCo Regarding the Conduct of Business

- (a) Pan Orient and, where applicable, NewCo covenant and agree that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except: (i) as set forth in the Disclosure Letter; (ii) as required or permitted by or arising out of this Agreement; (iii) as required by applicable Law or by a Governmental Entity; or (iv) with the prior written consent of Purchaser, the business of the Pan Orient Entities will be conducted in the ordinary course of business consistent with past practice, as contained in the Pan Orient Capital Budget, and shall use its commercially reasonable efforts to maintain its business organization, goodwill, Assets, Pan Orient Employees (including the Target Employees), consultants and contractors, and to maintain satisfactory relationships with others having business relationships with any Pan Orient Entity, to comply in all material respects with the terms of all Material Contracts and with applicable Laws and not make any material change in its business, assets, liabilities, operations, capital or affairs.
- (b) Without limiting the generality of Section 5.1(a), during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, and subject to the exceptions set forth in Section 5.1(a), Pan Orient shall not, and shall not permit any Target Entity to, directly or indirectly, other than as specifically contemplated by this Agreement, the Separation Agreement or the Arrangement, in respect of the Target Entities:
 - (i) amend its articles or by-laws or similar constating documents or their respective formation, constating or organizational documents;
 - (ii) split, combine or reclassify any shares;
 - (iii) declare, set aside or pay any dividends or make any other distributions, whether payable in cash, securities, property or otherwise;

- (iv) redeem, repurchase, or otherwise acquire or offer to redeem, repurchase or otherwise acquire any of its outstanding securities;
- (v) amend or modify the terms of any of its securities;
- (vi) issue, deliver or sell, or grant any securities, including Options, RSUs, warrants or similar rights exercisable or exchangeable for or convertible into Shares;
- (vii) (A) adopt a plan of liquidation or resolutions providing for its liquidation, dissolution, merger, consolidation, reorganization or winding up; or (B) reorganize, amalgamate or merge with any other Person;
- (viii) enter into any Swaps;
- (ix) other than as contained in the Pan Orient Capital Budget and the Disclosure Letter, acquire (by merger, consolidation, acquisition of stock or assets or otherwise), directly or indirectly, in one transaction or in a series of related transactions, assets, securities, properties, interests or businesses;
- (x) other than as contained in the Pan Orient Capital Budget and the Disclosure Letter, sell, lease or otherwise transfer, in one transaction or in a series of related transactions, any of the Retained Assets, securities, properties, interests or businesses;
- (xi) other than as contained in the Pan Orient Capital Budget, make, or permit any Target Entity to make, in one transaction or in a series of related transactions, any loans, advances or capital contributions to, or investments in, any person;
- (xii) other than as contained in the Pan Orient Capital Budget, prepay any long-term indebtedness before its scheduled maturity or create, incur, assume or otherwise become liable, in one transaction or in a series of related transactions, with respect to any indebtedness for borrowed money or guarantees thereof;
- (xiii) other than as contained in the Pan Orient Capital Budget, make or commit to make any capital expenditures;
- (xiv) reduce the stated capital of its shares;
- (xv) incorporate, form or organize any Subsidiary of Pan Orient or any Target Entity;
- (xvi) (A) increase any severance, change of control, bonus or termination pay to (or amend any existing arrangement with) any Pan Orient Employee or Target Entity Employee or any director or officer of any Target Entity; (B) increase the benefits payable under any existing severance or termination pay policies or employment agreements with any current or former director or officer of any Target Entity or any Pan Orient Employee or Target Entity Employee; (C) enter into any employment, deferred compensation or other similar agreement (or amend any such existing agreement) with any director or officer of any Pan Orient Entity or any Pan Orient Employee; (D) increase compensation, bonus levels or other benefits payable to any director or officer of any Target Entity or any Pan Orient Employee or Target Entity Employee; (E) loan or advance money or other property

by any Target Entity to any of their present or former directors, officers or Pan Orient Employees or Target Entity Employee; (F) establish, adopt, enter into, amend or terminate any Pan Orient Plan (or any plan, agreement, program, policy, trust, fund or other arrangement that would be a Pan Orient Plan if it were in existence as of the date hereof) or collective bargaining agreement; (G) grant any equity or equity-based awards; or (H) increase, or agree to increase, any funding obligation or accelerate, or agree to accelerate, the timing of any funding contribution under any Pan Orient Plan;

- (xvii) make any material change in its methods of accounting, except as required by IFRS or pursuant to written instructions, comments or orders from any applicable Securities Authority, which instructions, comments, or orders shall have been disclosed to Purchaser;
- (xviii) waive, release, assign, settle or compromise any Action;
- (xix) (A) fail to duly and timely file, in accordance with applicable Laws, all Tax Returns required to be filed by it on or after the date hereof; (B) fail to timely withhold, collect, remit and pay all Taxes which are to be withheld, collected, remitted or paid by it to the extent due and payable except for any Taxes contested in good faith pursuant to applicable Laws; (C) make or rescind any material election relating to Taxes; (D) make a request for a tax ruling or enter into a closing agreement with any taxing authority; (E) settle or compromise any claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to Taxes; and (F) change in any material respect any of its methods of reporting income, deductions or accounting for income tax purposes from those employed in the preparation of its income tax return for the tax year ending December 31, 2021, except as may be required by applicable Laws;
- (xx) (A) enter into any contract which would be a Material Contract in respect of any Target Entity or the Retained Assets if in existence on the date hereof (other than the renewal of a contract in existence on the date hereof on terms materially consistent with terms in existence on the date hereof) or terminate, fail to renew, cancel, waive, release, assign, grant or transfer any rights of material value or amend, modify or change in any material respect any existing Material Contract in respect of any Target Entity or the Retained Assets; (B) enter into any contract in respect of any of the Excluded Entities or the Excluded Assets which would create any obligation or liability for any Target Entity; or (C) enter into any contract that would limit or otherwise restrict any of the Target Entities, or that would, after the Effective Time, limit or otherwise restrict Parent, Purchaser or any of their respective Affiliates from engaging or competing in their line of business or in any geographic area;
- (xxi) make an application to amend, terminate, allow to expire or lapse any of its Permits in respect of the Retained Assets;
- (xxii) enter into any contract in respect to any forward sale of its petroleum, natural gas and related hydrocarbons in respect of the Retained Assets;
- (xxiii) surrender or abandon any of its petroleum and natural gas rights or tangible depreciable property in respect of the Retained Assets;

- (xxiv) incur any indebtedness or assume, endorse, guarantee or otherwise become responsible for the obligations of any other Person, or make any loans or advances, other than: (A) to pay legal fees and financial advisory fees and other Transaction Costs in respect of the Arrangement; (B) to pay the Severance Costs and Change of Control Payments; and (C) any other operating costs or capital expenditures agreed to by the Purchaser prior to the date hereof (as included in the Disclosure Letter or the Pan Orient Capital Budget);
 - (xxv) issue any debt securities or amend the terms of any existing, or establish any new, credit facilities or debt instruments;
 - (xxvi) enter into any non-arm's length transactions or contracts, including with any Pan Orient Employees or Target Employees or any directors of any Target Entity;
 - (xxvii) amend, modify or terminate any insurance policy in effect on the date of this Agreement, except for scheduled renewals of any insurance policy in effect on the date hereof in the ordinary course of business consistent with past practice;
 - (xxviii) knowingly take any action or knowingly enter into any transaction that could reasonably be expected to have the effect of materially reducing or eliminating the amount of the tax cost "bump" pursuant to paragraphs 88(1)(c) and 88(1)(d) of the Tax Act otherwise available to Purchaser upon an amalgamation or winding-up of Pan Orient into Purchaser in respect of the non-depreciable capital properties owned by Pan Orient as of the Effective Time; other than (a) as disclosed to the Purchaser pursuant to Section 5.1(a)(i), or (b) with the prior written consent of Purchaser (such consent not to be unreasonably withheld, delayed or conditioned); or
 - (xxix) authorize, agree, resolve or commit, whether or not in writing, to do any of the foregoing.
- (c) Without limiting the generality of Section 5.1(a), during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, and subject to the exceptions set forth in Section 5.1(a), Pan Orient shall not permit any Excluded Entity to, directly or indirectly other than as specifically contemplated by this Agreement, in respect of the Excluded Entities:
- (i) amend its articles or by-laws or similar constating documents or their respective formation, constating or organizational documents;
 - (ii) split, combine or reclassify any shares;
 - (iii) declare, set aside or pay any dividends or make any other distributions, whether payable in cash, securities, property or otherwise;
 - (iv) redeem, repurchase, or otherwise acquire or offer to redeem, repurchase or otherwise acquire any of its outstanding securities;

- (v) (A) adopt a plan of liquidation or resolutions providing for its liquidation, dissolution, merger, consolidation, reorganization or winding up; or (B) reorganize, amalgamate or merge with any other Person;
 - (vi) other than as contained in the Disclosure Letter, acquire (by merger, consolidation, acquisition of stock or assets or otherwise), directly or indirectly, in one transaction or in a series of related transactions, assets, securities, properties, interests or businesses;
 - (vii) other than as contained in the Disclosure Letter, sell, lease or otherwise transfer, in one transaction or in a series of related transactions, any of the Excluded Assets, securities, properties, interests or businesses;
 - (viii) waive, release, assign, settle or compromise any Action which would create any obligation or liability for any Target Entity;
 - (ix) enter into any contract in respect of any of the Excluded Entities or the Excluded Assets which would create any obligation or liability for any Target Entity;
 - (x) amend, modify or terminate any insurance policy in effect on the date of this Agreement, except for scheduled renewals of any insurance policy in effect on the date hereof in the ordinary course of business consistent with past practice; or
 - (xi) authorize, agree, resolve or commit, whether or not in writing, to do any of the foregoing.
- (d) NewCo shall not, and Pan Orient shall not permit NewCo to, carry on or conduct any business, acquire any assets (including any assets or rights forming part of the Excluded Assets), assume or incur any liabilities or allow any Liens to be created against it, in each case prior to the Effective Time, except as is necessary to perform its obligations under this Agreement, the Separation Agreement, the Plan of Arrangement and matters ancillary thereto.
- (e) NewCo and Pan Orient shall submit an application to the TSXV to list the NewCo Shares on the TSXV on or before July 29, 2022 together with all information required or reasonably requested by the TSXV in connection with such application and use their reasonable commercial efforts to obtain the approval of the TSXV on or before the Effective date for the listing of the NewCo Shares.
- (f) Pan Orient will maintain and preserve all of its rights under each material Lease in respect of the Retained Assets.
- (g) On or before July 29, 2022, Pan Orient will deliver all required documents to notify the Persons set out in the Disclosure Letter that it intends to terminate, amend or assign, as applicable, the applicable contracts according to their respective terms.
- (h) Without limiting the generality of Section 5.1(a), Pan Orient covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except as otherwise agreed to in writing by Purchaser, Pan Orient shall (and shall cause each Target Entity to):

- (i) perform and comply with all of its obligations under the Material Contracts;
- (ii) withhold from any payment made by Pan Orient (including payments to any of its present or former directors in respect of any payments contemplated by this Agreement including, without limitation, in connection with the Options or RSUs), all amounts required by Law or administrative practice to be withheld by it on account of Taxes and other source deductions and Pan Orient shall remit such withheld amounts to the proper Governmental Entity within the times prescribed by such Law or administrative practice;
- (iii) promptly provide to Purchaser, prior to filing or issuance of the same, any proposed news release, material change report, or any other filing required by the Securities Authorities subject to Pan Orient's obligations under Laws to make continuous and timely disclosure of material information, and Purchaser agrees to keep such information confidential until it is filed;
- (iv) ensure that it has available funds to make, within the time periods contemplated herein, the payment of the amounts which may be required by Sections 2.11, 2.12 and 8.4 having regard to its other liabilities and obligations, and shall take all such actions as may be necessary to ensure that it maintains such availability to ensure that it is able to pay such amount when required;
- (v) (A) prepare, in a manner consistent, in all material respects, with past practice, except as otherwise required by Laws, and duly and timely file all Tax Returns required to be filed by it on or after the date hereof but prior to the Effective Time (including, without limitation, all applicable Tax Returns for its most recent financial year end) and ensure that all such Tax Returns are true, complete and correct in all material respects; and (B) timely pay all material Taxes that are due and payable prior to the Effective Time;
- (vi) properly reserve (and reflect such reserves in its books and records and financial statements) in accordance with past practice, for all material Taxes accruing in respect of Pan Orient which are not due or payable prior to the Effective Date;
- (vii) notify Purchaser in writing as soon as reasonably practicable after becoming aware (and to the extent that a written notification in respect of the same has not already been given to Purchaser prior to the date of this Agreement) of any Leakage Amounts having occurred from and including January 1, 2022 to and including the Effective Date, with such notice setting out in reasonable detail the nature and quantum of such Leakage Amounts;
- (viii) keep the Purchaser informed, on a current basis, of any events, discussions, notices or changes with respect to any Tax investigation; and
- (ix) (A) provide on a timely basis such information as is reasonably requested by the Purchaser and which is readily available to any Pan Orient Entity to facilitate the Purchaser's entering into of transactions designed to step up the tax cost of certain non-depreciable capital property of Pan Orient pursuant to paragraphs 88(1)(c) and 88(1)(d) of the Tax Act, and (B) use its reasonable commercial efforts to assist the Purchaser in the obtaining of any such information in order to facilitate a successful completion of such "bump" transactions.

- (i) Pan Orient covenants and agrees that, during the period from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, it shall cooperate with the Purchaser in respect of assessing the insurance policies of the Target Entity's which will terminate or lapse by reason of the transactions contemplated by this Agreement.

5.2 Covenants of Pan Orient Regarding the Performance of Obligations

Subject to the terms and conditions of this Agreement, Pan Orient shall perform all obligations required or desirable to be performed by Pan Orient under this Agreement, and co-operate with Purchaser in connection therewith, in order to consummate and make effective, as soon as reasonably practicable, the Arrangement and, without limiting the generality of the foregoing, Pan Orient shall:

- (a) use commercially reasonable efforts to obtain the requisite approvals of the Shareholders to the Arrangement Resolution including submitting the Arrangement Resolution for approval by the Shareholders at the Meeting in accordance with Section 2.4(a), except to the extent that there has been a Change in Recommendation in accordance with the terms of this Agreement;
- (b) promptly advise Purchaser orally and, if then requested, in writing of any event, change or development that has, is or could reasonably be expected to have a Material Adverse Effect in respect of any Pan Orient Entity or result in any material or adverse change in any fact set forth in the Disclosure Letter or the Data Room Information;
- (c) use commercially reasonable efforts to assist in obtaining the resignations of the Board of Directors and the officers of each Target Entity as directed in writing by the Purchaser and cause them to be replaced upon completion of the Arrangement as of the Effective Date by Persons nominated by Purchaser;
- (d) use commercially reasonable efforts to obtain all third party and other consents, waivers, permits, exemptions, orders, approvals, agreements, opinions, amendments and modifications to the Material Contracts that are necessary to permit the consummation of the transactions contemplated by this Agreement or required in order to maintain the Material Contracts in full force and effect following completion of the Arrangement, in each case on terms satisfactory to Purchaser, acting reasonably and without paying or providing a commitment to pay any consideration in respect thereof without the prior written consent of Purchaser;
- (e) provide lists of beneficial and registered holders of the Shares and any geographical reports prepared by its transfer agent in the possession of Pan Orient and a list of holders of the Options, and RSUs as well as a security position listing from each depository, and deliver any such lists to Purchaser promptly following the date hereof and promptly deliver to Purchaser upon demand thereafter supplemental lists setting out changes thereto;
- (f) use commercially reasonable efforts to defend and upon request of Purchaser take all commercially reasonable steps to resolve, in consultation with Purchaser, all lawsuits or other legal, regulatory or other proceedings or disputes relating to this Agreement or the Arrangement, including any proceedings or disputes with respect to any dissident Shareholder or proxy solicitation matters to which it is a party or by which it is affected, and will consult with and permit Purchaser to participate in any discussions with and in formulating strategies for responding to any dissident Shareholders provided that Pan

Orient shall not enter into any settlement of any such matters without Purchaser's prior written consent;

- (g) prior to the Effective Date, Pan Orient shall prepare or cause to be prepared (at Pan Orient's cost and expense) and shall file or cause to be filed, all Tax Returns of each Target Entity for all tax periods ending prior to January 1, 2022 ("**Pre-Closing Tax Returns**"). Such Pre-Closing Tax Returns shall be prepared on a basis consistent with past practice except to the extent otherwise required by applicable Law. Not later than ten (10) Business Days prior to filing any such Pre-Closing Tax Return, Pan Orient shall deliver a copy of such Pre-Closing Tax Return, together with supporting documentation, to Purchaser for Purchaser's review and reasonable comment. Pan Orient will consider such comments in good faith. Pan Orient will cause such Pre-Closing Tax Return (as revised to incorporate Purchaser's reasonable comments) to be filed prior to the Effective Date, will pay, prior to the Effective Date, all Taxes shown as being payable on such Pre-Closing Tax Return (whether or not such Taxes are due or payable after the Effective Date) and will provide a copy of such Pre-Closing Tax Return and evidence of filing and payment of such Taxes to Purchaser; and
- (h) Pan Orient shall prepare or cause to be prepared all Tax Returns for each Target Entity for any Straddle Period where Taxes in respect of such Straddle Period are due on or prior to the Effective Date ("**Pre-Closing Straddle Tax Returns**"). Such Pre-Closing Straddle Tax Returns shall be prepared on a basis consistent with past practice except to the extent otherwise required by applicable Law. Not later than ten (10) Business Days prior to the due date for filing any such Pre-Closing Straddle Tax Return, or three (3) Business Days in the case of a Pre-Closing Straddle Tax Return relating to sales, use, payroll or other Taxes that is required to be filed contemporaneously with, or within ten (10) Business Days after, the close of a tax period, Pan Orient shall deliver a copy of such Pre-Closing Straddle Tax Return, together with supporting documentation, to Purchaser for Purchaser's review and reasonable comment. Pan Orient will cause such Pre-Closing Straddle Tax Return (as revised to incorporate Purchaser's reasonable comments) to be timely filed and will timely pay all Taxes shown as due and payable on such Pre-Closing Straddle Tax Return and will provide a copy of such Pre-Closing Straddle Tax Return, as filed, to Purchaser. NewCo shall be liable for: (a) the amount of any Taxes that are allocable to the portion of the Straddle Period ending immediately prior to January 1, 2022, as reflected on such Pre-Closing Straddle Tax Return ("**Pre-Closing Straddle Period Taxes**"); and (b) the amount of any Taxes that are allocable to the portion of the Straddle Period beginning on January 1, 2022 other than any Taxes that are reasonably attributable exclusively to the Thailand Business ("**Excluded Business Tax**"). For purposes of this Article 5.2, the portion of any Tax that is allocable to the portion of the Straddle Period ending immediately prior to January 1, 2022 shall be:
 - (i) in the case of Taxes that are either (1) based upon or related to income or receipts, or (2) imposed in connection with any sale or other transfer or assignment of property (real or personal, tangible or intangible), deemed equal to the amount that would be payable if the taxable year of the particular Target Entity (and any partnership in which a Target Entity is a partner) ended immediately prior to January 1, 2022; provided, however, that exemptions, allowances or deductions that are calculated on an annual basis (including depreciation and amortization deductions) shall be allocated between the period ending immediately prior to January 1, 2022 and the period beginning (and including) January 1, 2022 in proportion to the number of days in each period; and

- (ii) in the case of Taxes imposed on a periodic basis (e.g., real property Taxes), deemed to be the amount of such Taxes for the entire Straddle Period (the tax period for such purposes begins on the date on which ownership of the property gives rise to liability for the particular Tax and ends on the day prior to the next such date), multiplied by a fraction the numerator of which is the number of calendar days in the period ending immediately prior to January 1, 2022 and the denominator of which is the number of calendar days in the entire period.

5.3 Mutual Covenants

- (a) Subject to the terms and conditions of this Agreement, each of Parent and Purchaser on one hand, and Pan Orient and NewCo on the other hand, shall use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under all applicable Laws to consummate the Arrangement and the transactions contemplated by this Agreement as soon as practicable, including:
 - (i) preparing and filing as promptly as practicable, and in any event prior to the expiration of any legal deadline, all necessary documents, registrations, statements, petitions, filings and applications to obtain any Regulatory Approvals;
 - (ii) using their commercially reasonable efforts to obtain and maintain all approvals, clearances, consents, registrations, Permits, authorizations and other confirmations required to be obtained from any Governmental Entity that are necessary to permit the consummation of the transactions contemplated by this Agreement, including the Regulatory Approvals;
 - (iii) using commercially reasonable efforts to oppose, lift or rescind any injunction or restraining or other order seeking to stop, or otherwise adversely affecting its ability to consummate, the Arrangement and to defend, or cause to be defended, any Actions to which it is a party or brought against it or its directors or officers challenging this Agreement or the consummation of the transactions contemplated hereby;
 - (iv) using its commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder as set forth in Article 6 to the extent the same is within its control;
 - (v) carrying out the terms of the Interim Order and Final Order applicable to it and using commercially reasonable efforts to comply promptly with all requirements which applicable Laws may impose on it or its Subsidiaries or Affiliates with respect to the transactions contemplated hereby;
 - (vi) taking all commercially reasonable actions to give effect to the transactions contemplated by this Agreement, the Separation Agreement and the Arrangement; and
 - (vii) reasonably cooperating with the other Parties and their tax advisors in structuring the Arrangement, and the Separation Transaction, and assist the other Parties and their tax advisors in making such investigations and inquiries with respect to such Parties in that regard, as the other Parties and their tax advisors shall consider

necessary, acting reasonably, provided that no Party shall be obligated to consent or agree to any structuring that has the effect of reducing the consideration to be received under the Arrangement by any of its securityholders.

- (b) The Parties shall not take any action, refrain from taking any commercially reasonable action, or permit any action to be taken or not taken, which is inconsistent with this Agreement or which would reasonably be expected to significantly impede, delay or impair the completion of the transactions contemplated under this Agreement (including the satisfaction of any condition set forth in Article 6) or any Regulatory Approval, except as specifically permitted by this Agreement.

5.4 Regulatory Approvals and Government Notices

- (a) Each Party, or where appropriate, the Parties jointly, shall make all notifications, filings, applications and submissions with Governmental Entities required or advisable, and shall use its commercially reasonable efforts to obtain and maintain the Regulatory Approvals. As at the date of this Agreement, the Parties acknowledge and agree that no Regulatory Approvals are required under applicable Laws in connection with the transactions contemplated by this Agreement other than (i) the Interim Order and any approvals required by the Interim Order, (ii) the Final Order, and (iii) filings with, and conditional approval by, the TSXV.
- (b) Pan Orient shall notify the DMF, as soon as reasonably practicable after the date of this Agreement of the details of this Agreement and the Arrangement by (i) sending to the DMF the news release issued by Pan Orient announcing this Agreement and the transaction contemplated hereby, and (ii) copying Purchaser and its designated Affiliates and Representatives of the foregoing on any and all correspondence sent or received by Pan Orient or its Representatives in connection with such notification.
- (c) The Parties shall co-operate in the preparation of any application for the Regulatory Approvals and any other notices, clearances, consents, rulings, exemptions, no-action letters and approvals reasonably deemed by any Party to be necessary to discharge their respective obligations under this Agreement or otherwise advisable under applicable Laws in connection with the Arrangement and this Agreement. In connection with the foregoing, each Party shall furnish, on a timely basis, all information as may be reasonably required by the other Parties or by any Governmental Entity to effectuate the foregoing actions, and each covenants that, to its knowledge, no information so furnished by it in writing shall contain a misrepresentation.
- (d) The Parties shall consult with, and consider in good faith any suggestions or comments made by, the other Parties with respect to the documentation relating to the Regulatory Approvals process, provided that, to the extent any such document contains any information or disclosure relating to a Party or any Affiliate of a Party, such Party shall have approved such information or disclosure prior to the submission or filing of any such document (which approval shall not be unreasonably withheld or delayed).
- (e) The Parties shall request that the Regulatory Approvals be processed by the applicable Governmental Entity on an expedited basis and, to the extent that a public hearing is held, the Parties shall request the earliest possible hearing date for the consideration of the Regulatory Approvals. The Parties, as applicable, shall promptly notify any Governmental Entity that is responsible for issuing a Regulatory Approval that it is prepared to meet, by

telephone or in-Person at the Governmental Entity's offices, with a view to obtaining the Regulatory Approvals on an expedited basis.

- (f) Each Party shall promptly notify the other Parties in writing of any notice or other communication from any Person (including Governmental Entities) alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person (or another Person) is or may be required in connection with this Agreement or the Arrangement.
- (g) Subject to applicable Laws, the Parties shall co-operate with and keep each other fully informed as to the status of and the processes and proceedings relating to obtaining the Regulatory Approvals, and shall promptly notify each other of any material communication from any Governmental Entity in respect of the Arrangement or this Agreement, and shall not make any submissions or filings, participate in any meetings or any material conversations with any Governmental Entity in respect of any filings, investigations or other inquiries related to the Arrangement or this Agreement unless it consults with the other Parties in advance and, to the extent not precluded by such Governmental Entity, gives the other Parties the opportunity to review drafts of any submissions or filings, or attend and participate in any communications or meetings. Notwithstanding the foregoing, submissions, filings or other written communications with any Governmental Entity may be redacted as necessary before sharing with the other Parties to address reasonable attorney-client or other privilege or confidentiality concerns, provided that external legal counsel to the Parties shall receive non-redacted versions of drafts or final submissions, filings or other written communications to any Governmental Entity on the basis that the redacted information shall not be shared with their respective clients.
- (h) Purchaser and Pan Orient shall promptly notify the other if at any time before the Effective Time it becomes aware that:
 - (i) any application for a Regulatory Approval or other filing under applicable Laws made in connection with this Agreement, the Arrangement or the transactions contemplated herein contains a misrepresentation; or
 - (ii) any Regulatory Approval or other order, clearance, consent, ruling, exemption, no-action letter or other approval applied for as contemplated herein which has been obtained contains or reflects or was obtained following submission of any application, filing, document or submission as contemplated herein that contained a misrepresentation;

such that an amendment or supplement to such application, filing, document or submission or order, clearance, consent, ruling, exemption, no-action letter or approval may be required. In such case, the Parties shall co-operate in the preparation of such amendment or supplement as required.

- (i) If any objections are asserted with respect to the transactions contemplated by this Agreement under any Law, or if any proceeding is instituted or threatened by any Governmental Entity challenging or which could lead to a challenge of any of the transactions contemplated by this Agreement as not in compliance with Law or as not satisfying any applicable legal text or interpretation under a Law necessary to obtain the Regulatory Approvals, the Parties shall use their commercially reasonable efforts consistent with the terms of this Agreement to resolve such objections or proceeding so as

to allow the Effective Time to occur on or prior to the Outside Date in a manner consistent with the terms of this Agreement or the transactions contemplated hereby.

- (j) Notwithstanding any of the foregoing, the covenants of the Parties to use commercially reasonable efforts to obtain and maintain the Regulatory Approvals shall not require (i) the Purchaser or its Affiliates to make or agree to any undertaking, agreement, or action required to obtain and maintain such Regulatory Approvals that would have a substantial negative financial impact on, or impose a substantial negative burden on any of the Purchaser or its Affiliates (on a consolidated basis) or the Target Entities (on a consolidated basis) or the value thereof (in each case, on a consolidated basis), or (ii) Pan Orient or NewCo to make or agree to any undertaking, agreement, or action required to obtain and maintain such Regulatory Approvals that would have a substantial negative financial impact on, or impose a substantial negative burden on NewCo (on a consolidated basis) or the value thereof (on a consolidated basis).
- (k) Notwithstanding any provision of this Agreement (including the Plan of Arrangement), the Separation Agreement, or the Confidentiality Agreement (collectively, the "**Transaction Agreements**"), Pan Orient, NewCo and the Purchaser, and their respective "advisors" (as defined for purposes of section 237.3 and proposed section 237.4 of the Tax Act), are each expressly permitted to prepare and file any applicable Tax Returns as such Person determines may reasonably be considered to be required in respect of the transactions contemplated by the Transaction Agreements pursuant to the reporting requirements of section 237.3 or proposed section 237.4 of the Tax Act ("**Reporting Requirements**"), as such provisions are proposed to be amended or introduced, as applicable, by the legislative proposals released by the Minister of Finance (Canada) on February 4, 2022. Not later than 25 calendar days prior to the prescribed reporting deadline, each of Pan Orient, NewCo and the Purchaser, shall, if applicable, provide written notice to the other Parties of its intention to comply with the Reporting Requirements, and the Parties will cooperate with respect to preparing and filing the prescribed forms or other applicable Tax Returns in respect of the Reporting Requirements.

5.5 Public Communications

The Parties shall co-operate in the preparation of presentations, if any, to the Shareholders or other Persons regarding the Arrangement. Except as required by Law, a Party may not issue any press release or make any other public statement or disclosure with respect to this Agreement or the Arrangement without the consent of the other Party (which consent shall not be unreasonably withheld or delayed), and no Party shall make any submission or filing with any Governmental Entity with respect to this Agreement or the Arrangement without the consent of the other Parties (which consent shall not be unreasonably withheld or delayed); provided that any Party that, in the opinion of its outside legal counsel, is required to make disclosure or filing by Law shall use its commercially reasonable efforts to give the other Party prior oral or written notice and a reasonable opportunity to review or comment on the disclosure or filing (other than with respect to confidential information contained in such disclosure or filing). The Party making such disclosure shall give reasonable consideration to any comments made by the other Party or its counsel, and if such prior notice is not possible, shall give such notice immediately following the making of such disclosure or filing. For the avoidance of doubt, none of the foregoing shall prevent Pan Orient, Parent or Purchaser from making: (i) internal announcements to employees and having discussions with shareholders, financial analysts and other stakeholders; or (ii) public announcements in the ordinary course that do not relate specifically to this Agreement or the Arrangement so long as such announcements and discussions are consistent in all material respects with the most recent press releases, public disclosures or public statements made by Pan Orient.

ARTICLE 6 CONDITIONS

6.1 Mutual Conditions Precedent

The respective obligations of the Parties to complete the Arrangement and the transactions contemplated by this Agreement are subject to the fulfillment, on or before the Effective Time, of each of the following conditions precedent, each of which may only be waived with the written mutual consent of the Parties:

- (a) the Arrangement Resolution shall have been approved by the Shareholders at the Meeting in accordance with the Interim Order;
- (b) the Interim Order and the Final Order shall each have been obtained on terms consistent with this Agreement, and shall not have been set aside or modified in a manner unacceptable to the Parties, acting reasonably, on appeal or otherwise;
- (c) the Articles of Arrangement to be filed by the Outside Date with the Registrar in accordance with the Arrangement will be in form and substance satisfactory to the Parties, acting reasonably;
- (d) no applicable Law shall be in effect that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Parties from consummating the Arrangement;
- (e) there is no action or proceeding (whether, for greater certainty, by a Governmental Entity or any other Person) pending or threatened in any jurisdiction that is reasonably likely to:
 - (i) cease trade, enjoin or prohibit Purchaser's ability to acquire, hold, or exercise full rights of ownership over, any Shares, including the right to vote the Shares;
 - (ii) prohibit the Arrangement, or the ownership or operation by Purchaser of any material portion of the business or assets of the Target Entities or compel Purchaser or its Affiliates to dispose of or hold separate any material portion of the business or assets of Target Entities (taken as a whole) as a result of the Arrangement; or
 - (iii) materially delay the consummation of the Arrangement, or if the Arrangement is consummated, have a Material Adverse Effect;
- (f) Pan Orient and NewCo shall have executed the Separation Agreement;
- (g) the Effective Date will be on or before the Outside Date;
- (h) the Plan of Arrangement shall not have been amended, modified or supplemented by approval or direction of the Court without the written consent of Purchaser and Pan Orient, acting reasonably; and
- (i) this Agreement shall not have been terminated in accordance with its terms

6.2 Additional Conditions Precedent to the Obligations of Purchaser

The obligations of Parent and Purchaser to complete the transactions contemplated by this Agreement shall also be subject to the fulfillment of each of the following conditions precedent (each of

which is for the exclusive benefit of each of Parent and Purchaser and may be waived by Parent and Purchaser):

- (a) Pan Orient and NewCo shall have performed all covenants under this Agreement to be performed on or before the Effective Time in all material respects, and Purchaser shall have received a joint certificate of Pan Orient and NewCo addressed to Purchaser and dated the Effective Date, signed on behalf of Pan Orient by two senior executive officers of Pan Orient (and without personal liability) and on behalf of NewCo by two officers of NewCo (and without personal liability) confirming the same as of the Effective Date;
- (b) (i) the representations and warranties of Pan Orient set forth in paragraphs (a), (b) and (d) of Schedule F were true and correct as of the date of this Agreement and shall be true and correct as of the Effective Time in all respects (other than de minimis inaccuracies); (ii) all other representations and warranties of Pan Orient in Schedule F and Schedule G which are qualified by references to materiality or by the expression Material Adverse Effect, such representations and warranties were true and correct as of the date of this Agreement and shall be true and correct in all respects as of the Effective Time (except to the extent such representations and warranties speak as of an earlier date, the accuracy of which shall be determined as of that specified date); and (iii) all other representations and warranties of Pan Orient in Schedule F and Schedule G which are not qualified by references to materiality or by the expression Material Adverse Effect, such representations and warranties were true and correct as of the date of this Agreement and shall be true and correct in all material respects as of the Effective Time (except to the extent such representations and warranties speak as of an earlier date, the accuracy of which shall be determined as of that specified date), and Pan Orient and NewCo have delivered certificates confirming same to Purchaser, executed by a senior officer of each of Pan Orient and NewCo (in each case without personal liability) addressed to Purchaser and dated the Effective Date;
- (c) all Regulatory Approvals and all other third party consents, waivers, permits, orders and approvals, in each case, that are required or deemed by the Parties in the Disclosure Letter to be required to consummate the transactions contemplated by this Agreement and the failure of which to obtain, individually or in the aggregate: (i) would be reasonably expected to have a Material Adverse Effect or to be material and adverse to the Purchaser and the Target Entities; or (ii) would reasonably be expected to (A) materially impede or materially delay the completion of the Arrangement or (B) prevent Purchaser from assuming after the Effective Time managerial control and operation of the Target Entities, shall have been obtained or received on terms that are acceptable to Purchaser, acting reasonably;
- (d) since the date hereof, there shall not have been or occurred a Material Adverse Effect in respect of the Target Entities (taken as a whole);
- (e) the aggregate number of Shares held, directly or indirectly, by those holders of such Shares who have validly exercised Dissent Rights and not withdrawn such exercise in connection with the Arrangement (or instituted proceedings to exercise Dissent Rights) shall not exceed 5% of the aggregate number of Shares outstanding immediately prior to the Effective Time;
- (f) immediately prior to the Effective Time, the Target Entities shall have no Indebtedness, other than Intercompany Receivables;

- (g) immediately prior to the Effective Time, Pan Orient shall have no more than 49,793,907 Shares; 2,865,000 Options and 339,998 RSUs outstanding, subject to the issuance of Shares prior to the Effective Time on a valid exercise of Options as contemplated by Section 2.12(b) and the Plan of Arrangement;
- (h) prior to the Effective Date, the TSXV shall have conditionally approved the delisting of the Shares, on terms that are acceptable to the Purchaser, acting reasonably;
- (i) on or prior to the Effective Date, any rights of first refusal for the purchase of the Retained Assets that are or may be triggered by the Arrangement are waived in writing or expire unexercised;
- (j) on or prior to the Effective Date, the Separation Agreement and all agreements and documents ancillary thereto, all in a form satisfactory to the Purchaser, acting reasonably, shall have been duly executed and delivered by Pan Orient and NewCo, as applicable, and the Purchaser shall be satisfied, acting reasonably, that the transactions contemplated therein will be completed concurrently with, or immediately following, the Effective Time;
- (k) on or prior to the Effective Date, Purchaser will have received executed full and final resignations and mutual releases in form and substance acceptable to Purchaser, acting reasonably, from: (i) all of the directors and officers of Pan Orient, POP and KSE; and (ii) Angus Mitchell in his capacity as a director of POES; and
- (l) Pan Orient and NewCo shall have deposited or caused to be deposited with the Depositary in escrow (the terms and conditions of such escrow to be satisfactory to the Parties, acting reasonably) in accordance with Section 2.16(b) the aggregate Share Consideration issuable pursuant to this Arrangement.

6.3 Additional Conditions Precedent to the Obligations of Pan Orient

The obligations of Pan Orient to complete the transactions contemplated by this Agreement shall also be subject to the following conditions precedent (each of which is for the exclusive benefit of Pan Orient and may be waived by Pan Orient):

- (a) Purchaser shall have performed all covenants under this Agreement to be performed on or before the Effective Time in all material respects, and Pan Orient and NewCo shall have received a certificate of Purchaser, addressed to Pan Orient and dated the Effective Date, signed on behalf of Purchaser by two officers of Purchaser (and without personal liability) confirming the same as of the Effective Date;
- (b) all representations and warranties of Purchaser in Schedule H were true and correct as of the date of this Agreement and shall be true and correct as of the Effective Time (except to the extent such representations and warranties speak as of an earlier date, the accuracy of which shall be determined as of that specified date), and Purchaser shall have delivered a certificate confirming same to Pan Orient and NewCo, executed by a senior officer of Purchaser (in each case without personal liability) addressed to Pan Orient and NewCo and dated the Effective Date;
- (c) all Regulatory Approvals shall have been obtained;

- (d) prior to the Effective Date, the TSXV shall have conditionally approved the listing of the NewCo Shares; and
- (e) Purchaser shall have deposited or caused to be deposited with the Depositary in escrow (the terms and conditions of such escrow to be satisfactory to the Parties, acting reasonably) in accordance with Section 2.16(a) the aggregate Cash Consideration payable pursuant to this Arrangement.

6.4 Satisfaction of Conditions

Subject to applicable Law, the conditions set out in Section 6.1, Section 6.2 and Section 6.3 shall be conclusively deemed to have been satisfied, waived or released upon the issuance of the Certificate of Arrangement. For greater certainty, and notwithstanding the terms of any escrow agreement entered into between the Parties (or any one of them) and the Depositary, all Cash Consideration and Share Consideration held in escrow by the Depositary pursuant to Section 2.16 hereof shall be released from escrow when the Certificate of Arrangement is issued.

ARTICLE 7 ADDITIONAL AGREEMENTS

7.1 Notice and Cure Provisions

- (a) Each Party shall give prompt notice to the other Parties of the occurrence, or failure to occur, at any time from the date hereof until the earlier to occur of the termination of this Agreement and the Effective Time of any event or state of facts which occurrence or failure would, or would be likely to:
 - (i) cause any of the representations or warranties of any Party contained herein to be untrue or inaccurate in any material respect at any time from the date of this Agreement to the Effective Time; or
 - (ii) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any Party hereunder prior to the Effective Time.
- (b) Purchaser may not exercise its right to terminate this Agreement pursuant to Section 8.1(a)(iii) and Pan Orient may not exercise its right to terminate this Agreement pursuant to Section 8.1(a)(iv)(B) unless the Party seeking to terminate this Agreement shall have delivered a written notice to the other Parties specifying in reasonable detail all breaches of covenants, inaccuracies of representations and warranties or other matters which the Party delivering such notice is asserting as the basis for the termination right. If any such notice is delivered, provided that a Party is proceeding diligently to cure such matter and such matter is reasonably capable of being cured, no Party may exercise such termination right until the earlier of (i) the Outside Date; and (ii) the date that is five (5) Business Days following receipt of such notice by the Party to whom the notice was delivered, if such matter has not been cured by such date. If such notice has been delivered prior to the date of the Meeting, such Meeting shall, unless the Parties agree otherwise, be postponed or adjourned until the expiry of such period (without causing any breach of any other provision contained herein).

7.2 Non-Solicitation

- (a) Except as expressly provided in this Section 7.2, Pan Orient shall not, directly or indirectly, or through its Affiliates, Subsidiaries or Representatives, or otherwise, or permit any Person to: (i) make, solicit, assist, initiate, facilitate or encourage (including by furnishing or providing copies of, access to, or disclosure of, any information, properties, facilities, books or records of Pan Orient or any Pan Orient Entity or entering into any form of agreement, arrangement or understanding) any inquiries or proposals regarding, constituting, or which may reasonably be regarded to lead to or constitute, an Acquisition Proposal; (ii) enter into or otherwise engage, encourage or participate in any discussions or negotiations with any Person (other than Purchaser) regarding any inquiries or proposals regarding, constituting, or which may reasonably be regarded to lead to or constitute, an Acquisition Proposal or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage any effort or attempt of any Person to do or seek to do any of the foregoing; (iii) make or propose publicly to make a Change in Recommendation; (iv) accept, approve, endorse, enter into or recommend, or propose publicly to accept, approve, endorse or recommend, any Acquisition Proposal or take no position or remain neutral with respect to any Acquisition Proposal; (v) accept, approve, endorse, recommend or enter into, or publicly propose to accept, approve, endorse or enter into, any agreement in respect of an Acquisition Proposal (other than a confidentiality and standstill agreement permitted by Section 7.2(c)); (vi) waive, or otherwise forebear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to waive or otherwise forebear in respect of, any rights or other benefits under confidential information agreements including any "standstill" provisions thereunder; or (vii) resolve or determine to take any action which would be reasonably likely to result in the foregoing.
- (b) Except as otherwise expressly provided in this Section 7.2, Pan Orient shall, and shall cause its Affiliates, Subsidiaries and Representatives to, immediately cease and cause to be terminated, any solicitation, encouragement, discussion or negotiation with any Persons (other than Parent, Purchaser and their respective Affiliates) conducted heretofore by Pan Orient or any of its Affiliates, Subsidiaries, or Representatives with respect to any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal, and, in connection therewith, Pan Orient shall discontinue access and not establish or allow access to any data rooms, virtual or otherwise or otherwise furnish information and shall as soon as possible request, to the extent that it is entitled to do so (and exercise all rights it has to require) the return or destruction of all confidential information regarding Pan Orient and Pan Orient Entities previously provided to any such Person (other than Purchaser and its Affiliates) or any other Person and shall request (and exercise all rights it has to require) the destruction of all material including or incorporating or otherwise reflecting any material confidential information regarding Pan Orient. Pan Orient covenants and agrees that: (i) it shall not terminate, waive, amend or modify, and agrees to actively prosecute and enforce, any provision of any existing confidentiality, standstill, non-disclosure, non-solicitation, use, business purpose or similar agreement or covenant to which Pan Orient or Pan Orient Entity is a party; and (ii) not to release, and cause its Subsidiaries and Affiliates not to release, any Person from, or waive, amend, suspend or otherwise modify such Person's obligations respecting Pan Orient or any Pan Orient Entity, under any confidentiality, standstill, non-disclosure, use, business purpose or similar agreement or covenant to which Pan Orient or any Pan Orient Entity is a party, without the prior written consent of Purchaser (which may be withheld or delayed in Purchaser's sole and absolute discretion). Pan Orient represents and warrants that: (i) it has not waived any confidentiality, standstill or similar agreement or restriction applicable to

another Person to which Pan Orient or a Pan Orient Entity is a party; and (ii) no confidentiality, standstill or similar agreement applicable to another Person to which Pan Orient or a Pan Orient Entity is a party will automatically terminate or otherwise be released as a result of entering into or announcing this Agreement.

- (c) Notwithstanding Section 7.2(a) if at any time following the date of this Agreement and prior to obtaining the approval of the Arrangement Resolution by the Shareholders, Pan Orient receives any written *bona fide* Acquisition Proposal, other than any Acquisition Proposal that resulted from a breach of this Section 7.2, that the Board of Directors determines in good faith, after consultation with its financial advisors and outside counsel, constitutes a Superior Proposal, if consummated in accordance with its terms, then Pan Orient may, following compliance with Section 7.2(d) and provided Pan Orient has been, and continues to be, in compliance, in all material respects, with its obligations under this Section 7.2:

- (i) furnish information with respect to Pan Orient to the Person making such Acquisition Proposal; and/or
- (ii) enter into, participate, facilitate and maintain discussions or negotiations with, and otherwise co-operate with or assist, the Person making such Acquisition Proposal;

provided that Pan Orient shall not, and shall not allow its Representatives to, disclose any non-public information to such Person without having entered into a confidentiality and standstill agreement (a correct and complete copy of which confidentiality and standstill agreement shall be provided to Purchaser before any such non-public information is provided) with such Person that contains provisions that are no less favorable to Pan Orient than those contained in the Confidentiality Agreement and allows for disclosure thereof to the Purchaser, provided that such confidentiality and standstill agreement may not include any provision calling for an exclusive right to negotiate with Pan Orient and may not restrict Pan Orient from complying with this Section 7.2, and shall promptly provide to Purchaser any material non-public information concerning Pan Orient provided to such other person which was not previously provided to Purchaser.

- (d) Pan Orient shall promptly (and in any event within 24 hours following receipt) notify Purchaser (orally and in writing) in the event it receives after the date hereof a bona fide Acquisition Proposal (including any inquiries or request for non-public information relating to Pan Orient in connection with a potential Acquisition Proposal), including the terms and conditions thereof and the identity of the Person making the Acquisition Proposal, and shall provide Purchaser with a copy of any written Acquisition Proposal and shall keep Purchaser fully informed as to the status of developments and negotiations with respect to such Acquisition Proposal, including any changes to the material terms or conditions of such Acquisition Proposal.
- (e) Notwithstanding Section 7.2(a), if at any time following the date of this Agreement and prior to the approval of the Arrangement Resolution by Shareholders, Pan Orient receives an Acquisition Proposal not resulting from a breach of this Section 7.2 that the Board of Directors concludes in good faith, constitutes a Superior Proposal, the Board of Directors may, subject to compliance with the procedures set forth in this Section 7.2 and Section 8.1(a)(iv)(A), authorize Pan Orient to terminate this Agreement and enter into a definitive agreement with respect to such Superior Proposal, if and only if:

- (i) Pan Orient has been and continues to be, in compliance with its obligations under this Section 7.2;
 - (ii) the Person making such Superior Proposal is not restricted from making such Superior Proposal under Law or agreement;
 - (iii) Pan Orient has provided Purchaser with a copy of the definitive agreement proposed to be entered into in respect of the Superior Proposal, and written confirmation from Pan Orient that the Board of Directors has determined that such proposal constitutes a Superior Proposal;
 - (iv) five Business Days (the "**Matching Period**") shall have elapsed from the date that is the later of (A) the date Purchaser received written notice advising Purchaser that the Board of Directors has resolved, subject only to compliance with this Section 7.2, to terminate this Agreement to enter into a definitive agreement with respect to such Superior Proposal and (B) the date Purchaser has received all of the materials set forth in Section 7.2(e)(ii) (it being understood that Pan Orient shall promptly inform Purchaser of any amendment to the financial or other material terms of such Superior Proposal of the definitive agreement during such period);
 - (v) the Acquisition Proposal giving rise to the notice referred to in Section 7.2(e)(iv) continues to be a Superior Proposal compared to this Agreement as it is proposed to be amended by Purchaser (if applicable); and
 - (vi) prior to or concurrent with entering into of such definitive agreement, Pan Orient terminates this Agreement pursuant to Section 8.1(a)(iii) and pays the Pan Orient Termination Fee pursuant to Section 8.4.
- (f) During the Matching Period, Pan Orient agrees that Purchaser shall have the right, but not the obligation, to offer to amend the terms of this Agreement. The Board of Directors shall review any offer to amend the terms of this Agreement in good faith in order to determine, in its discretion in the exercise of its fiduciary duties and in consultation with its financial and outside legal advisors, whether Purchaser's amended offer, upon acceptance by Pan Orient would cause the Superior Proposal giving rise to the Matching Period to cease to be a Superior Proposal. If the Board of Directors determines that the Acquisition Proposal giving rise to such Matching Period would not continue to be a Superior Proposal compared to this Agreement as it is proposed to be amended by Purchaser, the Parties shall amend this Agreement to give effect to such amendments and the Board of Directors shall promptly reaffirm its recommendation of the Arrangement by press release after any Acquisition Proposal which is publicly announced is determined not to be a Superior Proposal. If the Board of Directors continues to believe, in good faith, after consultation with its financial and outside legal advisors, that such Superior Proposal remains a Superior Proposal and therefore rejects Purchaser's amended offer, if any, or Purchaser fails to enter into an agreement with Pan Orient reflecting such amended offer, the Board of Directors may, subject to compliance with the procedures set forth in Section 7.2(e) and Section 8.1(a)(iv)(A), authorize Pan Orient to terminate this Agreement and contemporaneously enter into a definitive agreement with respect to such Superior Proposal.

- (g) Pan Orient acknowledges that each successive material modification to any Acquisition Proposal shall constitute a new Acquisition Proposal for purposes of the requirements under Section 7.2(e) and shall initiate a new five Business Day Matching Period.
- (h) In the event Pan Orient provides the notice contemplated by Section 7.2(e) or Section 7.2(f) on a date which is less than five Business Days prior to the Meeting, Purchaser shall be entitled to require Pan Orient to adjourn or postpone the Meeting to a date that is not more than five Business Days after the date of the notice.
- (i) Nothing contained in this Agreement shall prohibit the Board of Directors from making disclosure to Shareholders to comply with its fiduciary duties in response to a Superior Proposal or as required by applicable Canadian Securities Laws or U.S. Securities Laws in response to an Acquisition Proposal (including by responding to an Acquisition Proposal under a directors' circular), provided that in the event of a Change in Recommendation and a termination by Purchaser of this Agreement pursuant to Section 8.1(a)(iii), Pan Orient shall pay the Pan Orient Termination Fee as prescribed by Section 8.4.
- (j) Notwithstanding any provision of this Agreement, including in particular, Section 7.2(a), and provided that Pan Orient is otherwise in compliance with the terms of this Agreement, Pan Orient, shall be permitted, either directly or through the Excluded Entities or their respective Representatives, to (i) make, solicit, assist, initiate, facilitate or encourage (including by furnishing or providing copies of, access to, or disclosure of, any information, properties, facilities, books or records of an Excluded Entity and enter into a form of agreement, arrangement or understanding) inquiries or proposals regarding, constituting, or which may reasonably be regarded to lead to or constitute, an Acquisition Proposal solely in respect of the Excluded Business, Excluded Entities or Excluded Assets; and (ii) enter into or otherwise engage, encourage or participate in any discussions or negotiations with any Person regarding any inquiries or proposals regarding, constituting, or which may reasonably be regarded to lead to or constitute, an Acquisition Proposal solely in respect of the Excluded Business, Excluded Entities or Excluded Assets or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage any effort or attempt of any Person to do or seek to do any of the foregoing.

7.3 Fees

Subject to Section 8.4, each Party shall pay all fees, costs and expenses incurred by such Party in connection with this Agreement and the Arrangement.

7.4 Access to Information

- (a) From the date hereof until the earlier of the Effective Time and the termination of this Agreement, subject to applicable Law and the terms of any contract of Pan Orient, Pan Orient shall:
 - (i) give to Purchaser and its Representatives reasonable access to the offices, properties, books and records of Pan Orient and its Subsidiaries and Affiliates; and
 - (ii) furnish to Purchaser and its Representatives such financial and operating data and other information as such Persons may reasonably request.

- (b) Any investigation pursuant to this Section 7.4 shall be conducted during normal business hours (unless otherwise agreed to by Pan Orient) and in such manner as not to interfere unreasonably with the conduct of the business of Pan Orient. Neither Purchaser nor any of its Representatives shall contact officers or employees of Pan Orient and the Target Entities except after prior approval of one of the following officers of Pan Orient: (i) the President and Chief Executive Officer, or (ii) the Chief Financial Officer, which approval shall not be unreasonably withheld, conditioned or delayed.
- (c) Notwithstanding Section 7.4(a) or any other provision of this Agreement, Pan Orient shall not be obligated to provide access to, or to disclose, any information to Purchaser if Pan Orient reasonably determines that such access or disclosure would violate applicable Law (including the Competition Act or any other applicable competition laws).

7.5 Interim Period Consents

Purchaser shall, promptly following the date hereof, designate two individuals from either of whom Pan Orient may seek approval to undertake any actions not otherwise permitted to be taken under Section 5.1, and shall ensure that such Persons shall respond, on behalf of Purchaser, to Pan Orient's requests in an expeditious manner.

At Purchaser's complete discretion, Pan Orient shall make a designation pursuant to paragraph 111(4)(e) of the Tax Act (and comparable provisions of applicable provincial Laws) in respect of the tax year of Pan Orient ending on the Effective Date, in respect of capital property of Pan Orient immediately before the effective time of the acquisition by Purchaser of the Shares.

7.6 Release from Guarantees

Pan Orient will make commercially reasonable efforts to obtain, prior to the Effective Time, full and final releases in respect to any and all obligations relating to the direct or indirect guarantee or assumption by any Pan Orient Entity (other than NewCo, Andora and POEH), contingent or otherwise, of any payment or performance obligations of any person in respect to the business of the Excluded Entities, other than as set out in the Disclosure Letter. To the extent such releases are not obtained prior to the Effective Time, NewCo shall indemnify and save harmless the Pan Orient Entities (other than NewCo, Andora and POEH) and their Representatives from and against any and all liabilities, claims, demands, losses, costs, damages and expenses to which the Pan Orient Entities (other than NewCo, Andora and POEH) and their Representatives may be subject or may suffer, in any way caused by, or arising, directly or indirectly, from or in consequence of the Pan Orient Entities (other than NewCo, Andora and POEH) not being released from such guarantees and assumptions.

ARTICLE 8 TERMINATION AND WAIVER

8.1 Termination

- (a) This Agreement may be terminated and the Arrangement may be abandoned at any time prior to the Effective Time (notwithstanding any approval of this Agreement or the Arrangement Resolution or the Arrangement by the Shareholders and/or the Court):
 - (i) by mutual written agreement of the Parties;

- (ii) by either of Pan Orient (on its own behalf and on behalf of NewCo) or Purchaser, if:
 - (A) the Effective Time shall not have occurred on or before the Outside Date, except that the right to terminate this Agreement under this Section 8.1(a)(ii)(A) shall not be available to any such Party whose failure to fulfill any of its covenants, obligations and agreements or breach of any of its representations and warranties under this Agreement has been the cause of, or resulted in, the failure of the Effective Time to occur by such date;
 - (B) after the date hereof, there shall be enacted or made any applicable Law (or any such applicable Law shall have been amended) that makes consummation of the Arrangement illegal or otherwise prohibited or enjoins Pan Orient or Purchaser from consummating the Arrangement and such applicable Law (if applicable) or injunction, if appealable, shall have become final and non-appealable; or
 - (C) the Meeting is duly convened and held and the Arrangement Resolution shall have failed to receive the requisite approval of the Shareholders at the Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order and the ABCA, except that, the right to terminate this Agreement under this Section 8.1(a)(ii)(C) shall not be available to any such Party whose failure to fulfill any of its covenants, obligations and agreements or breach of any of its representations and warranties under this Agreement has been the cause of, or resulted in, the failure of the Arrangement Resolution to receive the requisite approval of the Shareholders;
- (iii) by Purchaser, if:
 - (A) prior to obtaining the approval of the Arrangement Resolution by Shareholders: (1) the Board of Directors shall have withdrawn, amended, withheld, qualified or modified in a manner adverse to Purchaser or the consummation of the Arrangement its recommendation to the Shareholders to vote in favour of the Arrangement, or failed to reconfirm within three days after request by Purchaser its approval and recommendation of the Arrangement or the Arrangement Resolution (it being understood that publicly taking a neutral position or no position with respect to an Acquisition Proposal beyond a period of three days after public announcement of an Acquisition Proposal shall be considered an adverse modification); (2) the Board of Directors shall have approved or recommended any Acquisition Proposal; (3) Pan Orient shall have entered into a written agreement in respect of an Acquisition Proposal (other than a confidentiality agreement permitted by Section 7.2(c)); or (4) Pan Orient shall have publicly announced the intention to do any of the foregoing (each of the clauses (1), (2) and (4) above, a "**Change in Recommendation**") or Pan Orient breaches Section 7.2 in any material respect;

- (B) subject to Section 7.1(b), a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Pan Orient set forth in this Agreement shall have occurred that would cause the conditions set forth in Section 6.2(a) or Section 6.2(b) not to be satisfied, and such conditions are not satisfied or are incapable of being satisfied by the Outside Date; provided that Purchaser is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 6.3(a) or Section 6.3(b) not to be satisfied; or
 - (C) there has occurred (1) a Material Adverse Effect in respect of the Target Entities (taken as a whole), or (2) any fact or state of facts, circumstance, change, effect, occurrence or event in respect of the transfer of the Excluded Assets and the assumption of the Assumed Liabilities by NewCo shall have occurred, that individually or in the aggregate, is or would reasonably be expected to prevent, impair or materially delay the consummation of the Arrangement, in each case, which is incapable of being cured on or before the Outside Date;
- (iv) by Pan Orient (on its own behalf and on behalf of NewCo), if:
- (A) prior to obtaining the approval of the Arrangement Resolution by Shareholders, the Board of Directors authorizes Pan Orient, subject to complying with the terms of this Agreement (including the terms of Section 7.2 and payment of the Pan Orient Termination Fee in accordance with Section 8.4(a)) to enter into a written agreement concerning a Superior Proposal, (other than a confidentiality agreement permitted by Section 7.2(c)); or
 - (B) subject to Section 7.1(b), a breach of any representation or warranty or failure to perform any covenant or agreement on the part of any of Purchaser set forth in this Agreement shall have occurred that would cause the conditions set forth in Section 6.3(a) or Section 6.3(b) not to be satisfied, and such conditions are not satisfied or are incapable of being satisfied by the Outside Date; provided that Pan Orient or NewCo is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 6.2(a) or Section 6.2(b) not to be satisfied.
- (b) The Party desiring to terminate this Agreement pursuant to this Section 8.1 (other than pursuant to Section 8.1(a)(i)) shall give notice of such termination to the other Parties specifying in reasonable detail the basis for such Party's exercise of its termination right.

8.2 Effect of Termination

If this Agreement is terminated pursuant to Section 8.1, this Agreement shall become void and of no effect without liability of any Party (or any Representative of such Party) to any other Party hereto, except that (i) the provisions of this Section 8.2, Section 2.5(e), Section 2.5(f), Section 5.1(h)(iv), Section 7.6, and Article 9 (other than Section 9.3) shall survive any termination hereof pursuant to Section 8.1; and (ii) neither the termination of this Agreement nor anything contained in this Section 8.2 shall relieve any Party for any liability for any willful or intentional breach of this Agreement.

8.3 Waiver

No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or a future waiver of the same provisions, nor shall such waiver be binding unless executed in writing by the Party to be bound by the waiver. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

8.4 Termination Fees

- (a) If a Pan Orient Termination Fee Event occurs, Pan Orient shall pay as directed in writing by Purchaser, by wire transfer of immediately available funds, the Pan Orient Termination Fee in accordance with Section 8.4(b). For the purposes of this Agreement, "**Pan Orient Termination Fee**" means USD\$1,550,000 and "**Pan Orient Termination Fee Event**" means the termination of this Agreement pursuant to:
 - (i) Section 8.1(a)(iv)(A);
 - (ii) Section 8.1(a)(iii)(A); or
 - (iii) Section 8.1(a)(ii)(A) or Section 8.1(a)(ii)(C), but only if, in the case of this paragraph (iii): (A) a *bona fide* Acquisition Proposal shall have been publicly announced, proposed or disclosed by any person other than Purchaser or any Affiliate thereof; and (B) an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (A) above) is consummated within 12 months following the termination of this Agreement, or a definitive agreement with respect to an Acquisition Proposal is entered into within such 12 month period and such Acquisition Proposal is subsequently consummated (whether or not within 12 months after such termination); provided, however, for the purpose of this Section 8.4(a)(iii)(B), a Pan Orient Termination Fee Event shall not include any such Acquisition Proposal that is not the same Acquisition Proposal set forth in Section 8.4(a)(iii)(A) and is solely in respect of the Excluded Business, Assumed Liabilities or Excluded Assets.
- (b) If a Pan Orient Termination Fee Event occurs due to a termination of this Agreement by Pan Orient pursuant to Section 8.1(a)(iv)(A), the Pan Orient Termination Fee shall be paid simultaneously with the occurrence of such Pan Orient Termination Fee Event. If a Pan Orient Termination Fee Event occurs due to a termination of this Agreement by Purchaser pursuant to Section 8.1(a)(iii), the Pan Orient Termination Fee shall be paid within five business days following such Pan Orient Termination Fee Event. If a Pan Orient Termination Fee Event occurs in the circumstances set forth in Section 8.4(a)(iii), the Pan Orient Termination Fee shall be paid upon the consummation of the applicable Acquisition Proposal referred to therein.
- (c) Each of the Parties acknowledges that the agreements contained in this Section 8.4 are an integral part of the transactions contemplated in this Agreement and that, without those agreements, the Parties would not enter into this Agreement. Each Party acknowledges that all of the payment amounts set forth in this Section 8.4 are payments of liquidated damages which are a genuine pre-estimate of the damages which Purchaser will suffer or incur as a result of the event giving rise to such payment and the resultant termination of this

Agreement, and are not penalties. Pan Orient irrevocably waives any right that it may have to raise as a defence that any such liquidated damages are excessive or punitive. For greater certainty, each Party agrees that if the payment of any amounts pursuant to this Section 8.4 is made to Purchaser, such payment is the sole monetary remedy of Purchaser; provided, however, that this limitation shall not apply in the event of fraud or willful breach of this Agreement by Pan Orient. Notwithstanding the foregoing, provided that nothing in this Section 8.4 shall preclude either Party from, prior to the termination of this Agreement in accordance with its terms, seeking injunctive relief to restrain any breach or threatened breach by the other Party of any of its obligations hereunder or otherwise to obtain specific performance.

ARTICLE 9 GENERAL PROVISIONS

9.1 Notices

All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered or sent if delivered personally or sent by facsimile or e-mail transmission, or as of the following business day if sent by prepaid overnight courier, to the Parties at the following addresses (or at such other addresses as shall be specified by any Party by notice to the other Parties given in accordance with these provisions):

- (a) if to Parent or Purchaser:

2432707 Alberta Ltd.
c/o Dialog Systems (Asia) Pte. Ltd.
DIALOG Tower
15 Jalan PJU 7/5, Mutiara Damansara
47810 Petaling Jaya,
Selangor, MALAYSIA

Attention: Keith Collins, President & Chief Executive Officer
E-mail: [REDACTED]

with copies to:

King & Spalding (Singapore) LLP
1 Raffles Quay
#31-01 North Tower
Singapore, 048583

Attention: Zoë Bromage
E-mail: [REDACTED]

and with copies to:

Burnet, Duckworth & Palmer LLP
2400 – 525 8th Avenue SW
Calgary, Alberta
T2P 1G1

Attention: Kelsey Clark and Lindsay Cox
E-mail: [REDACTED]

(b) if to Pan Orient or NewCo:

CanAsia Energy Corp.
1505 – 505 3rd Street SW
Calgary, Alberta
T2P 3E6

Attention: Jeff Chisholm, President
E-mail: [REDACTED]

with copies to:

Bennett Jones LLP
4500- 855 2nd Street SW
Calgary, Alberta
T2P 4K7

Attention: Harinder Basra
E-Mail: [REDACTED]

9.2 Governing Law; Jurisdiction; Service of Process

This Agreement shall be governed, including as to validity, interpretation and effect, by the Laws of the Province of Alberta and the Laws of Canada applicable therein, and shall be construed and treated in all respects as an Alberta contract. The Parties agree that any Action seeking to enforce any provisions of, or based on any matter arising out of or in connection with this Agreement or the transactions contemplated hereby shall be brought in any court of the Province of Alberta, and each of the Parties irrevocably consents to the jurisdiction of such courts (and of the appellate courts therefrom) in any such Action and irrevocably waives, to the fullest extent that any such Action brought in any such court has been brought in an inconvenient forum. Each of the Parties expressly acknowledges that the foregoing waiver is intended to be irrevocable under all applicable Laws. Process in any Action may be served on any Party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each Party agrees that service of process on such Party as provided in Section 9.1 shall be deemed effective service.

9.3 Injunctive Relief and Specific Performance

The Parties agree that irreparable harm may occur for which money damages would not be an adequate remedy at Law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that, prior to the termination of this Agreement pursuant to Section 8.1, the Parties shall be entitled to apply for an

injunction or injunctions and other equitable relief to prevent breaches or threatened breaches of the provisions of this Agreement or to otherwise obtain specific performance of any such provisions and to cause the Arrangement and the other transactions contemplated by this Agreement to be consummated on the terms and subject to the conditions set forth herein.

9.4 Time of Essence

Time shall be of the essence in this Agreement.

9.5 Entire Agreement, Binding Effect and Assignment

- (a) This Agreement shall be binding on and shall enure to the benefit of the Parties and their respective successors and permitted assigns.
- (b) This Agreement (including the Plan of Arrangement), the Disclosure Letter, the Separation Agreement and the Confidentiality Agreement constitute the entire agreement, and supersede all other prior agreements and understandings, both written and oral, between the Parties, or any of them, with respect to the subject matter hereof and thereof. Neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by any of the Parties without the prior written consent of all the Parties.

9.6 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

9.7 Third Party Beneficiaries

Except as provided in Sections 2.5(e), and 2.5(f), which, without limiting their terms, are intended as stipulations for the benefit of the third parties mentioned therein, and except for the rights of the Shareholders to receive the their *pro rata* portion of the purchase price and the rights of holders of Options to receive the Consideration provided for in the Plan of Arrangement, each following the Effective Time pursuant to the Arrangement (for which purpose Pan Orient hereby confirms that it is acting as agent on behalf of the Shareholders and holders of Options), this Agreement is not intended to confer any rights or remedies upon any person other than the Parties to this Agreement. Purchaser appoints Pan Orient as the trustee for the applicable Representatives of Pan Orient with respect to Section 2.5(f), and Pan Orient accepts such appointment. Pan Orient appoints Purchaser as the trustee for the applicable Representatives of each of Parent and Purchaser with respect to Section 2.5(e) and each of Parent and Purchaser accepts such appointment. NewCo appoints Purchaser as the trustee for the applicable Representatives of each of Parent and Purchaser with respect to Section 2.5(f) and each of Parent and Purchaser accepts such appointment.

9.8 Rules of Construction

The Parties waive the application of any applicable Law or rule of construction providing that ambiguities in any agreement or other document shall be construed against the Party drafting such agreement or other document.

9.9 No Liability

No director or officer of Parent or Purchaser or any of their respective Subsidiaries shall have any personal liability whatsoever to Pan Orient or NewCo under this Agreement or any other document delivered in connection with the transactions contemplated hereby on behalf of Parent or Purchaser. No director or officer of Pan Orient or NewCo or their respective Subsidiaries shall have any personal liability whatsoever to Parent or Purchaser under this Agreement or any other document delivered in connection with the transactions contemplated hereby on behalf of Pan Orient or NewCo.

9.10 Amendments

This Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties, and any such amendment may, subject to the Interim Order and Final Order and applicable Laws, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; and/or
- (d) modify any mutual conditions precedent herein contained.

9.11 Counterparts, Execution

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed pdf., facsimile or similar executed electronic copy of this Agreement, and such pdf., facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[Balance of page intentionally blank. Signature page to follow.]

IN WITNESS WHEREOF, Purchaser, Pan Orient and NewCo have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

2432707 ALBERTA LTD.

Per: "Keith Collins"
Name: Keith Collins
Title: Director

DIALOG SYSTEMS (ASIA) PTE LTD.

Per: "Tan Sri Dr Ngau Boon Keat"
Name: Tan Sri Dr Ngau Boon Keat
Title: Director & Group Executive Chairman

PAN ORIENT ENERGY CORP.

Per: "Jeff Chisholm"
Name: Jeff Chisholm
Title: Director

CANASIA ENERGY CORP.

Per: "Jeff Chisholm"
Name: Jeff Chisholm
Title: Director

SCHEDULE A
PLAN OF ARRANGEMENT

(See attached.)

PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT UNDER SECTION 193 OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA)

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

Unless indicated otherwise, where used in this Plan of Arrangement, capitalized terms used but not defined shall have the meanings ascribed thereto in the Arrangement Agreement (as defined below) and the following terms shall have the following meanings:

"**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, and the regulations thereto, as now in effect and as it may be amended from time to time prior to the Effective Time;

"**Arrangement**" means the arrangement under the provisions of Section 193 of the ABCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the provisions of the Arrangement Agreement or this Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of Pan Orient and Purchaser, each acting reasonably;

"**Arrangement Agreement**" means the arrangement agreement dated as of June 6, 2022, among Pan Orient, NewCo, Purchaser and Parent (including the recitals and schedules thereto) as it may be amended, modified or supplemented from time to time in accordance with the terms thereof;

"**Arrangement Resolution**" means the special resolution approving this Plan of Arrangement to be considered at the Meeting;

"**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required under subsection 193(10) of the ABCA to be sent to the Registrar for filing after the Final Order has been granted, giving effect to the Arrangement, which shall include this Plan of Arrangement and otherwise be in a form and content satisfactory to Pan Orient and Purchaser, each acting reasonably;

"**Assumed Liabilities**" has the meaning set out in the Separation Agreement;

"**Business Day**" means any day on which commercial banks are open for business in Calgary, Alberta, other than a Saturday, a Sunday or a day observed as a holiday in Calgary, Alberta, Canada;

"**Cash Consideration**" means US\$0.788 in cash per New Pan Orient Share;

"**Certificate of Arrangement**" means the certificate or proof of filing to be issued by the Registrar pursuant to subsection 193(12) of the ABCA in respect of the Articles of Arrangement;

"**Circular**" means the notice of the Meeting and accompanying management information circular of Pan Orient, including all schedules, appendices and exhibits thereto, and all information incorporated by reference therein, to be sent to, among others, the Shareholders in connection with the Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of the Arrangement Agreement;

"Consideration" means the Cash Consideration and the Share Consideration;

"Court" means the Court of Queen's Bench of Alberta;

"Depository" means Computershare Trust Company of Canada, as depository, or any other bank, trust company or financial institution as may be agreed to in writing by Pan Orient and Purchaser;

"Dissent Rights" has the meaning ascribed thereto in Section 4.1;

"Dissenting Shareholder" means a registered holder of Shares who validly dissents in respect of the Arrangement Resolution in compliance with the Dissent Rights and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Shares in respect of which Dissent Rights are validly exercised by such registered holder;

"Dissenting Shares" means the Shares held by Dissenting Shareholders in respect of which such Dissenting Shareholders have given Notice of Dissent in respect of its Shares;

"Effective Date" means the effective date of the Arrangement, being the date shown on the Certificate of Arrangement;

"Effective Time" means the time on the Effective Date at which the Arrangement becomes effective in accordance with the ABCA;

"Excluded Assets" has the meaning set out in the Separation Agreement;

"Final Order" means the final order of the Court approving the Arrangement pursuant to Subsection 193(9)(a) of the ABCA, in a form acceptable to each of Pan Orient and Purchaser, acting reasonably, as contemplated by the Arrangement Agreement, as such order may be amended by the Court (with the consent of each of Pan Orient and Purchaser, acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to each of Pan Orient and Purchaser, acting reasonably) on appeal;

"Governmental Entity" means any: (i) supranational, multinational, federal, national, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, office, Crown corporation, commission, commissioner, board, bureau or agency, domestic or foreign; (ii) subdivision, agent, agency, commission, board or authority of any of the foregoing; or (iii) quasi-governmental or private body, including any tribunal, commission, stock exchange, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, and **"Governmental Entities"** means more than one Governmental Entity;

"Interim Order" means the interim order of the Court pursuant to Subsection 193(4) of the ABCA, in a form acceptable to Pan Orient and Purchaser, each acting reasonably, as contemplated by the Arrangement Agreement providing for, among other things, the calling and holding of the Meeting, as such order may be amended by the Court (with the consent of Pan Orient and Purchaser, each acting reasonably);

"Law" has the meaning set out in the Arrangement Agreement;

"Letter of Transmittal" means the letter of transmittal sent by Pan Orient to holders of Shares with the Circular for use in connection with the Arrangement, in a form acceptable to Purchaser, acting reasonably;

"Liens" has the meaning set out in the Arrangement Agreement;

"Long-Term Incentive Plan" has the meaning set out in the Arrangement Agreement;

"Meeting" means the special meeting of the Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider, among other matters, *inter alia*, the Arrangement Resolution and the Pan Orient Options Resolution (if required by the TSXV);

"New Pan Orient Shares" means the Class A Common Shares in the capital of Pan Orient, created pursuant to section 3.1(3) of this Plan of Arrangement;

"NewCo" means CanAsia Energy Corp., a corporation existing under the laws of Alberta;

"NewCo Shares" means the common shares in the capital of NewCo;

"Notice of Dissent" has the meaning ascribed thereto in Section 4.1;

"Option Surrender Agreements" means the agreements to be entered into by Pan Orient and each holder of Options pursuant to which each such holder has agreed or shall agree to surrender or exercise, as applicable, its Options in accordance with the provisions of Section 2.12(b) of the Arrangement Agreement and this Plan of Arrangement;

"Options" means the outstanding share options of Pan Orient granted under the Stock Option Plan, whether or not vested;

"Pan Orient" means Pan Orient Energy Corp., a corporation existing under the laws of Alberta;

"Pan Orient Options Resolution" means the ordinary resolution of Shareholders approving the amendment to the Stock Option Plan to permit the surrender of the Options under this Plan of Arrangement to be considered at the Meeting (if required by the TSXV);

"Parent" has the meaning set out in the Arrangement Agreement;

"Parties" means, collectively, Pan Orient, Purchaser, Parent and NewCo, and **"Party"** means any of them;

"Person" includes an individual, firm, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, venture capital fund, association, body corporate, unincorporated organization, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

"Plan of Arrangement" means this plan of arrangement and any amendments or variations hereto made in accordance with the provisions of the Arrangement Agreement or this Plan of Arrangement or made at the direction of the Court in the Final Order with the written consent of Pan Orient and Purchaser, each acting reasonably;

"Purchaser" means 2432707 Alberta Ltd., a corporation existing under the laws of Alberta;

"RSU" has the meaning set forth in the Arrangement Agreement;

"Separation Agreement" has the meaning set forth in the Arrangement Agreement;

"Share Consideration" means the NewCo Shares distributed to Shareholders pursuant to Section 3.1(5)(b) hereof, being one NewCo Share per Share;

"Shareholders" means the registered or beneficial holders of the Shares or the New Pan Orient Shares, as the context requires;

"Shares" means all of the issued and outstanding common shares in the capital of Pan Orient;

"Stock Option Plan" means the stock option plan of Pan Orient, as amended May 22, 2022; and

"Tax Act" means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.).

1.2 Interpretation Not Affected by Headings

The division of this Plan of Arrangement into Articles, Sections, subsections, paragraphs and clauses and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Plan of Arrangement. Unless the contrary intention appears, references in this Plan of Arrangement to an Article, Section, subsection, paragraph or clause by number or letter or both refer to the Article, Section, subsection, paragraph or clause, respectively, bearing that designation in this Plan of Arrangement.

1.3 Rules of Construction

In this Plan of Arrangement, unless the contrary intention appears, words importing the singular include the plural and vice versa, and words importing gender include all genders. References in this Plan of Arrangement to the words "include", "includes" or "including" shall be deemed to be followed by the words "without limitation" whether or not they are in fact followed by those words or words of like import. The words "hereof", "herein" and "hereunder" and words of like import used in this Plan of Arrangement shall refer to this Plan of Arrangement as a whole and not to any particular provision of this Plan of Arrangement.

1.4 Currency

Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in, and all payments provided for herein shall be made in, the currency of the United States and "US\$" or "\$" refers to dollars of the United States.

1.5 Date for Any Action

If the date on which any action is required to be taken hereunder by a Person is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day. In this Plan of Arrangement, references from or through any date mean, unless otherwise specified, from and including that date and/or through and including that date, respectively.

1.6 References to Statutes, Agreements, Persons, etc.

In this Plan of Arrangement, references to a particular statute or Law shall be to such statute or Law and the rules, regulations and published policies made thereunder, as now in effect and as they may be promulgated thereunder or amended from time to time. References to any agreement, contract or plan are to that agreement, contract or plan as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof. Any reference in this Plan of Arrangement to a Person includes its heirs,

administrators, executors, legal personal representatives, predecessors, successors and permitted assigns of that Person.

1.7 Time

Time shall be of the essence in this Plan of Arrangement. All times expressed herein are Calgary, Alberta time unless otherwise stipulated herein.

ARTICLE 2 EFFECTIVENESS OF THE ARRANGEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to, and is subject to the provisions of, the Arrangement Agreement.

2.2 Binding Effect

This Plan of Arrangement will become effective, and shall be binding on Pan Orient, NewCo, Purchaser, Parent, all Shareholders (including Dissenting Shareholders), the registrar and transfer agent for Pan Orient, the Depositary, and all other Persons, at and after the Effective Time without any further authorization, act or formality required on the part of any Person, except as expressly provided herein.

ARTICLE 3 ARRANGEMENT

3.1 The Arrangement

Commencing at the Effective Time, each of the steps, events or transactions set out in this Section 3.1 shall occur and shall be deemed to occur consecutively in five (5) minute intervals in the order set out in this Section 3.1:

- (1) each of the Shares held by Dissenting Shareholders shall be deemed to have been transferred to Pan Orient (free and clear of any Liens) and:
 - (a) such Dissenting Shareholders shall cease to be holders of such Dissenting Shares or to have any rights as holders of such Dissenting Shares other than the right to be paid fair value for such Shares, as set out in Section 4.1 hereof;
 - (b) all such Dissenting Shares acquired shall be cancelled and, in connection therewith, the stated capital account maintained by Pan Orient for the Shares shall be reduced by an amount equal to the result obtained by multiplying the stated capital of the Shares immediately prior to giving effect to this Section 3.1(1), by the number of Dissenting Shares so cancelled divided by the number of issued and outstanding Shares immediately prior to giving effect to this Section 3.1(1); and
 - (c) such Dissenting Shareholders' names shall be removed as the holders of such Dissenting Shares from the registers of Shares maintained by or on behalf of Pan Orient;

- (2)
 - (i) in the event that the Pan Orient Options Resolution is approved by the Shareholders (or such Pan Orient Options Resolution is not required by the TSXV), then, in accordance with the Option Surrender Agreements, each outstanding Option shall be, and shall be deemed to be, transferred and surrendered to Pan Orient, and thereafter cancelled, in sole consideration of the payment by Pan Orient of the amounts specified in the Option Surrender Agreements, and all of the transactions contemplated by the Option Surrender Agreements shall become effective;
 - (ii) if the Pan Orient Options Resolution is required by the TSXV and such Pan Orient Options Resolution is not approved by the Shareholders, then each outstanding Option shall be, and shall be deemed to be, exercised (provided that the exercise price (and any other amounts required to be paid pursuant to the Stock Option Plan) in respect of such Options has been paid), and the Shares which are issuable upon such exercise of Options, shall be, and shall be deemed to be, issued to such holder of Options, and any such Options not so exercised shall be, and shall be deemed to be, terminated and cancelled with no further force and effect; and
 - (iii) immediately following the transactions set forth in Sections 3.1(2)(i) and 3.1(2)(ii), as applicable, the Stock Option Plan, the Long-Term Incentive Plan, and all Options, RSUs and any other rights outstanding under the Stock Option Plan and/or the Long-Term Incentive Plan, as applicable, shall be, and shall be deemed to be, terminated, and none of Pan Orient, NewCo, Parent or Purchaser shall have any further liabilities or obligations thereunder;
- (3) the articles of Pan Orient shall be amended to create a new class of shares that Pan Orient is authorized to issue, to be designated as "Class A Common Shares" (the "**New Pan Orient Shares**"), which shares shall be unlimited in number and have attached thereto the following rights, privileges, restrictions and conditions: (i) the right to vote at all meetings of shareholders of Pan Orient, except meetings at which only holders of another specified class of shares are entitled to vote, on the basis of two (2) votes for each New Pan Orient Share; (ii) subject to the prior rights and privileges attaching to any other class of shares of Pan Orient, the right to receive any dividend declared by Pan Orient; and (iii) subject to the prior rights and privileges attaching to any other class of shares of Pan Orient, the right to receive the remaining property of Pan Orient upon dissolution;
- (4) in conjunction with the reorganization of Pan Orient contemplated by this Section 3.1, and outside of the ordinary course of Pan Orient's business, the Separation Agreement, and the transactions contemplated thereby, including the conveyance of the Excluded Assets from Pan Orient to NewCo, the assumption of the Assumed Liabilities by NewCo, and the issuance of NewCo Shares to Pan Orient in accordance with the Separation Agreement, shall become effective;
- (5) in the course of the reorganization of capital of Pan Orient contemplated by this Section 3.1, all Shares outstanding immediately prior to giving effect to this Section 3.1(5) shall be, and shall be deemed to be, simultaneously surrendered and transferred to Pan Orient (free and clear of any Liens), and in sole consideration therefor Pan Orient shall:
 - (a) issue to the Shareholders one (1) New Pan Orient Share (free and clear of any Liens) for each Share so exchanged; and

- (b) distribute to the Shareholders the NewCo Shares (free and clear of any Liens) held by Pan Orient after giving effect to Section 3.1(4), *pro rata* to the number of Shares held by them and surrendered to Pan Orient pursuant to this Section 3.1(5);

and the Shareholders shall: (A) cease to be holders of Shares or to have any rights as holders of Shares; (B) be removed as the holders from the registers of Shares maintained by or on behalf of Pan Orient; (C) be added to the register of holders of New Pan Orient Shares maintained by or on behalf of Pan Orient; and (D) be added to the register of holders of NewCo Shares maintained by or on behalf of NewCo (and Pan Orient shall be removed from the register of holders of NewCo Shares maintained by or on behalf of NewCo). In connection therewith, the stated capital account maintained by Pan Orient for the Shares shall be reduced to nil and the stated capital account maintained by Pan Orient for the New Pan Orient Shares shall be increased by an amount equal to the paid-up capital (as determined for purposes of the Tax Act) of the Shares, computed immediately prior to this Section 3.1(5), minus the fair market value of the NewCo Shares distributed to the former Shareholders pursuant to this Section 3.1(5). For greater certainty, the exchange of Shares for New Pan Orient Shares and the NewCo Shares pursuant to this Section 3.1(5) is intended to be governed by section 86 of the Tax Act for such Shareholders as are specified in such provision;

- (6) each issued and outstanding New Pan Orient Share shall be, and shall be deemed to be, transferred to Purchaser (free and clear of any Liens) in exchange for the Cash Consideration to be paid by the Purchaser to such holder of the New Pan Orient Share; and such former holders of New Pan Orient Shares shall cease to be holders of New Pan Orient Shares and the name of such holders shall be removed from the register of holders of New Pan Orient Shares, and Purchaser shall become the holder of the New Pan Orient Shares so exchanged and shall be added to the register of holders of New Pan Orient Shares in respect of such New Pan Orient Shares; and
- (7) Pan Orient shall file, and shall be deemed to have filed, an election to cease to be a public corporation under subsection 89(1) of the Tax Act.

ARTICLE 4 RIGHTS OF DISSENT

4.1 Rights of Dissent

Each registered Shareholder shall have the right to dissent ("**Dissent Rights**") in the manner set forth in Section 191 of the ABCA, as modified by the Interim Order and this Plan of Arrangement, provided that the written notice of dissent to the Arrangement contemplated by Section 191 of the ABCA ("**Notice of Dissent**") must be sent to and received by Pan Orient at its registered office by 5:00 p.m. (Calgary time) at least two Business Days before the Meeting. A Dissenting Shareholder shall, on the Effective Date, cease to have any rights as a holder of Shares and shall only be entitled to be paid by Pan Orient the fair value of the Dissenting Shareholder's Shares. A Dissenting Shareholder who is ultimately entitled to be paid the fair value of the holder's Shares shall be deemed to have transferred the holder's Shares to Pan Orient on the Effective Date, notwithstanding the provisions of Section 191 of the ABCA. A Dissenting Shareholder who, for any reason, is not entitled to be paid the fair value of the holder's Shares shall be treated as if the holder had participated in the Arrangement on the same basis as a non-dissenting holder of Shares, notwithstanding the provisions of Section 191 of the ABCA. The fair value of the Shares shall be determined as of the close of business on the last Business Day before the day on which the Arrangement is approved at the Meeting.

4.2 Recognition of Dissenting Shareholder

- (1) In no circumstances shall Purchaser, Pan Orient or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is the registered holder of those Shares in respect of which such rights are sought to be exercised.
- (2) In no case shall Purchaser, Pan Orient or any other Person be required to recognize a Dissenting Shareholder as a holder of Shares or New Pan Orient Shares after the Effective Time.
- (3) Shareholders who vote or have instructed a proxyholder to vote such Shares in favour of the Arrangement Resolution shall not be entitled to exercise Dissent Rights.

ARTICLE 5 CERTIFICATES AND PAYMENTS

5.1 Payment of Consideration

- (1) At the time of mailing of the Circular, Pan Orient shall forward to each holder of Shares at the address of such holder as it appears on the register maintained by or on behalf of Pan Orient in respect of the holders of Shares a Letter of Transmittal. Upon surrender to the Depositary of a certificate(s) formerly representing Shares, together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the holder of such certificate(s) shall be entitled to receive, and the Depositary shall deliver to such holder, (i) the Cash Consideration in respect of the New Pan Orient Shares issued in exchange for such Shares and (ii) the Share Consideration distributed to the holder of such Shares under this Plan of Arrangement, less any amounts withheld pursuant to Section 5.3 hereof, and any certificate(s) so surrendered shall forthwith be cancelled.
- (2) From and after the Effective Time, each certificate formerly representing Shares shall be deemed to represent only the right to receive (i) the Share Consideration in respect of such Shares and (ii) the Cash Consideration in respect of such New Pan Orient Shares (exchanged for the Shares), all as required under this Plan of Arrangement, less any amounts withheld pursuant to Section 5.3 hereof. Any certificate formerly representing Shares not duly surrendered on or before the day that is three years less one day from the Effective Date shall cease to represent a claim by or interest of any kind or nature against Pan Orient, NewCo, Parent or Purchaser, including without limitation New Pan Orient Shares or any Consideration in respect of such Shares or New Pan Orient Shares. On such date, any and all NewCo Shares to which such former holder was entitled shall be deemed to have been surrendered to NewCo, and any and all New Pan Orient Shares or any Cash Consideration in respect of such New Pan Orient Shares to which such former holder was entitled shall be deemed to have been surrendered to Purchaser, and the distribution in the form of NewCo Shares and the issuance of the New Pan Orient Shares and the Cash Consideration in respect of such New Pan Orient Shares to which such former holder was entitled shall be deemed to be cancelled, and none of Pan Orient, Purchaser, Parent, NewCo or any other Person shall have any obligation to distribute such NewCo Shares or issue such New Pan Orient Shares or pay any Cash Consideration in respect of such Shares or New Pan Orient Shares.
- (3) Any payment made by way of cheque by the Depositary, or Purchaser pursuant to this Plan of Arrangement that has not been deposited or has been returned to the Depositary or Purchaser or that otherwise remains unclaimed, in each case, on or before the second anniversary of the Effective Time shall be returned by the Depositary to Purchaser and any right or claim to payment hereunder that remains outstanding on the day that is three years less one day from the Effective Date shall

cease to represent a right or claim by or interest of any kind or nature, and the right of a former holder of Shares to receive New Pan Orient Shares or any Cash Consideration for such New Pan Orient Shares pursuant to this Plan of Arrangement shall terminate and be deemed to be surrendered and forfeited for no consideration.

- (4) All distributions made with respect to any NewCo Shares allotted and issued pursuant to this Arrangement but for which a certificate has not been issued shall be paid or delivered to the Depositary to be held by the Depositary in trust for the registered holder thereof. All monies received by the Depositary shall be invested by it in interest-bearing trust accounts upon such terms as the Depositary may reasonably deem appropriate. The Depositary shall pay and deliver to any such registered holder, as soon as reasonably practicable after application therefor is made by the registered holder to the Depositary in such form as the Depositary may reasonably require, such distributions and any interest thereon to which such holder, is entitled, net of applicable withholding and other taxes. Any money held by the Depositary in respect of such distributions that is unclaimed on or before the second anniversary of the Effective Time shall be returned by the Depositary to NewCo and any right or claim to payment hereunder that remains outstanding on the day that is three years less one day from the Effective Date shall cease to represent a right or claim by or interest of any kind or nature, and the right of a former holder of Shares to receive such distributions shall terminate and be deemed to be surrendered and forfeited for no consideration.
- (5) No former holder of Shares shall be entitled to receive any consideration with respect to such Shares other than the Consideration to which such former holder is entitled to receive in accordance with Section 3.1 and, for greater certainty, no such holder will be entitled to receive any interest, dividends, premium or other payment in connection therewith.

5.2 Lost Certificates

In the event that any certificate which immediately prior to the Effective Time represented one or more outstanding Shares that were transferred pursuant to Subsection 3.1(6) shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary pay such Person the Cash Consideration (for the New Pan Orient Shares such Person would have been entitled to had such share certificate not been lost, stolen or destroyed) and issue the Share Consideration such Person would have been entitled to had such share certificate not been lost, stolen or destroyed. The Person to whom such Consideration is to be delivered shall, as a condition precedent to the delivery of such Consideration, give a bond satisfactory to Pan Orient, Purchaser and the Depositary (acting reasonably) in such sum as Pan Orient and Purchaser may direct, or otherwise indemnify Pan Orient and Purchaser in a manner satisfactory to Pan Orient and Purchaser, acting reasonably, against any claim that may be made against Pan Orient and Purchaser with respect to the certificate alleged to have been lost, stolen or destroyed.

5.3 Withholding Rights

Without duplication of the provisions set forth in Section 2.17 of the Arrangement Agreement, each of Pan Orient, Purchaser and the Depositary shall be entitled to deduct and withhold from any amounts payable to any Person pursuant to this Plan of Arrangement (including any amounts payable pursuant to Article 3, Article 4 and Article 5) such amounts as are required to be deducted or withheld with respect to such payment under the Tax Act or any provision of any other applicable Law. To the extent that amounts are so withheld or deducted and timely remitted to the applicable Governmental Entity, such withheld or deducted amounts shall be treated for all purposes of this Plan of Arrangement as having been paid to such Person as the remainder of the payment in respect of which such deduction and withholding were made.

ARTICLE 6 AMENDMENTS

6.1 Amendments to Plan of Arrangement

- (1) Pan Orient or Purchaser may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must be (a) set out in writing, (b) approved by Purchaser or Pan Orient, respectively, (c) filed with the Court and, if made following the Meeting, approved by the Court and (d) communicated to Shareholders and others as may be required by the Interim Order if and as required by the Court.
- (2) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Pan Orient or Purchaser at any time prior to the Meeting (provided that Purchaser or Pan Orient, respectively, shall have consented thereto in writing) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- (3) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by Purchaser, provided that it concerns a matter which, in the reasonable opinion of Purchaser, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic interest of any former holder of Shares.

ARTICLE 7 FURTHER ASSURANCES

7.1 Further Assurances

Notwithstanding that the transactions and events set out herein shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out herein.

SCHEDULE B

ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) (the "**ABCA**") of Pan Orient Energy Corp. ("**Pan Orient**"), as more particularly described and set forth in the management information circular (the "**Circular**") dated [•], 2022 of Pan Orient accompanying the notice of this meeting (as the Arrangement may be amended, modified or supplemented in accordance with the arrangement agreement (the "**Arrangement Agreement**") made as of June 6, 2022 between Pan Orient, Dialog Systems (Asia) Pte Ltd., 2432707 Alberta Ltd. and CanAsia Energy Corp., is hereby authorized, approved and adopted.
2. The plan of arrangement of Pan Orient (as it has been or may be amended, modified or supplemented in accordance with the Arrangement Agreement and its terms) (the "**Plan of Arrangement**"), the full text of which is set forth in Schedule "B" to the Circular, is hereby authorized, approved and adopted.
3. The: (i) Arrangement Agreement and related transactions; (ii) actions of the directors of Pan Orient in approving the Arrangement and the Arrangement Agreement; and (iii) actions of the directors and officers of Pan Orient in executing and delivering the Arrangement Agreement, and any amendments, modifications or supplements thereto, are hereby ratified and approved.
4. Notwithstanding that these resolutions have been passed (and the Arrangement adopted) by the securityholders of Pan Orient or that the Arrangement has been approved by the Court of Queen's Bench of Alberta, the directors of Pan Orient are hereby authorized and empowered to, without notice to or approval of the shareholders or optionholders of Pan Orient: (i) amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement; and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and related transactions.
5. Any officer or director of Pan Orient is hereby authorized and directed for and on behalf of Pan Orient to execute or cause to be executed and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such Person determines may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.

SCHEDULE C

PAN ORIENT OPTIONS RESOLUTION

BE IT RESOLVED THAT:

1. Subject to approval by the shareholders of Pan Orient Energy Corp. ("**Pan Orient**") of the proposed arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) as contemplated by the arrangement agreement (the "**Arrangement Agreement**") made as of June 6, 2022 between Pan Orient, Dialog Systems (Asia) Pte Ltd., 2432707 Alberta Ltd. and CanAsia Energy Corp. (as such Arrangement Agreement may have been amended, modified or supplemented in accordance with its terms), the proposed amendments to the stock option plan of Pan Orient, as amended May 22, 2022, to permit the surrender of options under such stock option plan (the "**Pan Orient Stock Option Plan Amendment**"), as more particularly described and set forth in the management information circular (the "**Circular**") dated [●], 2022 of Pan Orient accompanying the notice of this meeting, are hereby authorized and approved.
2. Subject to approval by the shareholders of Pan Orient of the Arrangement, the Pan Orient Stock Option Plan Amendment shall become effective immediately prior to the Effective Time (as defined in the Arrangement Agreement).
3. Notwithstanding that these resolutions have been passed by the securityholders of Pan Orient or that the Arrangement has been approved by the Court of Queen's Bench of Alberta, the directors of Pan Orient are hereby authorized and empowered to, without notice to or approval of the securityholders of Pan Orient and subject to the terms of the Arrangement Agreement, not to proceed with the Pan Orient Stock Option Plan Amendment.
4. Any officer or director of Pan Orient is hereby authorized and directed for and on behalf of Pan Orient to execute or cause to be executed and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such person determines may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.

SCHEDULE D

NEWCO STOCK OPTION PLAN RESOLUTION

BE IT RESOLVED THAT:

1. Subject to approval by the shareholders of Pan Orient Energy Corp. ("**Pan Orient**") of the proposed arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) contemplated by the arrangement agreement (the "**Arrangement Agreement**") made as of June 6, 2022 between Pan Orient, Dialog Systems (Asia) Pte Ltd., 2432707 Alberta Ltd. and CanAsia Energy Corp. ("**NewCo**") (as such Arrangement Agreement may have been amended, modified or supplemented in accordance with its terms), the proposed stock option plan of NewCo (the "**NewCo Stock Option Plan**"), as more particularly described and set forth in the management information circular (the "**Circular**") dated [●], 2022 of Pan Orient accompanying the notice of this meeting, is hereby approved.
2. Subject to approval by the shareholders of Pan Orient of the Arrangement, the NewCo Stock Option Plan shall become effective immediately following the completion of the Arrangement.
3. Notwithstanding that these resolutions have been passed by the securityholders of Pan Orient or that the Arrangement has been approved by the Court of Queen's Bench of Alberta, the directors of NewCo are hereby authorized and empowered to, without notice to or approval of the securityholders of NewCo subject to the terms of the Arrangement Agreement, not to proceed with the adoption of the NewCo Stock Option Plan.
4. Any officer or director of NewCo is hereby authorized and directed for and on behalf of NewCo to execute or cause to be executed and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such person determines may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.

SCHEDULE E
SEPARATION AGREEMENT

SEPARATION AGREEMENT

THIS SEPARATION AGREEMENT (this "**Agreement**") is made as of [], 2022, between Pan Orient Energy Corp., a corporation existing under the laws of the Province of Alberta ("**Pan Orient**") and CanAsia Energy Corp., a corporation existing under the laws of the Province of Alberta ("**NewCo**").

- A. Pan Orient, NewCo, 2432707 Alberta Ltd. ("**Purchaser**") and Dialog Systems (Asia) Pte Ltd., are party to the Arrangement Agreement (as defined below).
- B. NewCo is, as of the date hereof, and will be at the time that the transactions contemplated herein will become effective, a direct wholly-owned Subsidiary of Pan Orient;
- C. It is a condition to the Arrangement Agreement that, on or prior to the Effective Date, this Agreement be duly executed and delivered by Pan Orient and NewCo, with the transactions contemplated herein to be effective at the times specified in the Plan of Arrangement.

THIS AGREEMENT WITNESSES THAT in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties (as defined below) hereto covenant and agree as follows:

ARTICLE 1 DEFINITIONS AND TERMS

1.1 Definitions

Unless the context otherwise requires or provided to the contrary in this Agreement, the capitalized terms used in this Agreement have the meanings set forth in Schedule A.

1.2 Interpretation and Construction

Unless expressly provided to the contrary in this Agreement, this Agreement shall be interpreted in accordance with the provisions set forth in Schedule B.

ARTICLE 2 BUSINESS SEPARATION

2.1 Transfer of Excluded Assets; Assumption of Assumed Liabilities

Subject to the terms and conditions set forth in this Agreement, and effective at the time set forth in the Plan of Arrangement:

- (a) Pan Orient hereby sells, assigns, transfers, conveys, and sets over to NewCo, and NewCo hereby accepts, all of Pan Orient's right, title, estate and interest in and to the Excluded Assets (as defined below); and
- (b) NewCo hereby assumes and agrees to perform, discharge and fulfill when due, and to the extent applicable, comply with, all of the Assumed Liabilities (as defined below), in accordance with their respective terms and applicable Laws.

2.2 Excluded Assets

For purposes of this Agreement, "**Excluded Assets**" means all of Pan Orient's rights, title and interests in and to the Assets owned by Pan Orient and associated with or used or held for use related to the Excluded Business, including:

- (a) all cash or cash equivalents, working capital and long-term deposits held by Pan Orient immediately prior to the time that this Agreement and the transactions hereunder become effective pursuant to the Plan of Arrangement, subject to the adjustments set forth under Section 2.5 below;
- (b) all inter-company Indebtedness owed by an Excluded Entity to Pan Orient immediately prior to the time that this Agreement becomes effective pursuant to the Plan of Arrangement, including the Indebtedness set forth in the Disclosure Letter;
- (c) all shares in the share capital of Andora Energy Corporation and Pan Orient Energy Holdings Ltd. held by Pan Orient immediately prior to the time that this Agreement becomes effective pursuant to the Plan of Arrangement;
- (d) all furniture, furnishings and office equipment owned or leased by Pan Orient which are located in or at Pan Orient's office located at 1505 – 505 3rd Street SW, Calgary, Alberta, Canada T2P 3E6; and
- (e) the Lease of Pan Orient in respect of 1505 - 505 3rd Street S.W., Calgary, Alberta, T2P 3E6, and the Parking License of Pan Orient in respect of parking spaces at 505 - 505 3rd Street S.W., Calgary, Alberta, T2P 3E6.

2.3 Retained Assets

Notwithstanding Section 2.2, Excluded Assets shall not in any event include any of the Retained Assets. For the purposes of this Agreement, "**Retained Assets**" means all of Pan Orient and the Target Entities' rights, title and interests in and to the Assets owned by the Target Entities and associated with or used or held for use related to the Thailand Business, including:

- (a) all cash or cash equivalents retained by Pan Orient pursuant to Section 2.5 below;
- (b) all shares in the share capital of POP held by Pan Orient immediately prior to the time that this Agreement becomes effective pursuant to the Plan of Arrangement;
- (c) all shares in the share capital of POES and KSE held by POP immediately prior to the time that this Agreement becomes effective pursuant to the Plan of Arrangement;
- (d) all indebtedness owed by a Target Entity to any other Target Entity, including Pan Orient; and
- (e) subject to Section 2.13, the business name, trade names, and brand names which include "Pan Orient", including any logo, trademark or design containing such name, and the domain name: <https://www.panorient.ca/>.

2.4 Assumed Liabilities; Retained Liabilities

- (a) For the purposes of this Agreement, "**Assumed Liabilities**" means all Liabilities of any Target Entity arising out of the activities or operations of the Excluded Business or the

ownership or use of the Excluded Assets (regardless of (i) whether the facts on which such Liabilities are based occurred prior to, at or subsequent to the Effective Time, (ii) whether or not such Liabilities are asserted or determined prior to, at or subsequent to the Effective Time, (iii) where or against whom such Liabilities are asserted or determined, and (iv) whether or not such Liabilities arise from or are alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by Pan Orient or any of its Subsidiaries or Affiliates (including any of their respective directors, officers, employees, or agents)), in each case occurring before, at or after the Effective Time, including:

- (i) all trade and other accounts payable of any Target Entity to Persons (other than any of the Target Entities) that are related to the Excluded Business;
- (ii) all operating expenses and other current Liabilities of any Target Entity (including Liabilities for services and goods for which an invoice has not been received prior to the Effective Time) related to the Excluded Business;
- (iii) all Liabilities under Contracts transferred to NewCo as an Excluded Asset;
- (iv) all Liabilities arising from commitments (in the form of issued purchase orders or otherwise), quotations, proposals and bids by the Target Entities relating to the purchase or acquisition of components, supplies or services related to the Excluded Business;
- (v) all Liabilities of the Target Entities arising from commitments (in the form of accepted purchase orders or otherwise), quotations, proposals and bids to sell products or provide services related to the Excluded Business;
- (vi) all Liabilities of the Target Entities with respect to any return, rebate, discount, credit, recall, warranty, customer program, or similar Liabilities relating to products of the Excluded Business;
- (vii) all Liabilities of the Target Entities relating to the Excluded Business (including any Excluded Assets) to the extent that the same constitutes a past, current or future tort, breach of Contract or violation of, or non-compliance with, any Law or any approval, consent, franchise, license, permit, registration, authorization or certificate or other right issued or granted by any Governmental Entity, other than as set out in paragraph (n) of Schedule F of the Arrangement Agreement;
- (viii) all Liabilities of the Target Entities relating to any Action related to the Excluded Business;
- (ix) all Liabilities for Taxes on the income, revenue, profit, capital, assets or properties of the Excluded Business or Excluded Assets;
- (x) all Liabilities in respect of the indemnification pursuant to the letter from SKK Migas to RPTE dated February 5, 2014 of SKK Migas and/or the government of Indonesia in respect of the Indonesian PSC and breaches of Laws by RPTE; and
- (xi) all Liabilities listed or described in the Disclosure Letter.

- (b) Notwithstanding anything set forth in Section 2.4(a), and subject to Section 6.1(f), the Assumed Liabilities will not in any event include any of the Retained Liabilities regardless of (i) whether the facts on which such Liabilities are based occurred prior to, at or subsequent to the Effective Time, (ii) whether or not such Liabilities are asserted or determined prior to, at or subsequent to the Effective Time, (iii) where or against whom such Liabilities are asserted or determined, and (iv) whether or not such Liabilities arise from or are alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by Pan Orient or any of its Subsidiaries or Affiliates (including any of their respective directors, officers, employees, or agents).
- (c) For the purposes of this Agreement, and subject to Section 6.1 below, "**Retained Liabilities**" means all Liabilities of the Target Entities arising out of the activities or operations of the Thailand Business or the ownership or use of the Retained Assets.

2.5 Adjustments for Leakage and Contributions

- (a) Pan Orient's reasonable estimate, calculated in good faith, of the Adjusted Contribution Amount and the Adjusted Leakage Amount are set forth in the Disclosure Letter, which amounts have been agreed to by the Parties and are recognized and included in the calculation of the Cash Consideration.
- (b) At the Effective Time, the cash and cash equivalents to be transferred to NewCo pursuant to Section 2.1(a) above shall be equal to all cash or cash equivalents held by Pan Orient immediately prior to the Effective Time *less*:
 - (i) in the event that the Pan Orient Options Resolution is approved by the Shareholders (or such Pan Orient Options Resolution is not required by the TSXV), the amounts paid to Optionholders for the surrender of Options pursuant to the terms of Option Surrender Agreements;
 - (ii) if the Pan Orient Options Resolution is required by the TSXV and such Pan Orient Options Resolution is not approved by the Shareholders, (A) an amount equal to the aggregate proceeds paid by the holders of Options to Pan Orient on the exercise of Options after the date of the Arrangement Agreement and on or prior to the Effective Time (the "**Aggregate Option Proceeds**"); and (B) an amount equal to (x) the product of the number of Shares issued to the holders of Options on the exercise of Options by such holders after the date of the Arrangement Agreement and on or prior to the Effective Time multiplied by the Cash Consideration per share, *minus* (y) an amount equal to the Aggregate Option Proceeds;
 - (iii) the Transaction Costs to the extent amounts representing Transaction Costs have not been paid by Pan Orient prior to the Effective Time; and
 - (iv) an amount equal to US\$0.01 in cash multiplied by the number of issued and outstanding Shares as at the Effective Time excluding any Shares issued on the exercise of Options contemplated by Section 2.12(b) of the Arrangement Agreement and Section 3.1(2)(ii) of the Plan of Arrangement.
- (c) The Leakage Amount and Contribution Amount shall be calculated after the Effective Date on the basis set out in Schedule C. Any payments required to be made pursuant to Schedule C shall reduce or increase, effective at the Effective Time, the cash and cash equivalents transferred to Newco pursuant to Section 2.5(b) and shall adjust the Purchase Price

pursuant to Section 2.6(a) accordingly. The Purchase Price shall be adopted for all Tax reporting purposes.

2.6 Purchase Price

- (a) The aggregate purchase price payable by NewCo for the Excluded Assets (the "**Purchase Price**") shall be equal to the fair market value thereof as of the Effective Time, as determined by the NewCo board of directors, acting reasonably, within 30 days of the Effective Time, and as agreed to by Pan Orient, acting reasonably, and as may be adjusted in accordance with Section 2.5.
- (b) The Purchase Price shall be paid by NewCo to Pan Orient at the Effective Time:
 - (i) as to an amount of the Purchase Price equal to the fair market value of the Assumed Liabilities, by the assumption of the Assumed Liabilities; and
 - (ii) as to the remaining amount of the Purchase Price, by way of issuance and delivery by NewCo to Pan Orient of the aggregate Share Consideration, being the number of NewCo Shares equal to the number of issued and outstanding Shares as at the Effective Time (excluding Dissenting Shares), subject to an increase in the Shares to recognize any exercise of Options contemplated by Section 2.12(b) of the Arrangement Agreement and Section 3.1(2)(ii) of the Plan of Arrangement and less the one NewCo Share issued and outstanding prior to the Effective Time.

2.7 Allocation of Purchase Price

The Purchase Price payable by NewCo to Pan Orient pursuant to Section 2.6 shall be allocated amongst the Excluded Assets as set forth in Schedule D hereto, as may be adjusted in accordance with Section 2.5.

2.8 Tax Elections

If requested by NewCo, NewCo and Pan Orient shall file a joint election pursuant to subsection 85(1) of the Tax Act, and the corresponding provisions of any applicable provincial legislation, in respect of the transfer of assets and assumption of liabilities contemplated by Section 2.1, with the "agreed amount" (within the meaning of the Tax Act) to be such amount as is designated by NewCo, acting reasonably, provided that Pan Orient shall be provided with reasonable opportunity to review and comment on such election, and NewCo shall take such comments into consideration, acting reasonably, provided at all times that such agreed amount is permitted under the Tax Act and any applicable provincial legislation, and further provided that such agreed amount is in accordance with the allocation as per Section 2.7 hereof.

2.9 Transfer Taxes

The Purchase Price is exclusive of all Transfer Taxes in respect of the purchase and sale of the Excluded Assets and NewCo shall be solely responsible for the same. Where Pan Orient is required under applicable law to collect or pay Transfer Taxes, Pan Orient shall collect from NewCo, and NewCo shall pay to Pan Orient, such Transfer Taxes on the Effective Date. Pan Orient shall remit such Transfer Taxes directly to the applicable Governmental Entity. Where NewCo is required under applicable law to remit Transfer Taxes directly to the appropriate Governmental Entity, NewCo shall be responsible for remitting such Transfer Taxes directly to the applicable Governmental Entity.

2.10 Termination of Intercompany Agreements; Settlement of Intercompany Accounts.

- (a) Except for this Agreement and the Arrangement Agreement (and each other Contract expressly contemplated by this Agreement, the Arrangement Agreement or any Ancillary Agreement to be entered into or continued by any of the Parties or their Subsidiaries or Affiliates at any time), effective at the time this Agreement becomes effective pursuant to the Plan of Arrangement:
 - (i) Pan Orient, on behalf of itself and each Target Entity, on the one hand, and the members of the Excluded Entity Group, on the other hand, will terminate any and all Contracts between or among Pan Orient and any Target Entity, on the one hand, and any member of the Excluded Entity Group, on the other hand. No such Contract (including any provision thereof which purports to survive termination) will be of any further force or effect after the Effective Time and all parties to such Contracts will be released from all Liabilities thereunder; and
 - (ii) all intercompany accounts between and among the Target Entities, on the one hand, and any member of the Excluded Entity Group, on the other hand, that would otherwise remain in effect after the Effective Time shall be settled or otherwise eliminated in such a manner reasonably satisfactory to the Parties at the Effective Time.
- (b) Each Party will, at the reasonable request of any other Party, take, or cause to be taken, such other actions as may be necessary to effect the foregoing. Except as otherwise provided in this Agreement, the Arrangement Agreement or any other Ancillary Agreement, Contracts and intercompany balances and accounts solely among any of the members of the Excluded Entity Group or that are otherwise included in the Excluded Assets and/or Assumed Liabilities shall not be affected by this provision.

2.11 Further Assurances

In addition to the actions specifically provided for elsewhere in this Agreement, the Arrangement Agreement or in any Ancillary Agreement, each of the Parties will reasonably cooperate with each other and use (and will cause its Subsidiaries and Affiliates to use) commercially reasonable efforts, after the Effective Time until the 24th month anniversary of the Effective Time, to take, or to cause to be taken, all actions, and to do, or to cause to be done, all things reasonably necessary, proper or advisable on its part to consummate and make effective the transactions contemplated by this Agreement and the Ancillary Agreements as promptly as reasonably practicable. Without limiting the generality of the foregoing, where the cooperation of third parties such as insurers or trustees would be necessary in order for a Party to completely fulfill its obligations under this Agreement, the Arrangement Agreement or in any Ancillary Agreement, such Party will use commercially reasonable efforts to cause such third parties to provide such cooperation. If any Affiliate of Pan Orient or NewCo is not a party to this Agreement or, as applicable, the Arrangement Agreement or any Ancillary Agreement, and it becomes necessary or desirable for such Affiliate to be a party hereto or thereto to carry out the purpose hereof or thereof, then Pan Orient or NewCo, as applicable, will cause such Affiliate to become a party hereto or thereto or cause such Affiliate to undertake such actions as if such Affiliate were such a party.

2.12 Agreement for Exchange of Information

- (a) Generally. Except as otherwise provided in the Transition Services Agreement, each of Pan Orient, on behalf of the Target Entities, and NewCo, on behalf of the Excluded Entity Group, will provide, or cause to be provided, to the other, or the Target Entities, or Excluded Entity Group, as applicable,

at any time after the Effective Date and until the later of: (i) the second anniversary of the Effective Date; or (ii) the expiration of the relevant statute of limitations period, if applicable, as soon as reasonably practicable after written request therefor, any Shared Information in its possession or under its control. Each of Pan Orient and NewCo shall, and shall cause their respective Affiliates to, make their personnel available during regular business hours to discuss the Information exchanged pursuant to this Section 2.12.

- (b) Forecasts. No Party will have any Claim against any other Party in the event that any Information exchanged or provided pursuant to this Agreement that is an estimate or forecast, or that is based on an estimate or forecast, is found to be inaccurate in the absence of fraud or willful misconduct by the providing Person.
- (c) Ownership of Information. Any Information owned by a Party that is provided to another Party pursuant to this Section 2.12 remains the property of the Party that owned and provided such Information. Pan Orient will, and will cause the other Target Entities to, and NewCo will, and will cause the other Excluded Entities to, remove and destroy any hard drives or other electronic data storage devices from any computer or server that is reasonably likely to contain Information that is protected by this Section 2.12 and that is transferred or sold to a third-party or otherwise disposed of in accordance with this Section 2.12, unless required by Law to retain such materials.
- (d) Record Retention. Each Party agrees to use its commercially reasonable efforts to retain all Information that relates to the operations of its respective business in its possession or control at the Effective Time in accordance with the policies of such Party as in effect on the Effective Date or such other policies as may be adopted by such Party thereafter. No Party will destroy, or permit any of its Subsidiaries to destroy, any Information which the other Party may have the right to obtain pursuant to this Agreement without notifying such other Party or its Affiliate of the proposed destruction and giving such other Party or its Affiliate the reasonable opportunity to take possession or make copies of such Information prior to such destruction.
- (e) Other Agreements Providing for Exchange of Information. The rights and obligations granted under this Section 2.12 are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange or confidential treatment of Information set forth in this Agreement and any Ancillary Agreement.
- (f) Compensation for Providing Information. The Party requesting Information agrees to reimburse the other applicable Party for the reasonable out-of-pocket costs, if any, actually incurred in creating, gathering and copying such Information, to the extent that such costs are incurred for the benefit of the requesting Party.
- (g) Restrictions. Except as expressly provided in this Agreement or the Ancillary Agreements, no Party nor any other Target Entity or any other Excluded Entity, as applicable, hereunder grants or confers rights of license in any Information owned by such Person to any member of any other Person hereunder.

2.13 Use of Name

Notwithstanding Section 2.3(e), Pan Orient acknowledges and agrees that POEH and its subsidiaries, Pan Orient Energy (Citarum) Pte Ltd. and Pan Orient Energy East Jabung Pte. Ltd., shall be permitted to continue to use their existing business names after the Effective Date so long as and to the extent the business carried on by such Persons is limited to the business carried by them as of the date of the Arrangement Agreement and not, in any circumstances, carried on in Thailand at any time after the Effective Date.

ARTICLE 3 CLOSING OF BUSINESS SEPARATION

Unless otherwise provided in this Agreement, the Arrangement Agreement or in any Ancillary Agreement, the effective time and date of each conveyance and assumption of any Asset or Liability in accordance with this Agreement will be at the time that this Agreement becomes effective pursuant to the Plan of Arrangement.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

Each Party represents and warrants to the other Party that:

4.1 Corporate Existence and Power

It is a corporation duly incorporated, validly existing and in good standing under the Laws of the Province of Alberta and has all corporate power and capacity to own, lease and operate, as applicable, its properties and assets, as now owned and to carry on its business as now conducted. It is duly registered or otherwise authorized to do business and is in good standing in each jurisdiction in which the character of its properties, whether owned, leased, licensed or otherwise held, or the nature of its activities makes such registration necessary, and has all governmental licenses, authorizations, permits, consents and approvals required to own, lease and operate its properties and assets and to carry on its business as now conducted, except for those licenses, authorizations, permits, consents and approvals the absence of which do not have or would not be reasonably expected to prevent or materially delay or materially impair the consummation of the transactions contemplated by this Agreement.

4.2 Corporate Authorization

The execution, delivery and performance by it of this Agreement and the consummation by it of the transactions contemplated hereby are within its corporate power and capacity and have been duly authorized by the board of directors of it and no other corporate proceedings on the part of it are necessary to authorize this Agreement or the transactions contemplated hereby. This Agreement has been duly executed and delivered by it and, assuming the due authorization, execution and delivery by the other parties hereto, constitutes a valid and binding agreement of it, enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.

4.3 Non-Contravention

The execution, delivery and performance by it of its obligations under this Agreement and the consummation of the transactions contemplated hereby do not and shall not: (i) contravene, conflict with, or result in any violation or breach of any provision of the articles or by-laws of it; and (ii) assuming compliance with the matters referred to in Section 4.2 above, contravene, conflict with or result in a violation or breach of any provision of any applicable Law or any license, approval, consent or authorization issued by a Governmental Entity held by it.

4.4 Regulatory, Tax and other matters

- (a) It is not a "non-Canadian" as that term is defined in the *Investment Canada Act* (Canada).

- (b) It has not incurred any obligation or liability, contingent or otherwise, for brokers' or finders' fees in respect of this Agreement or the transaction contemplated herein for which the other Party shall have any obligation or liability.
- (c) In the case of NewCo only, it is entering into this Agreement and will acquire the NewCo Assets for itself and not as agent or representative for any third party.
- (d) It is not a non-resident of Canada for the purposes of section 116 of the Tax Act.

ARTICLE 5 TAX MATTERS

5.1 Tax Returns

- (a) Pan Orient shall prepare or cause to be prepared all Tax Returns for each Target Entity for any Straddle Period where Taxes in respect of such Straddle Period are due and payable after the Effective Date ("**Post-Closing Straddle Tax Returns**"). Such Post-Closing Straddle Tax Returns shall be prepared on a basis consistent with past practice except to the extent otherwise required by applicable Law. Not later than ten (10) Business Days prior to the due date for filing any such Post-Closing Straddle Tax Return, or three (3) Business Days in the case of a Post-Closing Straddle Tax Return relating to sales, use, payroll or other Taxes that is required to be filed contemporaneously with, or within ten (10) Business Days after, the close of a tax period, Pan Orient shall deliver a copy of such Post-Closing Straddle Tax Return, together with supporting documentation, to NewCo for NewCo's review and reasonable comment. Pan Orient will cause such Post-Closing Straddle Tax Return (as revised to incorporate NewCo's reasonable comments) to be timely filed and will timely pay all Taxes shown as due and payable on such Post-Closing Straddle Tax Return and will provide a copy of such Post-Closing Straddle Tax Return, as filed, to NewCo. Not later than three (3) Business Days prior to the due date for payment of Taxes with respect to any Post-Closing Straddle Tax Return, or, in the case in the case of a Post-Closing Straddle Tax Return relating to sales, use, payroll or other Taxes that is required to be filed contemporaneously with, or within ten (10) Business Days after, the close of a tax period, not later than two (2) Business Days after receiving a copy of such a Post-Closing Straddle Tax Return, NewCo shall pay to Pan Orient: (a) the amount of any Taxes that are allocable to the portion of the Straddle Period ending immediately prior to January 1, 2022 ("**Post-Closing Straddle Period Taxes**"), as reflected on such Post-Closing Straddle Tax Return; and (b) the amount of any Taxes that are allocable to the portion of the Straddle Period beginning on January 1, 2022 that are reasonably attributable to the Excluded Business (together with the Excluded Business Taxes as defined in the Arrangement Agreement and without duplication thereof, the "**Excluded Business Taxes**" for purposes of this Agreement).
- (b) For purposes of this Article 5, the portion of any Tax that is allocable to the portion of the Straddle Period ending immediately prior to January 1, 2022 shall be:
 - (i) in the case of Taxes that are either (1) based upon or related to income or receipts, or (2) imposed in connection with any sale or other transfer or assignment of property (real or personal, tangible or intangible), deemed equal to the amount that would be payable if the taxable year of the particular Target Entity (and any partnership in which a Target Entity is a partner) ended immediately prior to January 1, 2022; provided, however, that exemptions, allowances or deductions that are calculated on an annual basis (including depreciation and amortization

deductions) shall be allocated between the period ending immediately prior to January 1, 2022 and the period beginning (and including) January 1, 2022 in proportion to the number of days in each period; and

- (ii) in the case of Taxes imposed on a periodic basis (e.g., real property Taxes), deemed to be the amount of such Taxes for the entire Straddle Period (the tax period for such purposes begins on the date on which ownership of the property gives rise to liability for the particular Tax and ends on the day prior to the next such date), multiplied by a fraction the numerator of which is the number of calendar days in the period ending immediately prior to January 1, 2022 and the denominator of which is the number of calendar days in the entire period.
- (c) The parties agree to furnish, or cause to be furnished, to each other, upon request, in a timely manner, such information (including access to books and records) and assistance relating to the Target Entities as is reasonably necessary for the filing of any Tax Return and for the preparation or conduct of any audit, and for the prosecution or defense of any proceeding relating to Taxes. The parties shall retain, or cause to be retained, all Tax and accounting books and records in their possession (as well as those in the possession of the Target Entities), in each case relevant for Taxes for Pre-Closing Tax Returns and Straddle Periods Tax Returns until the applicable period for assessment under applicable Law (giving effect to any and all extensions or waivers) has expired with respect to the particular Taxes to which any such books and records relate, and to abide by all record retention agreements entered into with any Governmental Entity.

ARTICLE 6 INDEMNIFICATION

6.1 Indemnification by NewCo

- (a) Subject to the limitations set forth in this Agreement, NewCo shall, from and after the Effective Time, indemnify and hold harmless Pan Orient and its Subsidiaries and each of their respective officers, directors, employees, agents, advisors or representatives, from and against any and all damages, penalties, interest, judgments, awards, Liabilities, Environmental Liabilities, losses, fines, costs and expenses (including reasonable legal fees and expenses) or other damages (each, a "**Loss**", collectively the "**Losses**"), which arise out of or result from (without duplication):
 - (i) subject to the remainder of this Article 6, any breach of the representations and warranties made by Pan Orient or NewCo in the Arrangement Agreement or by NewCo in this Agreement, which, for greater certainty, shall be subject to the limitations set forth in sections 3.1 and 3.2 of the Arrangement Agreement;
 - (ii) any breach or non-fulfillment of any covenant, obligation or agreement of NewCo or any other Excluded Entity in this Agreement or any other Ancillary Agreement;
 - (iii) all NewCo Taxes;
 - (iv) all Excluded Assets and/or the Excluded Business;
 - (v) all Assumed Liabilities; and

- (vi) any Leakage Amount less any Contribution Amount that has not been taken into account in connection with the adjustments made under Section 2.5 or Schedule C, with any such other Leakage Amount or Contribution Amount to be calculated in accordance with Schedule C, provided it is agreed that the Adjusted Leakage Amount and Adjusted Contribution Amount are included in the calculation of the Cash Consideration, and shall not be included in this Section 6.1(a).
- (b) NewCo shall indemnify and save harmless each of Pan Orient and its Subsidiaries, and their respective Representatives from and against any and all liabilities, claims, demands, losses, costs, damages and expenses to which Pan Orient and its Subsidiaries and their respective Representatives may be subject or may suffer, in any way caused by, or arising, directly or indirectly, from or in consequence of:
 - (i) any misrepresentation or any alleged misrepresentation in the Circular or any information concerning or provided by Pan Orient or NewCo in the Circular or in any material filed by or on behalf of Pan Orient or NewCo in compliance with Canadian Securities Laws and U.S. Securities Laws; and
 - (ii) any order made, or any inquiry, investigation or proceeding by any Securities Authority or other Governmental Entity, to the extent based on any misrepresentation or any alleged misrepresentation in the Circular or any information concerning or provided by Pan Orient or NewCo in the Circular or in any material filed by or on behalf of Pan Orient or NewCo in compliance with Canadian Securities Laws and U.S. Securities Laws.
- (c) Subject to Section 6.1(d), NewCo's indemnification obligations under this Section 6.1 shall terminate upon the date that is 18 months after the Effective Time.
- (d) Notwithstanding paragraph 6.1(c), NewCo's indemnification obligations under Section 6.1(a)(i) for any breach of a Tax Representation, and NewCo's indemnification obligations under Section 6.1(a)(iii) for NewCo Taxes, shall terminate upon the date that is six years after the Effective Date.
- (e) NewCo's indemnification obligations under Section 6.1(a)(i) and Section 6.1(a)(iii) or any other provision of this Agreement shall not apply to any Taxes or other amounts arising in respect of a proposed or actual reduction of the tax attributes, deductions or credits of Pan Orient or of a Target Entity nor shall such indemnification obligations apply in respect of any Taxes to the extent that such Taxes were or could have been reduced through the application or potential application of Pan Orient's or a Target Entity's tax attributes, deductions, or credits available for any taxation year.
- (f) NewCo's indemnification obligations under Section 6.1(a)(i) and Section 6.1(a)(iii) or any other provision of this Agreement shall not apply to any Taxes where such Tax arose or occurred as a consequence of actions of the Purchaser or its Affiliate (including Pan Orient) taken after the effective time of the acquisition of the shares in the capital of Pan Orient by Purchaser pursuant to the Plan of Arrangement, including, without limitation, the filing of Tax returns or amended Tax returns for the tax year in which such amounts arose, filing a waiver in respect of any year, or otherwise requesting an audit of such year.
- (g) Notwithstanding any provision in this Agreement, NewCo shall not have any indemnification obligations under Section 6.1(a)(i) in respect of any facts, matters and circumstances giving rise to the breach that: (i): (A) are disclosed in the Data Room

Information and in certain cases, the Disclosure Letter (if the Disclosure Letter is specifically identified in such applicable representation or warranty) in respect of the Retained Assets, the Thailand Business, the Target Entities (other than Target Entities in respect of the Excluded Assets, the Excluded Business, the Excluded Entities and the Assumed Liabilities) and the Retained Liabilities; or (B) are deemed to be within the knowledge of the Purchaser as set forth in Section 1.6 of the Arrangement Agreement in respect of the Retained Assets, the Thailand Business, the Target Entities (other than Target Entities in respect of the Excluded Assets, the Excluded Business, the Excluded Entities and the Assumed Liabilities) and the Retained Liabilities; or (ii) to the extent that the breach or loss has arisen out of a new Law, or a change in Law (including its interpretation) or accounting standard taking effect after the Effective Date.

- (h) Notwithstanding any provision in this Agreement, NewCo's indemnification obligations under Section 6.1, and Pan Orient's right to claim for indemnification of Losses under Section 6.1, shall not be limited or affected by: (i) any information disclosed in the Data Room Information or Disclosure Letter or attached thereto in respect of the Excluded Assets, the Excluded Business, the Excluded Entities or the Assumed Liabilities; or (ii) any knowledge of, or other disclosures made to, the Purchaser, Parent or Pan Orient or any Representatives of the foregoing respecting the Excluded Assets, the Excluded Business, the Excluded Entities or the Assumed Liabilities, NewCo Taxes (except as provided in Section 6.1(a)(iii)), or any Leakage Amount.

6.2 Indemnification by Pan Orient

- (a) Pan Orient shall, from and after the Effective Time, indemnify and hold harmless NewCo and its Subsidiaries and each of their respective officers, directors, employees, agents, advisors or representatives, from and against any and all Losses which arise out of or result from:
 - (i) any breach of the representations and warranties made by the Purchaser in the Arrangement Agreement or Pan Orient in this Agreement;
 - (ii) any breach or non-fulfillment of any covenant, obligation or agreement of Pan Orient or any Target Entity in this Agreement or any other Ancillary Agreement;
 - (iii) all Taxes paid by any Excluded Entity that are reasonably attributable to the Thailand Business for the period after January 1, 2022;
 - (iv) the Retained Assets and/or the Thailand Business; and
 - (v) the Retained Liabilities.
- (b) Pan Orient shall indemnify and save harmless each of NewCo and its Subsidiaries, and their respective Representatives from and against any and all liabilities, claims, demands, losses, costs, damages and expenses to which NewCo and its Subsidiaries and their respective Representatives may be subject or may suffer, in any way caused by, or arising, directly or indirectly, from or in consequence of:
 - (i) any misrepresentation or any alleged misrepresentation in the Circular or any information concerning or provided by Purchaser in the Circular or in any material filed by or on behalf of Purchaser in compliance with Canadian Securities Laws and U.S. Securities Laws; and

- (ii) any order made, or any inquiry, investigation or proceeding by any Securities Authority or other Governmental Entity, to the extent based on any misrepresentation or any alleged misrepresentation in the Circular or any information concerning or provided by Purchaser in the Circular or in any material filed by or on behalf of Purchaser in compliance with Canadian Securities Laws and U.S. Securities Laws.
- (c) Pan Orient's indemnification obligations under this Section 6.2 shall terminate upon the date that is 18 months after the Effective Time.
- (d) Notwithstanding paragraph 6.2(c), Pan Orient's indemnification obligations under Section 6.2(a)(iii) shall terminate upon the date that is six years after the Effective Date.
- (e) Notwithstanding any provision in this Agreement, Pan Orient shall not have any indemnification obligations under this Section 6.2 in respect of that any facts, matters and circumstances giving rise to the breach that: (i) are fairly disclosed in the Disclosure Letter or the Data Room Information or otherwise in writing by any of the Pan Orient Entities or their Representatives to NewCo or its Representatives prior to the Effective Date, where "fairly disclosed" means disclosed in such manner and such detail as to enable a Person to identify the nature and scope of the matter disclosed) or (ii) to the extent that the breach or loss has arisen out of a new Law, or a change in Law (including its interpretation) or accounting standard taking effect after the Effective Date.

6.3 Limitations on Liability

- (a) No claim may be made against any Indemnifying Party until the aggregate of all Indemnifiable Losses exceeds US\$385,000 (the "**Indemnification Threshold**"), in which event the Indemnifying Party shall be required to pay or be liable for the entire amount of such claims (subject to the provisions of this Article 6) including the first US\$385,000; provided that an Indemnifying Party shall not be liable under Section 6.1 or Section 6.1(f), as the case may be, for any individual or series of related Indemnifiable Losses which do not exceed US\$50,000 ("**De Minimis Losses**"), which De Minimis Losses shall not be counted toward the Indemnification Threshold and in no event shall an Indemnified Party have any liability hereunder for any such De Minimis Losses.
- (b) For greater assurances, Newco's liability in respect of any Losses in respect of POES shall be limited to a maximum of POP's 50.005% share of any Losses of POES.
- (c) The maximum, combined liability of a Party under this Agreement is limited to US\$23,500,000.
- (d) Section 6.3(a) and Section 6.3(c) will not apply to claims for indemnification: (i) resulting from the breach of a Tax Representation, or (ii) pursuant to Sections 6.1(a)(iii), 6.1(a)(iv), 6.1(a)(v) or 6.1(a)(vi); provided that an Indemnifying Party shall not be liable pursuant to Sections 6.1(a)(iii), 6.1(a)(iv) or 6.1(a)(vi), as the case may be, for any individual or series of related Indemnifiable Losses which do not exceed US\$10,000.

6.4 Procedure for Third Party Claims

- (a) Promptly after an Indemnified Party has received notice or has knowledge of any pending or threatened claim asserted by a third party or the commencement of any Action by a third party in respect of which indemnification may be sought by the Indemnified Party

hereunder (a "**Third Party Claim**"), the Indemnified Party shall give each Indemnifying Party written notice (a "**Claim Notice**") describing in reasonable detail the nature and basis of the Third Party Claim and, if ascertainable, the amount in dispute under the Third Party Claim.

- (b) Subject to the limitations set forth in this Section 6.4, in the event of a Third Party Claim, the Indemnifying Party shall have the right (exercisable by written notice to the Indemnified Party within 30 days, or such longer period as the Parties may agree, after the Indemnifying Party has received a Claim Notice in respect of the Third Party Claim) to elect to conduct and control, through counsel of its choosing that is reasonably acceptable to the Indemnified Party and at the Indemnifying Party's sole cost and expense, the defense, compromise or settlement of the Third Party Claim if the Indemnifying Party:
 - (i) has acknowledged and agreed in writing that, if the Third Party Claim is adversely determined, the Indemnifying Party shall provide indemnification to the Indemnified Party in respect thereof; and
 - (ii) if requested by the Indemnified Party, has provided evidence reasonably satisfactory to the Indemnified Party of the Indemnifying Party's financial ability to pay any Losses resulting from the Third Party Claim;

provided however, that the Indemnified Party may participate therein through separate counsel chosen by it and at its sole cost and expense. Notwithstanding the foregoing, if:

- (A) the Indemnifying Party shall not have given notice to the Indemnified Party of its election to conduct and control the defense of the Third Party Claim within such 30 day period or such longer period as the Parties may agree;
- (B) the Indemnifying Party shall fail to conduct such defense diligently and in good faith;
- (C) the Indemnified Party shall reasonably determine that use of counsel selected by the Indemnifying Party to represent the Indemnified Party would present such counsel with an actual or potential conflict of interest;
- (D) the Third Party Claim is for injunctive, equitable or other nonmonetary relief against the Indemnified Party;
- (E) the Indemnifying Party has not acknowledged and agreed in writing that, if the Third Party Claim is adversely determined, the Indemnifying Party shall provide indemnification to the Indemnified Party in respect thereof; or
- (F) if requested by the Indemnified Party, the Indemnifying Party has not provided evidence reasonably satisfactory to the Indemnified Party of the Indemnifying Party's financial ability to pay any Losses resulting from the Third Party Claim,

then, in each such case, the Indemnified Party shall have the right to control the defense, compromise or settlement of the Third Party Claim with counsel of its choice at the Indemnifying Party's sole cost and expense.

- (c) In connection with any Third Party Claim, from and after delivery of a Claim Notice, the Indemnifying Party and the Indemnified Party shall, and shall cause their respective Affiliates and Representatives to, cooperate fully in connection with the defense of such Third Party Claim, including furnishing such records, information and testimony and attending such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested by the Indemnifying Party or the Indemnified Party in connection therewith. In addition, the Party controlling the defense of any Third Party Claim shall keep the non-controlling Party advised of the status thereof and shall consider in good faith any recommendations made by the non-controlling party with respect thereto.
- (d) Except as set forth below, no Third Party Claim may be settled or compromised:
 - (i) by the Indemnified Party without the prior written consent of the Indemnifying Party (not to be unreasonably withheld, conditioned or delayed); or
 - (ii) by the Indemnifying Party without the prior written consent of the Indemnified Party (not to be unreasonably withheld, conditioned or delayed).
- (e) Notwithstanding subsection 6.4(d):
 - (i) the Indemnified Party shall have the right to pay, settle or compromise any Third Party Claim without the prior written consent of the Indemnifying Party if the Indemnified Party waives all rights against the Indemnifying Party to indemnification under this Article 6 with respect to such Third Party Claim or the Indemnified Party sought the consent of the Indemnifying Party to such payment, settlement or compromise and such consent was unreasonably withheld, conditioned or delayed; and
 - (ii) the Indemnifying Party shall have the right to consent to the entry of a judgment or enter into a settlement with respect to any Third Party Claim without the prior written consent of the Indemnified Party if the judgment or settlement:
 - (A) involves only the payment of money damages (all of which will be paid in full by the Indemnifying Party concurrently with the effectiveness thereof);
 - (B) will not encumber any of the assets of the Indemnified Party or any of its Affiliates and will not contain any restriction or condition that would apply to or adversely affect the Indemnified Party or any of its Affiliates or the conduct of business of the Indemnified Party or any of its Affiliates; and
 - (C) includes a complete and irrevocable release of the Indemnified Party from all liability in respect of such Third Party Claim and includes no admission of violation of applicable Laws or other wrongdoing.

6.5 Procedure for Direct Claims

- (a) In the event that an Indemnified Party advances a claim for indemnification hereunder that does not result from or involve a Third Party Claim, the Indemnified Party shall, as promptly as practicable, deliver to the Indemnifying Party a written notice that contains:
 - (i) a description and the amount (the "**Claimed Amount**") of any Losses incurred or suffered by the Indemnified Party;
 - (ii) a statement that the Indemnified Party is entitled to indemnification under this Article 6 and a reasonable explanation of the basis therefor; and
 - (iii) a demand for payment by the Indemnifying Party.
- (b) Within 30 days after delivery of such written notice, the Indemnifying Party shall deliver to the Indemnified Party a written response in which the Indemnifying Party shall:
 - (i) agree that the Indemnified Party is entitled to receive all of the Claimed Amount (in which case such response shall be accompanied by a payment by the Indemnifying Party of the Claimed Amount);
 - (ii) agree that the Indemnified Party is entitled to receive part, but not all, of the Claimed Amount (the "**Agreed Amount**") (in which case such response shall be accompanied by payment by the Indemnifying Party of the Agreed Amount); or
 - (iii) contest that the Indemnified Party is entitled to receive any of the Claimed Amount.
- (c) If the Indemnifying Party contests the payment of all or any part of the Claimed Amount, the Indemnifying Party and the Indemnified Party shall use good faith efforts to resolve such dispute as promptly as practicable. If such dispute is not resolved within 60 days or such longer period as may reasonably be required in order to properly exchange all relevant information following the delivery by the Indemnifying Party of such response, the Indemnified Party and the Indemnifying Party shall submit such matter for determination to the Alberta Court of Queen's Bench or such other applicable court of competent jurisdiction.

6.6 Tax Claims

- (a) If any Governmental Entity asserts a Tax Claim, then NewCo, if a member of the Excluded Entity Group first receives the notice of such Tax Claim, and Pan Orient, if a Target Entity first receives such notice, promptly shall provide written notice (a "**Tax Notice**") thereof to NewCo or Pan Orient, as applicable. Such notice shall specify in reasonable detail the basis for such Tax Claim and shall include a copy of the relevant portion of any correspondence received from the Governmental Entity.
- (b) Unless NewCo gives written notice to Pan Orient of its intention to contest a Tax Claim within thirty (30) Business Days of receiving a Tax Notice from Pan Orient in respect of such Tax Claim, Pan Orient shall have the right to employ counsel of its own choice and to have full carriage and control of the contestation and negotiation of such Tax Claim; provided that Pan Orient shall not abandon, settle, or resolve, all or a portion of the contest

in respect of such Tax Claim without the prior written consent of NewCo, which consent shall not be unreasonably, withheld, conditioned or delayed.

- (c) Provided that NewCo gives written notice to Pan Orient of its intention to contest a Tax Claim as described in Section 6.6(b) hereof, NewCo shall have the right to employ counsel of its own choice and to have full carriage and control of the contestation and negotiation of such Tax Claim (the "**Primary Tax Resolution Process**").
- (d) Notwithstanding Section 6.6(c) hereof, Pan Orient shall have the right to notify NewCo at any time that the Primary Tax Resolution Process shall not apply, and that Pan Orient and NewCo shall have joint carriage of the Tax Claim (the "**Joint Tax Resolution Process**"), if, in the opinion of Pan Orient, the Tax Claim could reasonably be expected to negatively affect any current or future Taxes of a Target Entity.
- (e) During any Primary Tax Resolution Process that applies to a particular Tax Claim:
 - (i) NewCo shall provide Pan Orient with notice of the progress and activities in respect of the Tax Claim;
 - (ii) No Target Entity shall communicate with any Governmental Entity with respect to such Tax Claim unless NewCo has consented to such communication, which consent shall not be unreasonably withheld;
 - (iii) no Target Entity will agree to any compromise or settlement of any Tax Claim without the prior written consent of NewCo, which consent shall not be unreasonably withheld, conditioned or delayed; and
 - (iv) NewCo shall not abandon, settle, or resolve, all or a portion of the contest in respect of such Tax Claim without the prior written consent of Pan Orient, which consent shall not be unreasonably withheld, conditioned or delayed.
- (f) During any Joint Tax Resolution Process that applies to a particular Tax Claim, Pan Orient and NewCo shall have joint carriage of the Tax Claim and (i) Pan Orient and NewCo shall fully cooperate in all respects and act reasonably in connection with the contestation, negotiation, election, settlement, abandonment, and other relevant decisions in relation to the Tax Claim, (ii) Pan Orient and NewCo shall jointly agree on counsel for representation and the cost of such counsel shall be shared equally between Pan Orient (on the one hand) and NewCo (on the other), (iii) if the parties are unable to agree on joint counsel for representation, each party shall have the right at its own expense and employing counsel of its own choice to retain its own counsel, and (iv) should any dispute arise between Pan Orient and NewCo regarding the manner in which the joint carriage of a Tax Claim is being handled or managed, and such dispute cannot be resolved between the parties, then the parties shall accept the position of the party that is subject to more potential liability under the Tax Claim.

6.7 Failure to Give Timely Notice

The failure to give timely notice under this Article 6 will not affect the rights or obligations of any Party except to the extent (and only to the extent) that, as a result of such failure, the Party that was entitled to receive such notice suffered serious damage or was otherwise materially adversely prejudiced in the defence of such claim.

6.8 Reductions and Subrogation

If at any time subsequent to the making of any Indemnity Payment, the amount of the Indemnifiable Losses is reduced (other than any reduction in the amount of the Indemnifiable Losses that arises as a consequence of the realization of any Tax Benefit by the Indemnified Party or any of its Affiliates) pursuant to any insurance coverage or pursuant to any claim, recovery, settlement or payment by or against any other Person (a "**Recovery**"), such that, taking the Recovery into account, the amount of the Indemnity Payment in respect of the Loss exceeds the amount of the Loss, the Indemnified Party shall promptly repay to the Indemnifying Party the amount of the excess (the "**Excess**") (less any costs, expenses (including Taxes) or premiums incurred in connection therewith) together with interest. Notwithstanding the foregoing provisions of this Section 6.8, no payment of any Excess is required to be made under this Section 6.8 to the extent the Indemnified Party is entitled to an Indemnity Payment hereunder that remains unpaid. Upon making a full Indemnity Payment, the Indemnifying Party will, to the extent of such Indemnity Payment, be subrogated to all rights of the Indemnified Party against any third party in respect of the Loss to which the Indemnity Payment relates. Until the Indemnified Party recovers full payment of its Loss, any and all claims of the Indemnifying Party against any such third party on account of such Indemnity Payment will be postponed and subordinated in right of payment to the Indemnified Party's rights against such third party.

6.9 Payment and Interest

Except as specified herein, all Losses (other than Taxes) will bear interest at a rate per annum, calculated and payable monthly, equal to 4% from and including the date the Indemnified Party disbursed funds or suffered or incurred a Loss to, but excluding, the day of payment by the Indemnifying Party to the Indemnified Party, with interest on overdue interest at the same rate. All Losses that are Taxes will bear interest at a rate per annum, calculated and payable monthly, equal to 4% from and including the date the Indemnified Party paid such Taxes to, but excluding, the day of payment by the Indemnifying Party to the Indemnified Party of the Indemnity Payment in respect of such Taxes, with interest on overdue interest at the same rate.

6.10 Judgment Currency

- (a) If, for the purpose of obtaining or enforcing judgment against the Indemnifying Party in any court in any jurisdiction, it becomes necessary to convert into any other currency (the "**Judgment Currency**") an amount due in Canadian dollars under this Agreement, the conversion will be made at the rate of exchange specified by the Bank of Canada as its noon rate prevailing on the Business Day immediately preceding:
 - (i) the date of actual payment of the amount due, in the case of any proceeding in the courts of the Province of Alberta or in the courts of any other jurisdiction that will give effect to such conversion being made on such date; or
 - (ii) the date on which the judgment is given, in the case of any proceeding in the courts of any other jurisdiction where the court of such jurisdiction does not give effect to such conversion being made on the payment date,
 (the "**Judgment Conversion Date**").
- (b) If, in the case of any proceeding in the court of any jurisdiction referred to in Subsection 6.10(a), there is a change in the rate of exchange prevailing between the Judgment Conversion Date and the date of actual payment of the amount due, the Indemnifying Party must pay such additional amount (if any, but in any event not a lesser

amount) as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of Canadian dollars, which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial order at the rate of exchange prevailing on the Judgment Conversion Date.

6.11 Exclusive Remedy

Except for remedies for injunctive or equitable relief, claims for fraud, intentional misrepresentation or willful misconduct or as otherwise expressly provided in this Agreement, the indemnification rights set forth in this Article 6 shall be the sole and exclusive remedy for any claim arising out of this Agreement. Closing of the transactions contemplated herein shall not in any way whatsoever limit, impact or derogate from the indemnities provided for herein.

6.12 Mitigation

Nothing in this Agreement shall in any way restrict or limit the general obligation at law of an Indemnified Party to mitigate any Loss which it may suffer or incur by reason of the breach by an Indemnifying Party of any representation, warranty, covenant, obligation or agreement of the Indemnifying Party hereunder. If any such Loss can be reduced by any recovery, settlement or otherwise under or pursuant to any insurance coverage, or pursuant to any claim, recovery, settlement or payment by or against any other Person, the Indemnified Party shall take all appropriate and reasonable steps to enforce such recovery, settlement or payment. Notwithstanding the foregoing, no Indemnified Party shall have any obligation to mitigate any Loss prior to or in connection with any application of remedies for injunctive or equitable relief.

ARTICLE 7 MISCELLANEOUS

7.1 Notices

All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered or sent if delivered personally or sent by facsimile or e-mail transmission, or as of the following business day if sent by prepaid overnight courier, to the Parties at the following addresses (or at such other addresses as shall be specified by any Party by notice to the other Parties given in accordance with these provisions):

- (a) if to Pan Orient:

Pan Orient Energy Corp.
c/o Dialog Systems (Asia) Pte. Ltd.
DIALOG Tower
15 Jalan PJU 7/5, Mutiara Damansara
47810 Petaling Jaya,
Selangor, MALAYSIA

Attention: Keith Collins
E-mail: [REDACTED]

with copies to:

King & Spalding (Singapore) LLP
1 Raffles Quay
#31-01 North Tower
Singapore, 048583

Attention: Zoë Bromage
E-mail: [REDACTED]

and with copies to:

Burnet, Duckworth & Palmer LLP
2400 – 525 8th Avenue SW
Calgary, Alberta
T2P 1G1

Attention: Kelsey Clark and Lindsay Cox
E-mail: [REDACTED]

(b) if to NewCo:

CanAsia Energy Corp.
1505, 505 - 3rd Street SW
Calgary, Alberta
T2P 3E6

Attention: Jeff Chisholm, President
E-mail: [REDACTED]

with copies to:

Bennett Jones LLP
4500- 855 2nd Street SW
Calgary, Alberta
T2P 4K7

Attention: Harinder Basra
E-Mail: [REDACTED]

7.2 Governing Law; Jurisdiction; Service of Process

This Agreement shall be governed, including as to validity, interpretation and effect, by the Laws of the Province of Alberta and the Laws of Canada applicable therein, and shall be construed and treated in all respects as an Alberta contract. The Parties agree that any proceeding seeking to enforce any provisions of, or based on any matter arising out of or in connection with this Agreement or the transactions contemplated hereby shall be brought in any court of the Province of Alberta, and each of the Parties irrevocably consents to the jurisdiction of such courts (and of the appellate courts therefrom) in any such Proceeding and irrevocably waives, to the fullest extent that any such Proceeding brought in any such court has been brought in an inconvenient forum. Each of the Parties expressly acknowledges that the foregoing waiver is intended to be irrevocable under all applicable Laws. Process in any Proceeding may be served on any Party anywhere in the world, whether within or without the jurisdiction of any such court. Without

limiting the foregoing, each Party agrees that service of process on such Party as provided in Section 7.1 shall be deemed effective service.

7.3 Injunctive Relief and Specific Performance

The Parties agree that irreparable harm may occur for which money damages would not be an adequate remedy at Law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to apply for an injunction or injunctions and other equitable relief to prevent breaches or threatened breaches of the provisions of this Agreement or to otherwise obtain specific performance of any such provisions and to cause the transactions contemplated by this Agreement to be consummated on the terms and subject to the conditions set forth herein.

7.4 Time of Essence

Time shall be of the essence in this Agreement.

7.5 Fees

Except as otherwise provided in this Agreement, each Party shall pay all fees, costs and expenses incurred by such Party as provided in the Arrangement Agreement.

7.6 Entire Agreement, Binding Effect and Assignment

This Agreement shall be binding on and shall enure to the benefit of the Parties and their respective successors and permitted assigns. This Agreement and the Arrangement Agreement constitute the entire agreement, and supersede all other prior agreements and understandings, both written and oral, between the Parties, or any of them, with respect to the subject matter hereof and thereof.

7.7 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

7.8 Counterparts, Execution

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed pdf., facsimile or similar executed electronic copy of this Agreement, and such pdf., facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[Signature Page to Follow.]

IN WITNESS WHEREOF, Pan Orient and NewCo have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

PAN ORIENT ENERGY CORP.

Per: _____
Name: Jeff Chisholm
Title: Director

CANASIA ENERGY CORP.

Per: _____
Name: Jeff Chisholm
Title: Director

SCHEDULE A

DEFINITIONS

"Action" has the meaning set forth in the Arrangement Agreement.

"Adjusted Contribution Amount" means the items of Contribution Amount set forth in the Disclosure Letter, which amount has been agreed to by each of the Parties and is taken into account in the calculation of the Cash Consideration.

"Adjusted Leakage Amount" means the items of Leakage Amount set forth in the Disclosure Letter, which amount has been agreed to by each of the Parties and is taken into account in the calculation of the Cash Consideration.

"Affiliate" has the meaning set forth in the Arrangement Agreement.

"Agreed Amount" has the meaning set forth at Section 6.5(b)(ii).

"Aggregate Option Proceeds" has the meaning set forth at Section 2.5(b)(ii).

"Ancillary Agreement" means the Transition Services Agreement and any other agreements entered into by the Parties in order to effect the transactions contemplated by this Agreement.

"Arrangement Agreement" means the arrangement agreement dated as of June 6, 2022, among Pan Orient, NewCo, Purchaser and Parent (including the recitals and schedules thereto), among others, as it may be amended, modified or supplemented from time to time in accordance with the terms thereof.

"Assets" has the meaning set forth in the Arrangement Agreement.

"Assumed Liabilities" the meaning set forth in Subsection 2.4(a).

"Business Day" has the meaning set forth in the Arrangement Agreement.

"Canadian Securities Laws" means the Securities Act and all other applicable Canadian provincial securities laws, rules and regulations and published policies thereunder, and the rules of the TSXV applicable to companies listed thereon.

"Cash Consideration" has the meaning set forth in the Plan of Arrangement.

"Circular" has the meaning set forth in the Arrangement Agreement.

"Claim" means any claim, action, cause of action, demand, lawsuit, proceeding, arbitration or governmental investigation, in each case, whether asserted, threatened, pending or existing.

"Claim Notice" has the meaning set forth in subsection 6.4(a).

"Claimed Amount" has the meaning set forth in subsection 6.5(a)(i).

"Concession Agreement" has the meaning set forth in the Arrangement Agreement.

"Consents" means any consents, waivers, ratifications, or approvals from, or notification requirements to, or other authorizations by, any third parties.

"Contract" means any loan or credit agreement, note, bond, indenture, mortgage, deed of trust, lease, sublease, franchise, permit, authorization, license, contract, instrument or other commitment, obligation or arrangement, whether written or oral, that is or is intended to be binding on any Person or any part of its property under applicable Law, and the term **"Contractual"** shall have the correlative meaning.

"Contribution Amount" means, without any double counting, any of the following payments made to any Target Entity or items of value received by any Target Entity from (and including) January 1, 2022 up to the time that this Agreement becomes effective pursuant to the Plan of Arrangements:

- (a) any investment, purchase of equity or other capital contribution (in each case, whether in cash or in kind or via netting of an inter-company payable) made by Pan Orient or any of its Subsidiaries or Affiliates (other than a Target Entity);
- (b) any transfer or disposal to any Target Entity by, or receipt by any Target Entity from, Pan Orient or any of its Subsidiaries or Affiliates (other than a Target Entity) of any asset, right, service, benefit or payment for less than fair market value (but only to the extent fair market value exceeds the amount paid or other consideration provided by any Target Entity in respect thereof);
- (c) any acquisition from any Target Entity by Pan Orient or any of its Subsidiaries or Affiliates (other than a Target Entity) of any asset for a consideration exceeding the fair market value of such asset (but only to the extent such consideration exceeds such fair market value);
- (d) any assumption or discharge of any liability owed by any Target Entity (including in relation to any recharging of costs of any kind) by Pan Orient or any of its Subsidiaries or Affiliates (other than a Target Entity); and
- (e) any waiver, deferral or release by Pan Orient or any of its Subsidiaries or Affiliates (other than a Target Entity) of any amount owed by any Target Entity to Pan Orient or any of its Subsidiaries or Affiliates (other than a Target Entity) or any assumption or discharge of any liability owed by any Target Entity to Pan Orient or any of its Subsidiaries or Affiliates (other than a Target Entity) (including in relation to any recharging of costs of any kind) by Pan Orient or any of its Subsidiaries or Affiliates (other than a Target Entity),

provided, however, Contribution Amount shall not include any Adjusted Contribution Amount.

"Data Room Information" has the meaning set forth in the Arrangement Agreement.

"De Minimis Losses" has the meaning set forth in Section 6.3(a).

"Disclosure Letter" has the meaning set forth in the Arrangement Agreement.

"Dissenting Shareholder" shall have the meaning set forth in the Plan of Arrangement.

"Effective Date" has the meaning set forth in the Arrangement Agreement.

"Effective Time" has the meaning set forth in the Arrangement Agreement.

"Environment" has the meaning set forth in the Arrangement Agreement.

"Environmental Laws" has the meaning set forth in the Arrangement Agreement.

"Environmental Liabilities" means in respect of the Retained Assets:

- (a) all past, present and future Actions that arise in connection with or as a result of operations, including any and all such Liabilities and Claims relating directly or indirectly to any of the following:
 - (i) pollution or contamination of or damage or injury to the Environment;
 - (ii) use, storage, holding, handling, transportation, release, spill, emission, escape or migration of any substance or waste (including migration within the lands which form part of the Retained Assets or lands pooled or unitized therewith or from such lands to other lands);
 - (iii) obligations to test, monitor, remediate, protect and clean-up the Environment; or
 - (iv) obligations under Environmental Laws; and
- (b) all abandonment and reclamation obligations;

and for greater certainty excluding the Environmental Liabilities relating to the Excluded Entity Group, Excluded Assets, Excluded Business or the Assumed Liabilities.

"Excess" has the meaning set forth in Section 6.8.

"Excluded Assets" has the meaning set forth in Section 2.2.

"Excluded Business" means all businesses and operations (whether or not such businesses or operations are or have been terminated, divested or discontinued) conducted prior to the Effective Time by Pan Orient and its Subsidiaries and Affiliates, other than the Thailand Business.

"Excluded Business Taxes" has the meaning set forth in Section 5.1(a).

"Excluded Entity" means, following the Effective Time, a Person who is a member of the Excluded Entity Group.

"Excluded Entity Group" means NewCo, Andora, POEH and any Subsidiaries of the foregoing entities.

"Final Closing Statement" has the meaning set forth in Schedule C.

"Group" means the Excluded Entity Group and the Target Entity Group, as the context requires.

"Governmental Approvals" means any notices, reports or other filings to be made to, or any Consents, registrations, Permits or authorizations to be obtained from, any Governmental Entity.

"Governmental Entity" has the meaning set forth in the Arrangement Agreement.

"Indebtedness" has the meaning set forth in the Arrangement Agreement.

"Indemnifiable Losses" means, with respect to any claim by an Indemnified Party for indemnification under this Agreement, any and all Losses pursuant to the provisions of this Agreement.

"Indemnified Party" means any Person actually or potentially entitled to indemnification from an Indemnifying Party pursuant to Section 6.1 or Section 6.1(f) of this Agreement.

"Indemnifying Party" means any Party from which any Indemnified Party is seeking indemnification pursuant to Section 6.1 or Section 6.1(f) of this Agreement.

"Indemnity Payment" means any amount required to be paid by an Indemnifying Party pursuant to Article 6.

"Indemnity Threshold" has the meaning set forth in Section 6.3(a).

"Information" means information in written, oral, electronic or other tangible or intangible form, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data, but in any case excluding back-up tapes.

"Judgment Conversion Date" has the meaning set forth in Section 6.10(a).

"Judgment Currency" has the meaning set forth in Section 6.10(a).

"KSE" has the meaning set forth in the Arrangement Agreement.

"Law" has the meaning set forth in the Arrangement Agreement.

"Leakage Amount" means, without double counting, any of the following made to or received by, on behalf of, or for the benefit of, Pan Orient or any of its Related Parties (other than the Target Entities) from (and including) January 1, 2022 up to the time that this Agreement becomes effective pursuant to the Plan of Arrangement:

- (a) any dividend or distribution (whether in cash or in kind) declared, paid or made by any Target Entity;
- (b) any management, service or other charges or fees paid by any Target Entity, excluding any amounts paid by one Target Entity to another Target Entity;
- (c) any return of capital (whether by reduction of capital or redemption or purchase of shares or otherwise) by any Target Entity or any amounts payable on the repurchase, repayment, redemption, reduction or cancellation of any share capital, loan capital or other securities of a Target Entity, provided, however, Leakage Amount shall not include any amount payable or payments made by Pan Orient to Dissenting Shareholders in connection with the exercise of dissent rights pursuant to the Arrangement;
- (d) any payment of interest or repayment of principal in respect of any funded indebtedness owed by any Target Entity, excluding any repayment made by one Target Entity to another Target Entity;

- (e) any waiver, deferral or release by any Target Entity of any amount or obligation owed or due to such Target Entity, other than any amounts owing by any Target Entity to any Target Entity;
- (f) any assumption or discharge of any liability (including in relation to any Transaction Cost of any kind) by any Target Entity, other than any liability of any Target Entity to any other Target Entity;
- (g) the provision of any guarantee, indemnity or security by any Target Entity in respect of any obligation or liability of Pan Orient or any of its Related Parties (other than the Target Entities);
- (h) any other transaction other than on arm's length terms, other than any transaction between any Target Entity and any other Target Entity, for consideration exceeding the fair market value (but only to the extent such consideration exceeds such fair market value); or
- (i) any agreement or arrangement by or on behalf of any Target Entity to give effect to any of the matters referred to in Sections (a) to (i) above,

provided, however, Leakage Amount shall not include any Adjusted Leakage Amount.

"Liabilities" means all debts, liabilities, guarantees, assurances, commitments and obligations, whether fixed, contingent or absolute, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising (including whether arising out of any Contract or tort based on negligence or strict liability) and whether or not the same would be required by IFRS to be reflected in financial statements or disclosed in the notes thereto.

"NewCo Shares" means the common shares of NewCo.

"NewCo Taxes" means, without duplication:

- (a) any Taxes of Pan Orient for any tax period ending prior to January 1, 2022;
- (b) except for amounts or circumstances disclosed in the Data Room Information, any Taxes of POP, POES and KSE for any tax period ending prior to January 1, 2022;
- (c) any Straddle Period Taxes of Pan Orient;
- (d) except for amounts or circumstances disclosed in the Data Room Information, any Straddle Period Taxes of POP, POES or KSE;
- (e) any Excluded Business Taxes;
- (f) any Taxes levied or imposed on a Target Entity for any tax period beginning on or after January 1, 2022 and ending on or prior to the Effective Date that are reasonably attributable to the Excluded Assets, the Excluded Business, the Excluded Entities or the Assumed Liabilities; and
- (g) any Reorganization Taxes,

and all out-of-pocket costs and expenses (including reasonable legal fees and expenses) arising from any of the foregoing; and to the extent that an amount payable to a Target Entity on account

of NewCo Taxes is required to be included in income by such Target Entity without a full or partial offsetting deduction, the amount of NewCo Taxes shall be increased by such additional amount as is necessary to ensure that the Target Entity receives a net after-tax amount equal to the full amount that the Target Entity would have received hereunder if no Taxes were imposed on such payment.

"Objection Notice" has the meaning set forth in Schedule C.

"Optionholder" has the meaning set forth in the Arrangement Agreement.

"Option Surrender Agreements" has the meaning set forth in the Arrangement Agreement.

"Options" has the meaning set forth in the Arrangement Agreement.

"Pan Orient Employees" has the meaning set forth in the Arrangement Agreement.

"Pan Orient Entities" means, collectively, the Target Entities and the Excluded Entities, and **"Pan Orient Entity"** means each of them.

"Pan Orient Options Resolution" has the meaning set forth in the Arrangement Agreement.

"Parties" means collectively, Pan Orient and NewCo, and **"Party"** means any of them.

"Permits" has the meaning set forth in the Arrangement Agreement.

"Person" has the meaning set forth in the Arrangement Agreement.

"Plan of Arrangement" has the meaning set forth in the Arrangement Agreement.

"POES" means has the meaning set forth in the Arrangement Agreement.

"POP" means has the meaning set forth in the Arrangement Agreement.

"Post-Closing Straddle Period Taxes" has the meaning set forth in Section 5.1(a).

"Post-Closing Straddle Tax Returns" has the meaning set forth in Section 5.1(a).

"Pre-Closing Tax Returns" means all Tax Returns of each Target Entity for all tax periods ending prior to January 1, 2022.

"Recovery" has the meaning set forth in Section 6.8.

"Related Parties" means, prior to the Effective Time, all Subsidiaries and Affiliates of Pan Orient and Representatives of the foregoing at such time.

"Reorganization Taxes" means any and all Canadian cash Taxes levied or imposed on Pan Orient where such Taxes result from or arise as a result of the transactions set forth in Sections 3.1(4) to 3.1(5) of the Plan of Arrangement;

"Representatives" has the meaning set forth in the Arrangement Agreement.

"Securities Act" means the *Securities Act*, R.S.A. 2000. c. S-4.

"Securities Authority" means each of the Alberta Securities Commission and the applicable securities commissions and other securities regulatory authorities in each of the provinces of British Columbia, Saskatchewan and Québec.

"Share Consideration" has the meaning set forth in the Plan of Arrangement.

"Shared Information" means (A) all Information provided by any member of the Excluded Entity Group to any of the Target Entities prior to the Effective Time; and (B) any Information in the possession or under the control of the Excluded Entity Group that relates to the operation of the Thailand Business or in the possession or under the control of any Target Entity that relates to the operation of the any of the Excluded Entities prior to the Effective Time and that the requesting Party reasonably needs: (i) to comply with reporting, disclosure, filing or other requirements imposed on the requesting Party (including under applicable Laws) by a Governmental Entity having jurisdiction over the requesting Party; (ii) for use in any other judicial, regulatory, administrative or other proceeding or in order to satisfy audit, accounting, claims, regulatory, litigation or other similar requirements, in each case other than claims or allegations that one Party to this Agreement has against the other; (iii) subject to the foregoing clause (ii), to comply with its obligations under this Agreement, the Arrangement Agreement or any Ancillary Agreement; or (iv) to the extent such Information and cooperation is necessary to comply with such reporting, filing and disclosure obligations, for the preparation of financial statements or completing an audit, and as reasonably necessary to conduct the ongoing businesses of any Target Entity or any Excluded Entity, as the case may be.

"Shares" means all of the issued and outstanding common shares in the capital of Pan Orient.

"Straddle Period" has the meaning set forth in the Arrangement Agreement.

"Straddle Period Taxes" means, in respect of a Target Entity, any Pre-Closing Straddle Period Taxes and Post-Closing Straddle Period Taxes of such Target Entity.

"Straddle Periods Tax Returns" means all Tax Returns for each Target Entity for any Straddle Period where Taxes in respect of such Straddle Period are due on or prior to the Effective Date.

"Subsidiaries" has the meaning set forth in the Arrangement Agreement.

"Target Entity" means, a Person who is a member of the Target Entity Group.

"Target Entity Group" means each of Pan Orient, POP, POES and KSE.

"Tax Act" means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), as amended.

"Tax Benefit" means: (a) an amount equal to the value of any current tax benefit (i.e., actual reduction in the Indemnified Party's (or Affiliate's) liability for Taxes or actual increase in the Indemnified Party's (or Affiliate's) Tax refund) recognized by the Indemnified Party (or Affiliate) in the taxation period of the Indemnified Party (or Affiliate) in which the Indemnifiable Loss is incurred; plus, without duplication, (b) the discounted present value of any future such tax benefit reasonably anticipated to be actually recognized by the Indemnified Party (or Affiliate) within 10 years after the end of the calendar year in which the Loss is incurred, taking into account, where relevant, the existing and anticipated future tax attributes of the Indemnified Party and its Affiliates, and utilizing a discount rate equal to 10% and effective tax rate equal to: (i) where a tax benefit is realized with respect to Canadian federal and/or provincial Taxes, the maximum combined Canadian federal and applicable provincial income tax rate applicable to a Canadian public corporation in effect at the end of the year in which the Loss is incurred, and (ii) where a tax benefit is

realized with respect to foreign Taxes (including, where applicable, state or local Taxes), the maximum foreign tax rate applicable to corporations in effect at the end of the year in which the Loss is incurred.

"Tax Claim" means any claim with respect to Taxes made by any Governmental Entity that, if pursued successfully, would reasonably be expected to serve as the basis for a claim for indemnification under this Agreement.

"Taxes" or **"Tax"** has the meaning set forth in the Arrangement Agreement.

"Tax Representations" means the representations and warranties made by Pan Orient and NewCo in paragraphs (bb), (cc) and (dd) of Schedule F of the Arrangement Agreement.

"Tax Return" has the meaning set forth in the Arrangement Agreement.

"Thailand Business" means all businesses and operations (whether or not such businesses or operations are or have been terminated, divested or discontinued) conducted prior to the Effective Time by the Target Entities which are exclusively related to the Concession Agreement.

"Third Party Claim" has the meaning set forth in Section 6.4(a).

"Transaction Costs" as the meaning set forth in the Arrangement Agreement.

"Transfer Taxes" means any applicable Canadian and foreign (including Canadian federal, provincial, municipal and local) sales tax or retail sales tax, and all other transfer, sales, use, excise, stamp, license, production, value-added, goods and services and other like taxes, assessments, charges, duties, fees, levies or other governmental charges or any kind whatsoever, and includes additions by way of withholding, fees, penalties, interest, fines and other amounts with respect thereof.

"Transition Services Agreement" means the transition services agreement to be agreed upon and entered into on the Effective Date between Purchaser and NewCo on terms and conditions satisfactory to the Purchaser and NewCo, each acting reasonably.

"TSXV" means the TSX Venture Exchange.

"U.S. Securities Act" means the *United States Securities Act* of 1933, as amended, and the rules and regulations promulgated thereunder.

"U.S. Securities Laws" means the U.S. Securities Act and all other applicable U.S. federal and state securities laws, rules and regulations and published policies thereunder.

SCHEDULE B

INTERPRETATION AND CONSTRUCTION

Unless expressly provided to the contrary in this Agreement, this Agreement shall be interpreted in accordance with the following provisions:

1. Terms defined in the singular shall have a comparable meaning when used in the plural, and vice versa. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms.
2. As used in this Agreement, (i) the words "hereof", "herein", "hereby," "hereto" and "hereunder" and words of similar import shall refer to this Agreement as a whole and not to any particular provision of this Agreement, (ii) the word "including", and words of similar import, means "including, but not limited to" and "including, without limitation", (iii) the terms "dollars" and "\$" means United States Dollars, the lawful currency of the United States of America, (iv) the word "will" shall be construed to have the same meaning and effect as the word "shall", (v) the word "or" is not exclusive, (vi) the word "extent" in the phrase "to the extent" means the degree to which a subject or other thing extends, and such phrase shall not mean simply "if" and (vii) references to a Person are also to its permitted successors and assigns.
3. The heading references herein are for convenience purposes only, do not constitute a part of this Agreement, and shall not be deemed to limit or affect any of the provisions hereof.
4. References to "Articles", "Sections", "Subsections", "Annexes", "Schedules" or "Exhibits" means the Articles, Sections or Subsections of, or the Annexes, Schedules or Exhibits to, this Agreement, as the case may be, except as may be otherwise specified. The Annexes, Schedules and Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein. All terms defined in this Agreement shall have their defined meanings when used in any Annex, Exhibit or Schedule to this Agreement or any certificate or other document made or delivered pursuant hereto, unless otherwise defined therein.
5. Except as otherwise specifically provided in this Agreement, any agreement, instrument or statute defined or referred to herein means such agreement, instrument or statute as from time to time amended, supplemented or modified, including (i) (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and (ii) all attachments thereto and instruments incorporated therein.
6. Any reference to any federal, provincial, municipal, state, local or foreign Law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise.
7. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and this Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting an instrument or causing any instrument to be drafted.

8. Unless otherwise specified, all references to a specific time of day in this Agreement shall be based upon Calgary, Alberta, Canada time on the date in question. All references to "day" or "days" mean calendar days unless specified as a "Business Day." No action shall be required of the Parties except on a Business Day, and in the event an action is required on a day that is not a Business Day, such action shall be required to be performed on the next succeeding day that is a Business Day.

SCHEDULE C

CLOSING STATEMENT PROCESS

1. **Final Closing Statement**

- (a) Within 60 calendar days after the Effective Date, Pan Orient shall, or shall procure that Pan Orient's accountants shall, prepare a draft final closing statement (the "**Final Closing Statement**") showing the amount of the Contribution Amount and the Leakage Amount. The draft Final Closing Statement shall be accompanied by reasonable supporting evidence in respect of the Contribution Amount and the Leakage Amount.
- (b) NewCo shall notify Pan Orient in writing (an "**Objection Notice**") within 30 calendar days after receipt of the draft Final Closing Statement whether or not it accepts the draft Final Closing Statement for the purposes of this Agreement. An Objection Notice shall set out in detail NewCo's reasons for such non-acceptance and specify the adjustments which, in NewCo's opinion, should be made to the draft Final Closing Statement in order for it to comply with the requirements of this Agreement. Except for the matters specifically set out in the Objection Notice, NewCo shall be deemed to have agreed the draft Final Closing Statement in full. Pan Orient shall, and shall procure that any relevant Affiliate shall, in each case, assist NewCo and its Representatives by providing NewCo with access to its books, records, employees and accountants (if reasonably required by NewCo) and responding to any reasonable information requests from NewCo in a timely manner so as to enable NewCo to prepare the Objection Notice.
- (c) If NewCo serves an Objection Notice in accordance with Section 1(b) above, NewCo and Pan Orient shall use all reasonable efforts to meet and discuss the objections of NewCo and to agree the adjustments (if any) required to be made to the draft Final Closing Statement, in each case within 15 calendar days after receipt by Pan Orient of the Objection Notice.
- (d) If NewCo is satisfied with the draft Final Closing Statement (either as originally submitted or after adjustments agreed between Pan Orient and NewCo pursuant to Section 1(c) above), or if NewCo fails to give a valid Objection Notice within the 30 day period referred to in Section 1(b) above, then the draft Final Closing Statement (incorporating any agreed adjustments) shall constitute the Final Closing Statement for the purposes of this Agreement.
- (e) If Pan Orient and NewCo do not reach agreement within 15 calendar days of receipt by Pan Orient of the Objection Notice, then the matters in dispute may be referred (on the application of either Pan Orient or NewCo) for determination by Deloitte Canada LLP or, if that firm is unable or unwilling to act, by such other independent firm of chartered accountants of international standing as Pan Orient and NewCo shall agree or, failing agreement within five Business Days of Pan Orient and NewCo becoming aware of Deloitte Canada LLP being unable or unwilling to act, as appointed by the ICC International Court of Expertise (the "**Firm**"). The Firm shall be requested to make its decision within 45 calendar days (or such later date as Pan Orient, NewCo and the Firm agree in writing) of confirmation and acknowledgement by the Firm of its appointment. The following provisions shall apply once the Firm has been appointed:

- (i) Pan Orient and NewCo shall each prepare a written statement within 15 calendar days of the Firm's appointment on the matters in dispute which (together with the relevant supporting documents) shall be submitted to the Firm for determination and copied at the same time to the other;
 - (ii) following delivery of their respective submissions, NewCo and Pan Orient shall each have the opportunity to comment once only on the other's submission by written comment delivered to the Firm not later than 10 calendar days after receipt of the other's submission and, thereafter, neither Pan Orient nor NewCo shall be entitled to make further statements or submissions except insofar as the Firm so requests (in which case it shall, on each occasion, give Pan Orient (in the case of NewCo's submission) or NewCo (in the case of Pan Orient's submission) (unless otherwise directed) 10 calendar days to respond to any statements or submission so made); and
 - (iii) in giving its determination, the Firm shall state what adjustments (if any) are necessary, solely for the purposes of this Agreement, to the draft Final Closing Statement in respect of the matters in dispute in order to comply with the requirements of this Agreement and to determine finally the Final Closing Statement; and the Firm shall act as an expert (and not as an arbitrator) in making its determination that shall, in the absence of manifest error, be final and binding on the Parties and, without prejudice to any other rights that they may respectively have under this Agreement, the Parties expressly waive, to the extent permitted by law, any rights of recourse they may otherwise have to challenge it.
- (f) Pan Orient and NewCo shall each be responsible for their own costs and expenses in connection with the preparation, review and agreement or determination of the Final Closing Statement. The fees and expenses of the Firm shall be borne equally between Pan Orient and NewCo or in such other proportions as the Firm shall determine.
 - (g) To enable Pan Orient to meet its obligations under this Schedule C, where relevant, NewCo shall provide to Pan Orient and Pan Orient's accountants full access to the books and records, employees and premises of each member of the Excluded Entity Group for the period from the Effective Date to the date that the draft Final Closing Statement is agreed or determined. If NewCo serves an Objection Notice, it shall ensure that Pan Orient and its accountants shall be given reasonable access to NewCo and its accountants' working papers relating to the adjustments proposed in the Objection Notice and any other submissions by or on behalf of NewCo in relation to the Final Closing Statement. NewCo shall co-operate fully with Pan Orient and shall permit Pan Orient and/or its accountants to take copies (including electronic copies) of the relevant books and records and shall provide all assistance reasonably requested by Pan Orient to facilitate the preparation of the Final Closing Statement.
 - (h) When the Final Closing Statement has been agreed or determined in accordance with the preceding paragraphs, then the amounts shown in the Final Closing Statement as the Contribution Amount and the Leakage Amount shall be final and binding for the purposes of this Agreement.

2. Financial adjustments

- (a) When the Final Closing Statement has been finally agreed or determined in accordance with this Schedule C, the following payments shall be made:
 - (i) if the Contribution Amount is greater than the Adjusted Contribution Amount, then Pan Orient shall pay an amount equal to the difference to NewCo, or, if the Contribution Amount is less than the Adjusted Contribution Amount, then NewCo shall pay an amount equal to the difference to Pan Orient; and
 - (ii) if the Leakage Amount is greater than the Adjusted Leakage Amount, then NewCo pay an amount equal to the difference to Pan Orient, or, if the Leakage Amount is less than the Adjusted Leakage Amount, then Pan Orient shall pay an amount equal to the difference to NewCo.
- (b) Any payment required to be made pursuant to this shall be paid by Pan Orient or NewCo (as the case may be) together with an amount equal to interest on such payment at an amount calculated as though it were interest at a rate of 4% on an annualized basis, calculated as a daily rate assuming a 365-day year, for the period from (but excluding) the Effective Date to (and including) the due date for payment.

Pan Orient and NewCo agree that, once the Final Closing Statement has been agreed or determined in accordance with the provisions of this Schedule C, the sums that each is respectively obliged to pay pursuant to this Schedule C shall be aggregated and set off against each other. Whichever of Pan Orient or NewCo is then left with any payment obligation under this Schedule C shall make the applicable payment(s) within five Business Days of the date on which the Final Closing Statement is agreed or so determined.

SCHEDULE D
ALLOCATION OF PURCHASE PRICE

SCHEDULE F

REPRESENTATIONS AND WARRANTIES OF PAN ORIENT

- (a) **Corporate Existence and Power.** Each Pan Orient Entity and NewCo is a corporation duly incorporated, validly existing and in good standing under its jurisdiction of registration and has all corporate power and capacity to own, lease and operate, as applicable, its properties and assets, as now owned and to carry on its business as now conducted. Each Pan Orient Entity and NewCo is duly registered or otherwise authorized to do business and is in good standing in each jurisdiction in which the character of its properties, whether owned, leased, licensed or otherwise held, or the nature of its activities makes such registration necessary and has all governmental licenses, authorizations, permits, consents and approvals required to own, lease and operate its properties and assets and to carry on its business as now conducted, except for those licenses, authorizations, permits, consents and approvals the absence of which do not have or would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect. True and complete copies of the articles of each of the Target Entities as currently in effect have been made available to Purchaser and Pan Orient has not taken, or caused any Target Entity to take, any action to amend or succeed such documents.
- (b) **Corporate Authorization.** The execution, delivery and performance by Pan Orient of this Agreement and the consummation by Pan Orient of the transactions contemplated hereby are within Pan Orient's corporate power and capacity and have been duly authorized by the Board of Directors and no other corporate proceedings on the part of any Pan Orient Entity are necessary to authorize this Agreement or the transactions contemplated hereby other than in connection with the approval by the Board of Directors of the Circular and the approval by the Shareholders of the Plan of Arrangement in the manner required by the Interim Order and applicable Laws. This Agreement has been duly executed and delivered by Pan Orient and, assuming the due authorization, execution and delivery by the other parties hereto, constitutes a valid and binding agreement of Pan Orient, enforceable against Pan Orient in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered. As of the date hereof, the Board of Directors has:
 - (i) determined that the Arrangement is fair, from a financial point of view, to Shareholders and that the Arrangement is in the best interests of Pan Orient; and
 - (ii) unanimously resolved to recommend that the Shareholders vote in favor of the Arrangement Resolution, and such determinations and resolutions are effective and unamended as of the date hereof.
- (c) **Governmental Authorization.** Except as set out in the Disclosure Letter, the execution, delivery and performance by Pan Orient of its obligations under this Agreement and the consummation of the Arrangement and the other transactions contemplated hereby do not require any Authorization or other action by or in respect of, or filing with, or notification to, any Governmental Entity by any Pan Orient Entity, other than:
 - (i) the Interim Order and any approvals required by the Interim Order;

- (ii) the Final Order; and
 - (iii) conditional approval by the TSXV of the delisting of the Shares and conditional approval for the listing of the NewCo Shares on the TSXV.
- (d) **Non-Contravention.** The execution, delivery and performance by Pan Orient of its obligations under this Agreement and the consummation of the transactions contemplated hereby and by the Plan of Arrangement do not and shall not:
- (i) contravene, conflict with, or result in any violation or breach of any provision of the articles or by-laws of any Pan Orient Entity;
 - (ii) assuming compliance with the matters, or obtaining the approvals, referred to in paragraph (c) above, contravene, conflict with or result in a violation or breach of any provision of any applicable Law or any license, approval, consent or authorization issued by a Governmental Entity held by any Pan Orient Entity;
 - (iii) require any notice or consent or other action by any Person under, contravene, conflict with, violate, breach or constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default, under, or cause or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any material benefit to which a Pan Orient Entity is entitled under, or give rise to any rights of first refusal or trigger any change in control provisions or any restriction under, any provision of any contract or other instrument, including any Material Contract or Permit, binding upon any Pan Orient Entity or affecting any of their Assets; or
 - (iv) result in the creation or imposition of any Lien on any Retained Asset.
- (e) **Compliance with Applicable Laws: No Orders.** Pan Orient and each other Pan Orient Entity has complied with all applicable Laws in all material respects and is not in violation of any applicable Laws in any material respect. No order, ruling or determination having the effect of suspending the sale of, or ceasing the trading of, the Shares or any other securities of Pan Orient or any other Pan Orient Entity has been issued by any Governmental Entity and is continuing in effect and no proceedings for that purpose have been instituted, are, to the knowledge of Pan Orient, pending, contemplated or threatened under any applicable Laws or by any other Governmental Entity.
- (f) **Capitalization.** The authorized share capital of Pan Orient consists of an unlimited number of common shares of which, as of the date hereof, there are issued and outstanding 49,793,907 Shares and no other Shares issued and outstanding. The Disclosure Letter sets forth, as of date hereof, the number of outstanding Options, and RSUs, and the exercise price or issuance price or grant value, as applicable, of such Options, and RSUs. Except with respect to outstanding Options, RSUs, the Stock Option Plan, and the Long-Term Incentive Plan, there are no pre-emptive or other outstanding rights, options, warrants, conversion rights, redemption rights, repurchase rights, shareholder rights plans, agreements, arrangements, calls, commitments or rights of any kind that obligate Pan Orient to issue or sell any shares of capital stock or other securities of Pan Orient or any securities or obligations convertible or exchangeable into or exercisable for, or giving any Person a right to subscribe for or acquire, from treasury any securities of Pan Orient, and no securities or obligations evidencing such rights are authorized, issued or outstanding.

Except for 2,865,000 Options and 339,998 RSUs, there are no outstanding contractual or other rights to which Pan Orient is a party, the value of which is based on the value of the Shares. All the outstanding Shares have been duly authorized and validly issued, are fully paid and non-assessable and all the Shares issuable upon the exercise of rights under the Options and RSUs in accordance with their respective terms have been duly authorized and, upon issuance in accordance with the terms hereof, shall be validly issued as fully paid and non-assessable. There are no outstanding contractual or other obligations of Pan Orient to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any outstanding securities of Pan Orient. The Shares have not been listed or quoted by Pan Orient on any market other than the TSXV. No order ceasing or suspending trading in securities of Pan Orient or prohibiting the sale of such securities is issued and outstanding against Pan Orient or its directors or officers.

- (g) **Corporate Details.** The details of Pan Orient set out in the Disclosure Letter are true, accurate and complete in all materials respects.
- (h) **Significant Shareholders.** Except as set forth in the Disclosure Letter, to the knowledge of Pan Orient, no Person beneficially owns, directly or indirectly, or exercises control or direction over Shares representing more than 10% of the issued and outstanding Shares.
- (i) **Subsidiaries.** As of the date hereof, Pan Orient has no Subsidiaries except for the Target Entities and the Excluded Entities, and Pan Orient has no interest in any partnership, corporation or other business organization. Except as disclosed, the Target Entities are owned free and clear of all Liens, and are not subject to any proxy, voting trust or other agreement relating to the voting of such securities, and there are no outstanding options, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to acquire any such securities of the Target Entities, or Assets of the Pan Orient Entities.
- (j) **Target Entities.**
 - (i) The details of each Target Entity set out in the Disclosure Letter are true, accurate and complete in all material respects.
 - (ii) Except as discussed, Pan Orient is the sole legal, beneficial, record and equitable owner of all issued shares in the capital of POP (the "**POP Shares**"). The POP Shares are duly authorized, validly issued and are fully paid.
 - (iii) POP is the legal, beneficial, record and equitable owner of 50.005% of the issued share capital in POES (the "**POES Shares**"). The POES Shares are duly authorized, validly issued and are fully paid.
 - (iv) POP is the sole legal, beneficial, record and equitable owner of all issued share capital in KSE (the "**KSE Shares**"). The KSE Shares are duly authorized, validly issued and are fully paid.
 - (v) The POP Shares, the POES Shares and the KSE Shares are owned free and clear of all Liens, and are not subject to any proxy, voting trust or other agreement relating to the voting of such securities, and there are no outstanding options, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to acquire any such securities.

- (vi) True and complete copies of the constating (or constitutional) documents of each Target Entity as currently in effect have been made available to Purchaser and Pan Orient has not taken, or caused the applicable Target Entity to take, any action to amend or succeed such documents.
- (k) **Leakage.** No incident of Leakage Amounts (other than Permitted Leakage) has occurred.
- (l) **Indebtedness.** As of the date hereof: (i) no Target Entity has any outstanding indebtedness for borrowed money in each case, except as set out in the Disclosure Letter, and (ii) no Excluded Entity has outstanding indebtedness for borrowed money which a Target Entity is or could become liable, in each case, except as set out in the Disclosure Letter.
- (m) **Bankruptcy and Insolvency Matters.** No Action has been commenced or filed by or against any Pan Orient Entity which seeks or could reasonably be expected to lead to:
 - (i) receivership, bankruptcy, a commercial proposal or similar proceeding of a Pan Orient Entity;
 - (ii) the adjustment or compromise of claims against a Pan Orient Entity; or
 - (iii) the appointment of a trustee, receiver, liquidator, custodian or other similar officer for a Pan Orient Entity or any portion of its Assets, and no such Action has been authorized or is being considered by or on behalf of a Pan Orient Entity and no creditor or securityholder has threatened to commence or advised that it may commence, any such Action. Pan Orient:
 - (A) has not made, or is not considering making, an assignment for the benefit of their respective creditors; or
 - (B) has not requested, or is not considering requesting, a meeting of its respective creditors to seek a reduction, compromise, composition or other accommodation with respect to its indebtedness.
- (n) **No Guarantees.**
 - (i) Other than:
 - (A) the indemnification of directors and officers of Pan Orient Entities pursuant to indemnification agreements and applicable Laws and the corporate by-laws of the Pan Orient Entities;
 - (B) a letter of guarantee dated February 12, 2015 placed with the DMF to guarantee that Pan Orient will provide POES with necessary funding, qualified personnel, tools, equipment and all required technical support sufficient for POES to explore, produce, sell and dispose of petroleum pursuant to Section 24 of the Petroleum Act B.E. 2514 (1971) of Thailand;
 - (C) the joint and several liability of Pan Orient arising pursuant to Section 49 of the Petroleum Act (Thailand) as a result of the transfer by Pan Orient to POES of the Concession Agreement under Section 48 of the Petroleum

Act (Thailand), as confirmed by a letter to POEC from the DMF dated June 18, 2007; and

- (D) the indemnification pursuant to the letter from SKK Migas to RPTE dated February 5, 2014 of SKK Migas and/or the government of Indonesia in respect of the Indonesian PSC and breaches of Laws by RPTE,

no Target Entity has guaranteed, endorsed, assumed, indemnified or accepted any responsibility for, and does not and will not guarantee, endorse, assume, indemnify or accept any responsibility for, contingently or otherwise, any indebtedness or the performance of any obligation of any other Target Entity or any other Person.

- (ii) No Target Entity has guaranteed, endorsed, assumed, indemnified or accepted any responsibility for, and does not and will not guarantee, endorse, assume, indemnify or accept any responsibility for, contingently or otherwise, any indebtedness or the performance of any obligation of any Excluded Entity.
- (iii) No Excluded Entity nor any other Person other than The Hongkong and Shanghai Banking Corporation Limited in respect of a bank guarantee no. 073317 dated 17 September 2007 issued to the Customs Department of Thailand has guaranteed, endorsed, assumed, indemnified or accepted any responsibility for, and does not and will not guarantee, endorse, assume, indemnify or accept any responsibility for, contingently or otherwise, any indebtedness or the performance of any obligation of any Target Entity.

- (o) **Canadian Securities Laws Matters.** Pan Orient is a "reporting issuer" under applicable Canadian Securities Laws in each of the provinces of Alberta, British Columbia, Saskatchewan and Quebec, and is not in default of any material requirements of any Canadian Securities Laws applicable in such jurisdictions. No delisting, suspension of trading in or cease trading order with respect to the Shares is pending or, to the knowledge of Pan Orient, threatened. The documents comprising Pan Orient Public Disclosure Record were, as of their respective dates, in compliance with all applicable Laws, and did not at the time filed with Securities Authorities contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, not misleading in light of the circumstances under which they were made. Pan Orient has timely filed with the Securities Authorities all material forms, reports, schedules, statements and other documents required to be filed by Pan Orient with the Securities Authorities. Pan Orient has not filed any confidential material change report with the Securities Authorities which at the date hereof remains confidential.

- (p) **Financial Statements.**

- (i) The audited consolidated financial statements and the unaudited interim consolidated financial statements of Pan Orient included in Pan Orient Public Disclosure Record and the financial statements of each Target Entity (other than Pan Orient) included in the Disclosure Letter fairly present, in all material respects, in conformity with IFRS applied on a consistent basis (except as may be indicated in the notes thereto), the financial position of such Pan Orient and the other Target Entities as of the dates thereof and its statements of earnings, comprehensive income, shareholders' equity and cash flows for the periods then ended (subject to

normal year-end adjustments and the absence of notes in the case of any unaudited interim financial statements).

- (ii) No Pan Orient Entity is a party to, or has any commitment to become a party to, any joint venture, consortium, partnership agreement or any similar contract where the purpose or effect of such arrangement is to avoid disclosure of any material transaction involving any Pan Orient Entity in such Pan Orient Entities' financial statements.
 - (iii) The Accounts fairly present, in all material respects, in conformity with IFRS applied on a consistent basis (except as may be indicated in the notes thereto), the financial position of the Target Entities as of the dates thereof.
- (q) **Accounting Practices.** Since December 31, 2021, neither Pan Orient nor, to Pan Orient's knowledge, any director, officer, Pan Orient Employee, auditor, accountant or representative of Pan Orient, has received or otherwise had or obtained knowledge of any material complaint, allegation, assertion, expression of concern or claim from any source, whether written or oral, regarding the accounting, internal accounting controls or auditing practices, procedures, methodologies or methods of any of the Pan Orient Entities, including any material complaint, allegation, assertion, expression of concern or claim from any source that any of the Pan Orient Entities has engaged in questionable accounting or auditing practices, which has not been resolved to the satisfaction of the Board of Directors or the audit committee of the Board of Directors.
- (r) **Off-Balance Sheet Arrangements.** None of the Target Entities is a party to any off-balance sheet arrangements, as that term is understood under IFRS.
- (s) **Auditors.** The auditors of Pan Orient are independent public accountants as required by applicable Laws and there is not now, and there has never been, any reportable event (as defined in NI 51-102) with the present or any former auditors of Pan Orient.
- (t) **Absence of Certain Changes.** Since December 31, 2021, other than the transactions contemplated in this Agreement:
 - (i) the business of each Pan Orient Entity has been conducted in the ordinary course of business consistent with past practice and with a view to maintain the business as a going concern;
 - (ii) there has not been any event, occurrence, development or state of circumstances or facts that has had or would be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect that has not been disclosed in Pan Orient Public Disclosure Record; or
 - (iii) there has not been any declaration, setting aside or payment of any dividend on, or other distribution (whether in cash, stock or property) in respect of, any shares in the capital of, or equity or other voting interests in, any of the Pan Orient Entities, except as disclosed in the Disclosure Letter;
 - (iv) there has not been any split, combination or reclassification of any shares in the capital of, or equity or other voting interests in, any Pan Orient Entity or any issuance or the authorization of any issuance of any other securities in respect of,

in lieu of or in substitution for shares in the capital of, or other equity or voting interests in, any Pan Orient Entity;

- (v) there has not been any change in financial or tax accounting methods, principles or practices by Pan Orient or any of the Pan Orient Entities, except insofar as may have been required or permitted by IFRS or applicable Laws; and (vi) there has not been any material write-down by Pan Orient of any of the material Assets of the Pan Orient Entities; and
- (vi) each Pan Orient Entity has complied with the covenants in Article 5.
- (u) **No Undisclosed Material Liabilities.** There are no material liabilities or obligations of any Target Entity of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, other than: (i) liabilities or obligations incurred in the ordinary course of business consistent with past practice since December 31, 2021; and (ii) liabilities or obligations incurred in connection with the transactions contemplated hereby.
- (v) **Books, Records and Disclosure Controls.** Management of Pan Orient has established and maintained a system of disclosure controls and protocols designed to provide sufficient assurance that information required to be disclosed by Pan Orient in its annual filings, interim filings or other reports filed or submitted by it under Canadian Securities Laws is recorded, processed, summarized and reported within the time periods specified in the Canadian Securities Laws. Such disclosure controls and protocols include controls and protocols designed to ensure that information required to be disclosed by Pan Orient in its annual filings, interim filings or other reports filed or submitted under Canadian Securities Laws is accumulated and communicated to Pan Orient's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Each of the Target Entities' corporate records and minute books have been maintained in compliance with applicable Laws and are complete and accurate in all material respects.
- (w) **Internal Control Over Financial Reporting.** Each Pan Orient Entity maintains internal control over financial reporting. Such internal control over financial reporting is effective in providing sufficient assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS, and includes policies and procedures that:
 - (i) pertain to the maintenance of records that in sufficient detail accurately and fairly reflect the transactions and dispositions of the Assets;
 - (ii) provide sufficient assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of such Pan Orient Entity are being made only in accordance with authorizations of management and directors of such Pan Orient Entity; and
 - (iii) provide sufficient assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Assets that could have a material effect on its financial statements. To the knowledge of Pan Orient, prior to the date of this Agreement, there are no significant deficiencies in the design or operation of, or material weaknesses in, the internal controls over financial reporting of any

Pan Orient Entity that are reasonably likely to materially and adversely affect the ability of such Pan Orient Entity to record, process, summarize and report financial information and there is no fraud, whether or not material, that involves management or other employees who have a significant role in the internal control over financial reporting of such Pan Orient Entity.

- (x) **Up-the-Ladder Reporting.** To the knowledge of Pan Orient, no Person has reported evidence of a violation of any applicable Securities Laws, breach of fiduciary duty or similar violation by Pan Orient or its officers, directors, Pan Orient Employees, agents or independent contractors to an officer of Pan Orient, the audit committee (or other committee designated for that purpose) of the Board of Directors or the Board of Directors.
- (y) **Swaps.** No Target Entity has any outstanding Swaps and no Swaps will be outstanding as at the Effective Date.
- (z) **Compliance with Laws.** Each Pan Orient Entity is, and since December 31, 2019 has been, in material compliance with, and to the knowledge of Pan Orient, is not under investigation with respect to and has not been threatened to be charged with or given notice of any violation of, any applicable Law (including in respect of decommissioning, abandonment and site restoration, and health and safety).
- (aa) **Litigation.** As of the date hereof, there is no material Action pending against, or, to the knowledge of Pan Orient, threatened against or affecting, any Target Entity or any of their Assets, before any Governmental Entity or other Person. None of the Target Entities, their Assets, or their directors or officers in their capacities as such, is subject to any outstanding judgment, order, writ, injunction or decree material to the Target Entities, taken as a whole.
- (bb) **Taxes.**
 - (i) All material Tax Returns required by applicable Laws to be filed with any Governmental Entity by, or on behalf of, each Target Entity have been filed when due in accordance with all applicable Laws (taking into account any applicable extensions), and all such Tax Returns are, or shall be at the time of filing be, true and complete in all material respects.
 - (ii) Each Target Entity has paid on a timely basis to the appropriate Governmental Entity all Taxes, including instalments, which are due and payable prior to the date hereof, other than those Taxes being contested in good faith in respect of which proper reserves have been established in accordance with IFRS on the balance sheet of each Pan Orient Entity.
 - (iii) Each Target Entity has established in accordance with IFRS an adequate accrual for all material Taxes which are not yet due and payable through the end of the last period for which each Target Entity ordinarily record items on its books and, since the date thereof, no Target Entity has incurred any liability for Taxes other than in the ordinary course of business.
 - (iv) No material deficiencies for any Taxes of any Target Entity exist, have been asserted or have been assessed by a Governmental Entity and there is no Action outstanding, pending or, to the knowledge of Pan Orient, threatened with respect to any Pan Orient Entity in respect of any Tax.

- (v) Each Target Entity has complied with all requirements of applicable Laws relating to the withholding and/or remittance of amounts in respect of payments or amounts owed to any Person and has charged, collected and remitted on a timely basis all Taxes as required by applicable Laws on any sale, supply or delivery made by any Target Entity, other than as set forth in the Disclosure Letter.
- (vi) No Target Entity is party to any tax allocation agreement, tax sharing agreement or tax indemnification agreement with any Person.
- (vii) There are no currently effective elections, agreements or waivers extending the statutory period or providing for an extension of time with respect to the assessment or reassessment of any amount of Taxes of, or the filing of any Tax Return or any payment of any amount of Taxes by any Target Entity.
- (viii) There are no Liens for Taxes upon any of the Assets of any Target Entity.
- (ix) Each Target Entity that is required to be registered as a VAT payer is duly registered with the relevant Governmental Entity and has complied in all material respects with all orders, regulations, provisions, directions or other conditions made or imposed by laws relating to such VAT registration.
- (x) No Target Entity has claimed any amount under the Canada emergency wage subsidy, temporary wage subsidy, Canada emergency rent subsidy or any other COVID-19 related assistance or subsidies that it was not otherwise entitled to claim in respect of any period (or portion thereof) ending on or prior to the Effective Date. To the extent that any Target Entity has claimed any such amount, it was not used to fund dividends or pay executive bonuses.
- (xi) Each Target Entity that is so required to be registered are duly registered under subdivision (d) of Division V of Part IX of the *Excise Tax Act* (Canada) with respect to the goods and services tax and harmonized sales tax, and under any applicable provincial sales tax Laws.
- (xii) No Target Entity has received any notice or inquiry in writing from any Governmental Entity outside of the country in which such entity was formed to the effect that such entity is subject to net basis taxation or is resident or domiciled for Tax purposes in any country other than the country in which such entity was formed.
- (xiii) Other than as set forth in the Disclosure Letter, Pan Orient has never declared or paid a dividend or return of capital nor has it ever reduced its legal stated capital (for purposes of the *Business Corporations Act* (Alberta)) maintained in respect of any class of shares.
- (xiv) The aggregate paid-up capital (for purposes of the Tax Act) in respect of the Shares, immediately prior to the Effective Time will not be less than the aggregate fair market value of the Share Consideration transferred by Pan Orient to Shareholders pursuant to the Plan of Arrangement.
- (xv) No facts, circumstances or events exist or have existed that have resulted in or may result in the application of any of Section 17, 78, 79, 79.1, 80 to 80.04 of the Tax

Act or under any equivalent provisions of any applicable legislation to any Pan Orient Entity.

- (xvi) Pan Orient has not acquired property from a non-arm's length Person, within the meaning of the Tax Act, for consideration, the value of which is less than the fair market value of the property acquired in circumstances which would subject it to a liability under Section 69 or 160 of the Tax Act or under any equivalent provisions of any applicable legislation.
- (xvii) Records or documents that meet the requirements of subsections 247(4)(a) to (c) of the Tax Act have been made and obtained by each Target Entity with respect to all material transactions between such Target Entity and any non-resident (including any partnership that is not a Canadian partnership for purposes of the Tax Act) with whom such Target Entity was not dealing at arm's length within the meaning of the Tax Act.
- (xviii) Each Target Entity has made available to the Purchaser true, correct and complete copies of all Tax Returns for which applicable statutory periods of limitations have not expired.
- (xix) Each Target Entity has withheld from each payment made to any of its present or former employees, officers and directors, and to all Persons who are non-residents of Canada for the purposes of the Tax Act, all amounts required by law and shall continue to do so until the Effective Date and has remitted and will continue to remit until the Effective Date such withheld amounts within the prescribed periods to the appropriate Governmental Entity.
- (xx) At the Effective Time, Pan Orient's adjusted cost base (for purposes of the Tax Act) of the shares in the capital stock of Andora (the "**Andora Shares**") owned by Pan Orient will be at least CAD\$33 million and the fair market value of such Andora Shares will be less than CAD\$33 million.
- (xxi) At the Effective Time, Pan Orient's aggregate adjusted cost base (for purposes of the Tax Act) of the Excluded Assets will be equal to or greater than the aggregate fair market value of the Excluded Assets.
- (cc) **Net Capital Losses.** Pan Orient has disclosed to Purchaser any transaction undertaken since December 31, 2021 and outside of the ordinary course of business that could reasonably have the effect of materially reducing the balance of Pan Orient's net capital losses, as determined for the purposes of the Tax Act, below the amount of such net capital losses reported in its tax return for the taxation year ended December 31, 2021.
- (dd) **Flow-Through Obligations.** Pan Orient does not have any obligations to incur or renounce to investors any Canadian exploration expense or Canadian development expense, each as defined under the Tax Act, pursuant to any flow-through share agreement of which Pan Orient or any predecessor is a party.

(ee) **Employment Matters.**

- (i) The Disclosure Letter contains a complete and accurate list of:
 - (A) Pan Orient Employees and the Target Employees and their respective location, hire date, position, salary, benefits, notice period, employing entity and current status (full time, part-time, active, non-active);
 - (B) consultants currently engaged by any Target Employees or Pan Orient Entity who cannot be terminated on 30 days' notice; and
 - (C) all former Target Employees or Pan Orient Employees to whom any Pan Orient Entity has or may have any obligations indicating the nature and value of such obligations.
- (ii) As of the date hereof, to the knowledge of Pan Orient, no active Target Employee has provided written notice to Pan Orient or the Target Employee and that he or she intends to resign, retire or terminate his or her employment with Pan Orient as a result of the transactions contemplated by this Agreement or otherwise.
- (iii) As of the date hereof, no Pan Orient Employee or Target Entity is party to any Action under any applicable Law relating to any Pan Orient Employees or Target Employees, as applicable.
- (iv) The Disclosure Letter contains details of any employment agreements with respect to any Pan Orient Employee and Target Employee which contain any provision in respect to the payment of change of control, termination or severance payments ("**Change of Control Payments**") which shall be triggered by the transactions contemplated by this Agreement.
- (v) The Disclosure Letter contains details of all Severance Costs and Change of Control Payments in respect to all Pan Orient Employees and Target Employees.
- (vi) Each Pan Orient Entity is in compliance with all applicable Laws respecting employment, employment practices and standards, terms and conditions of employment, wages and hours, occupational health and safety, human rights, labor relations, pay equity and workers' compensation, except for failures to comply or violations that have not had and would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.
- (vii) Each Pan Orient Entity is not in material arrears in the payment of wages, overtime pay, public holiday pay, salary, commission, bonuses, incentives, vacation pay, expense reimbursement or any other compensation in any form or of any other amounts owing to current or former Pan Orient Employees or and Target Employees. To the knowledge of Pan Orient, there are no outstanding decisions or settlements or pending settlements under any applicable employment Laws which place any material obligation upon any Pan Orient Entity to do or refrain from doing any act, or which place a material financial obligation upon any Pan Orient Entity.

- (viii) Each Pan Orient Entity is in compliance with all applicable employment and labor laws in all material respects including but not limited to labor relations, employment standards (including minimum wage, overtime, and vacation requirements), human rights, disability, workers' compensation, pay equity, employment equity and occupational health and safety, and there are no claims, actions, complaints, grievances, audits, orders, penalties or assessments in relation thereto.
 - (ix) All contributions and premiums required to be paid to all statutory plans which each Pan Orient Entity is required to comply with have been paid by such Pan Orient Entity, as applicable, in accordance with applicable Laws.
- (ff) **Pan Orient Plans.**
- (i) The Disclosure Letter contains a complete list of all material health, welfare, supplemental unemployment benefit, bonus, profit sharing, option, insurance, incentive, incentive compensation, deferred compensation, share purchase, share compensation, disability, pension or supplemental retirement plans and other material employee or director compensation or benefit plans, policies, trusts, funds, agreements or arrangements for the benefit of directors or former directors of Pan Orient, Pan Orient Employees and Target Employees or former Pan Orient Employees and Target Employees, which are maintained by or binding upon Pan Orient or in respect of which Pan Orient has any actual or potential liability (but for greater certainty, including the Stock Option Plan, and the Long-Term Incentive Plan, and excluding any plans maintained by a Governmental Entity pursuant to statute) (collectively, "**Pan Orient Plans**").
 - (ii) All Pan Orient Plans are and have been established, registered, qualified, funded and, in all material respects, administered in accordance with all applicable Laws, and in accordance with their terms, the terms of the material documents that support such Pan Orient Plans and the terms of agreements between Pan Orient and Pan Orient Employees or and Target Employees and former Pan Orient Employees or and Target Employees who are members of, or beneficiaries under, Pan Orient Plans.
 - (iii) All current obligations of each Pan Orient Entity regarding Pan Orient Plans have been satisfied in all material respects. All contributions, premiums or Taxes required to be made or paid by each Pan Orient Entity under the terms of each Pan Orient Plan or by applicable Laws in respect of Pan Orient Plans have been made in a timely fashion in accordance with applicable Laws in all material respects and in accordance with the terms of the applicable Pan Orient Plan in all material respects. As of the date hereof, no currently outstanding notice of underfunding, non-compliance, failure to be in good standing or otherwise has been received by any Pan Orient Entity from any applicable Governmental Entity in respect of any Pan Orient Plan that is a pension or retirement plan. No Pan Orient Plan is subject to any pending investigation, examination, action, claim (including claims for Taxes) or any other proceeding initiated by any Person (other than routine claims for benefits) and there exists no state of facts which could reasonably be expected to give rise to any such investigation, examination, action, claim or other proceeding.

- (iv) To the knowledge of Pan Orient, no Pan Orient Plan is subject to any pending Action initiated by any Governmental Entity, or by any other party (other than routine claims for benefits) and, to the knowledge of Pan Orient, there exists no state of facts which after notice or lapse of time or both would reasonably be expected to give rise to any such Action or to affect the registration or qualification of any Pan Orient Plan required to be registered or qualified.
- (v) No Pan Orient Entity has any liability or obligations in respect of any plan or arrangement which provides pensions on a defined benefit basis (but for greater certainty, excluding any plans maintained by a Governmental Entity pursuant to statute).
- (vi) The Arrangement will not result in or require any payment or severance, or the acceleration, vesting or increase in benefits under any Pan Orient Plan except as disclosed in the Disclosure Letter.
- (vii) Pan Orient has no material liability or obligation to provide post-retirement benefits for former Pan Orient Employees or Target Employees or to any other individual other than as set forth in the Accounts.
- (viii) Neither any Pan Orient Entity nor any of its representatives or agents has breached any fiduciary obligations with respect to the administration or investment of any Pan Orient Plan.
- (ix) All employee data necessary to administer the Pan Orient Plans is in the possession of the applicable Pan Orient Entity, its representatives or agents and is in a form which is sufficient for the proper administration of such Pan Orient Plan in accordance with its terms and all applicable Laws and such data is complete and correct.
- (gg) **Collective Agreements.** No trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent holds bargaining rights with respect to any Pan Orient Employee by way of certification, interim certification, voluntary recognition, designation or successor rights or, to the knowledge of Pan Orient, has applied to have any Pan Orient Entity declared a related employer or successor employer pursuant to applicable labor legislation. As of the date hereof, no material labor dispute has occurred or has been threatened in the areas where the Pan Orient Entities operate.
- (hh) **Environmental Matters.**
 - (i) No written notice, claim, order, complaint or penalty has been received by any Target Entity alleging a violation by or liability of any Target Entity under any Environmental Laws, and, to Pan Orient's knowledge, there are no Actions pending or threatened which allege a material violation by any Target Entity of any Environmental Laws.
 - (ii) No Target Entity has failed to report on a timely basis to the proper Governmental Entity the occurrence of any event which is required to be so reported by applicable Environmental Laws.

- (iii) The Target Entities hold all Permits and Environmental Approvals required under applicable Environmental Laws in connection with the Thailand Business and the ownership and use of their Assets as currently being used, in all material respects, all such Permits and Environmental Approvals are in full force and effect, and except for notifications and conditions of general application, or received in the ordinary course of business, to assets of reclamation obligations under applicable Environmental Laws, no Target Entity has received any notification pursuant to any applicable Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws, Permits or Environmental Approvals issued pursuant thereto, or that any Permit or Environmental Approval referred to above is about to be reviewed, made subject to limitation or conditions, suspended, revoked, withdrawn or terminated due to any alleged violation of Environmental Laws.
- (iv) To the knowledge of Pan Orient, there are no threatened or pending changes in the status, terms or conditions of any Permits or Environmental Approvals held by any Target Entity or any renewals, modifications, revocations, suspensions, reassurances, alterations, transfers or amendments of any such Permits or Environmental Approvals, or any review by, or approval of, any Governmental Entity of such Permits or Environmental Approvals that are required in connection with the execution or delivery of this Agreement, the consummation of the transactions contemplated herein or the continuation of the business of the Target Entities following the Effective Date.
- (v) The operations of the Target Entities have been, and continue to be, in all material respects, in compliance with, and are not in violation of, all of Environmental Laws.
- (vi) Except as disclosed, no Target Entity has assumed responsibility for or agreed to indemnify or hold harmless any Person for any liability or obligation arising under any Environmental Law that is reasonably likely to form the basis of any claim against any Target Entity.
- (vii) No Target Entity has Released, and, to the knowledge of Pan Orient, no other Person has Released, any Hazardous Materials (in each case except in compliance with applicable Environmental Laws) on, at, in, under or from any of the immovable properties, any real properties (including the workplace environment), or any lands comprising and/or connected with the Retained Assets currently or, to Pan Orient's knowledge, previously owned, leased or operated by a Target Entity that could reasonably be expected to result in material liability of or materially adversely effect such Target Entity under or related to any Environmental Law. To the knowledge of Pan Orient, there are no Hazardous Materials or other conditions that could reasonably be expected to result in material liability of or materially adversely effect any Target Entity under or related to any Environmental Law on, at, in, under or from any of the immovable properties, any real properties (including the workplace environment), or any lands comprising and/or connected with the Retained Assets currently or, to Pan Orient's knowledge, previously owned, leased or operated by any Target Entity.

- (viii) To the knowledge of Pan Orient, all material Releases pertaining to or affecting the Retained Assets have been reported to the appropriate Governmental Entity to the extent required by Environmental Laws.
- (ix) No Target Entity owns or operates any underground tanks.
- (ii) **Notice of Environmental Policies or Laws.** As of the date hereof, no Target Entity has received notice of any proposed environmental, land use or royalty policies or applicable Laws which Pan Orient reasonably believes would be material to the any Target Entity, the Retained Assets or the conduct of their business, other than those that apply to the oil and gas industry generally in Thailand.
- (jj) **Decommissioning.** No Target Entity has received correspondence or notice from the Director-General of the DMF or any Governmental Entity with respect to decommissioning obligations under the Concession Agreement.
- (kk) **Assets and Equipment.**
 - (i) The Retained Assets included in the Accounts and all other material Retained Assets used by the Target Entities in connection with the business of the Target Entities are:
 - (A) legally and beneficially owned by the Target Entities and has good and marketable title to such Retained Assets;
 - (B) not the subject of any lease, lease hire agreement, hire purchase agreement or agreement for payment on deferred terms, or any license or factoring arrangement; and
 - (C) in the possession and control of the Target Entities.
 - (ii) None of the Retained Assets are subject to an Encumbrance or any agreement or commitment to create an Encumbrance, and no Person has claimed to be entitled to create such an Encumbrance.
 - (iii) The Retained Assets comprise all the assets necessary for the continuation of the business of the Target Entities as it is carried on at the date of this Agreement.
 - (iv) The plant, machinery, vehicles, office and other equipment used by the Target Entities are:
 - (A) in good working order and have been regularly and properly maintained;
 - (B) capable and will continue to be capable of doing the work for which they were designed; and
 - (C) not surplus to the current or proposed requirements of the Target Entities.
- (ll) **Properties.**
 - (i) The particulars of the Properties set out in the Disclosure Letter are true, complete and accurate.

- (ii) The Properties are the only land and buildings owned, used or occupied by the Target Entities.
 - (iii) No Target Entity has any right of ownership, right of use, option, right of first refusal or contractual obligation to purchase, or any other legal or equitable right, estate or interest in, or affecting, any land or buildings other than the Properties.
 - (iv) No Target Entity has given any guarantee or indemnity for any liability relating to any of the Properties or any other land or buildings.
 - (v) POES is solely legally and beneficially entitled and has a good and marketable title, to each of the freehold properties set out in the Disclosure Letter.
 - (vi) POES has a valid leasehold interest in each of the leasehold properties set out in the Disclosure Letter.
 - (vii) POES is in possession and actual occupation of each of the Properties on an exclusive basis, and no right of occupation or enjoyment has been acquired or is in the course of being acquired by any third party, and POES has not granted, or agreed to grant, any right of occupation or enjoyment in respect of the Properties to any third party.
 - (viii) POES has obtained permissions from each relevant Governmental Entity for the right to use land to access each of the Properties.
 - (ix) POES has in its possession or unconditionally held to its order all the original documents of title and other material documents and papers relating to its rights to the Properties.
 - (x) There are no insurance policies relating to any issue of title affecting the Properties.
 - (xi) The unexpired residue of the term granted by each lease is fully vested in POES and is valid and subsisting against all Persons, including any Person in whom any superior estate or interest is vested.
 - (xii) In relation to each lease of POES, the landlord and each lessee, tenant, licensee or occupier has observed and performed in all material respects all covenants, restrictions, stipulations and other encumbrances and there has not been (expressly or impliedly) any waiver of or acquiescence to any breach of them.
- (mm) **Permits.** Each Target Entity has obtained, holds and is in compliance with, all Permits required by applicable Laws necessary to conduct its business as it is now being conducted, in all material respects and such Permits are in full force and effect and have not been terminated, revoked, suspended, modified, or cancelled. To the knowledge of Pan Orient, there has not occurred any violation of, or any default under, or any event giving rise to or potentially giving rise to any right of termination, revocation, suspension, adverse modification, non-renewal or cancellation of any such Permit and, to the knowledge of Pan Orient, no Governmental Entity has provided any Target Entity with notice of any of the foregoing.

- (nn) **No Restrictions on Business.** Other than as set forth in the Disclosure Letter, no Target Entity is a party to or bound or affected by any commitment, agreement, judgment, injunction, order, decree or document binding upon such Target Entity (as applicable) containing any covenant expressly prohibiting, restricting or limiting its freedom or ability to:
- (i) compete in any line of business or geographic region;
 - (ii) transfer or move any of its Assets; or
 - (iii) effect any material acquisition of property by any Target Entity (including following the transactions contemplated by this Agreement), which would prevent such Target Entity (as applicable) from conducting any material business practice of such Target Entity (as applicable) as now conducted.
- (oo) **Operational Matters.**
- (i) POES, has, to the extent within its reasonable control, carried out all operations under the Joint Operating Agreement materially in accordance with: (i) good and prudent petroleum industry practices as are generally followed by the international petroleum industry operating in Thailand; (ii) the terms of the Concession Agreement; and (iii) applicable Laws.
 - (ii) All material rentals, royalties, overriding royalty interests, production payments, net profits, interest burdens, payments and obligations due and payable, or performable, as the case may be, on or prior to the date hereof under, with respect to, or on account of, any direct or indirect Retained Assets have been: (A) duly paid; (B) duly performed; or (C) provided for in the accounts of the Target Entities.
 - (iii) All of the wells in the working area of the Concession Agreement have been drilled and, if and as applicable, completed, operated, suspended, abandoned and reclaimed in accordance with good and prudent oil and gas industry practices in Thailand and applicable Laws in effect at the time such operation occurred.
 - (iv) All material forms, reports, statements and other documents required to be filed by POES under (i) the terms of the Concession Agreement and (ii) applicable Laws have been duly and timely filed with the relevant Governmental Entities.
- (pp) **No Areas of Mutual Interest.** There are no material active areas of mutual interest provisions or areas of exclusion in any contract or agreement to which any Pan Orient Entity is bound or otherwise to which the Retained Assets are subject.
- (qq) **No Expropriation.** No Retained Assets have been taken or expropriated by any Governmental Entity nor, as of the date hereof, has any notice or proceeding in respect thereof been given or commenced or threatened nor, to the knowledge of Pan Orient (without inquiry), is there any intent or proposal to give any such notice or to commence any such proceeding.

(rr) **Material Contracts.**

- (i) The Data Room Information contains all Material Contracts in respect of the Target Entities as of the date of the Data Room Information. The copies of the Material Contracts are, true, up-to-date and complete copies of the original in all material respects, and there are no other agreements that amend the Material Contracts in any material respect.
- (ii) Other than the Material Contracts, there are no other arrangements:
 - (A) which create a unitization of any portion of the working area under the Concession Agreement;
 - (B) for the long term sale of petroleum produced from the working area under the Concession Agreement; or
 - (C) which create a material obligation or financial commitment in an amount in excess of \$100,000 on any Target Entity,which are legally binding on any of the Target Entities and no Target Entity has agreed to enter into such arrangements.
- (iii) No Target Entity is in breach of or default (and has not been given a notice of breach or default) under the terms of any Material Contract in a material respect. To the knowledge of Pan Orient, no other party to any Material Contract is in breach of or default (or has given notice of a breach or default) under the terms of any such Material Contract in a material respect. As of the date hereof, to the knowledge of Pan Orient, there exists no state of facts which after notice or lapse of time or both would constitute a default or breach of any Material Contract or entitle any party to terminate, accelerate, modify or cause a default under, or trigger any pre-emptive rights or rights of first refusal under, any such Material Contract.
- (iv) Each Material Contract is a valid and binding obligation on the Target Entity (as applicable) and is in full force and effect.
- (v) No party to any Material Contract has given or received in the twenty-four (24) months immediately prior to the date of this Agreement any notice in relation to any event or claim for force majeure (howsoever defined or described) under or in relation to any Material Contract.
- (vi) The Arrangement and the Separation Transaction will not result in a breach of or default under the terms of any Material Contract and there are no "change of control" provisions in any Material Contract, other than the Joint Operating Agreement, that would become effective as a result of the Arrangement.
- (vii) All "material contracts" (as defined in NI 51-102) required to be filed by applicable Canadian Securities Laws on SEDAR have been filed.

(ss) **Concession Agreement.**

- (i) POES is the concessionaire under the Concession Agreement and holds one hundred percent (100%) working interest the Concession Agreement, which is free and clear of all Liens other than Permitted Liens as disclosed in the Disclosure Letter. There are currently no other concessionaires under the Concession Agreement and other than Pan Orient there has been no other concessionaire under the Concession Agreement.
- (ii) Other than as disclosed in the Accounts, all minimum work obligations and firm commitments under the Concession Agreement which are required to have been performed have been fulfilled or waived.
- (iii) Other than as disclosed in the Accounts, there are no outstanding obligations in relation to the mandatory relinquishment or surrender by POES of any portion of the contract area under the Concession Agreement which are required to have been performed.
- (iv) No sole risk or exclusive operations in respect of the Thailand Business have been conducted in the contract area under the Concession Agreement.

(tt) **Customer and Suppliers**

- (i) In the previous 12 month period ending on the date of this Agreement:
 - (A) no Material Counterparty has ceased, or threatened to cease to do business with, or reduced, or threatened to reduce in any material respect the extent to which it does business with any Target Entity;
 - (B) there has been no material adverse change in the basis or terms on which any Material Counterparty does business with any Target Entity; and
 - (C) the business of any Target Entity has not been materially affected in an adverse manner as a result of (either individually or in combination) the loss of, or reduction in trading with, any customer, client or supplier of any Target Entity (as applicable), or a change in the terms on which any such customer, client or supplier does business with any Target Entity (as applicable).
- (ii) To Pan Orient's knowledge, none of the matters referred to (i) above is likely to occur.

(uu) **Previous Hydrocarbon Interests**

- (i) Other than in respect of the final audit that has yet to be conducted by the government of Indonesia in order to cancel RPTE's tax ID, RPTE has complied with the obligations set forth in the Indonesian PSC and applicable Laws in respect of the relinquishment of the Indonesian PSC and, to Pan Orient's knowledge, there are no outstanding liabilities, obligations or inventory held by RPTE in respect of the Indonesian PSC.

- (ii) POES has no outstanding liabilities or obligations in respect of Concession L45, including to Mitra Energy Limited in connection with the sale and transfer of its interest in Concession L45.
- (vv) **Intellectual Property.**
- (i) The Excluded Entities do not have any right, title or interest in and to, nor does any Excluded Entity hold any license in respect of, any patents, trademarks, trade names, service marks, copyrights, know-how, trade secrets, software, technology, or any other intellectual property or proprietary rights that are material to the conduct of any business (as now conducted) of the Target Entities, or related to the Retained Assets.
 - (ii) All computer hardware and their associated firmware and operating systems, application software, database engines and processed data, technology infrastructure and other computer systems used in connection with the conduct of any business of the Target Entities or related to the Retained Assets (collectively, the "**Technology**") are up-to-date and, together with all patents, trademarks, trade names, service marks, copyrights, know-how, trade secrets, software, technology, or any other intellectual property or proprietary rights owned by or licensed to the Target Entities, are reasonably sufficient for conducting any business of the Target Entities or related to the Retained Assets, as now conducted.
 - (iii) The Target Entities own or have validly licensed (and is not in breach of such licenses in any material respect) such Technology and has sufficient virus protection and security measures in place in relation to such Technology.
 - (iv) Except as set forth in the Disclosure Letter, the Target Entities have reasonably sufficient backup systems and audit procedures and disaster recovery strategies adequate to ensure the continuing availability of the functionality provided by the Technology, and have ownership of or a valid license to the intellectual property rights necessary to allow them to continue to provide the functionality provided by the Technology in the event of any malfunction of the Technology or other form of disaster affecting the Technology.
- (ww) **Government Incentives.** All filings made by any Pan Orient Entity under which it has received or is entitled to government incentives have been made in compliance with all applicable Laws and contain no misrepresentations which could cause any material amount previously paid to such Pan Orient Entity or previously accrued on the accounts thereof to be recovered or disallowed.
- (xx) **Insurance.**
- (i) The Pan Orient Entities are currently, and have been since December 31, 2019, insured by reputable and financially responsible third party insurers in respect of the operations and Assets with policies issued and provided in the Data Room Information. The third party insurance policies of the Pan Orient Entities are in full force and effect in accordance with their terms and no Pan Orient Entity is in material default under the terms of any such policy. As of the date hereof, no Pan Orient Entity has knowledge of threatened termination of, or material premium increase with respect to, any of such policies.

- (ii) There is no material claim pending under any insurance policy of any Pan Orient Entity that has been denied, rejected, questioned or disputed by any insurer or as to which any insurer has made any reservation of rights or refused to cover all or any portion of such claims.
- (yy) **Accounts Receivable and Payable.** The trade accounts receivable of Pan Orient excluding Intercompany Receivables: (i) arose from *bona fide* transactions in the ordinary course of its business consistent with past practices; (ii) have not been discounted materially other than in the ordinary course consistent with past practices; (iii) to Pan Orient's knowledge, have not been subject to the assertion of any material counterclaims or rights of set off with respect thereto that are material in the aggregate; and (iv) are assessed for collectability on a regular basis and are discounted or written off in an appropriate and timely manner. Payments on the trade accounts payable of Pan Orient are made to the appropriate third parties in a timely manner without incurring any material payment penalties in connection therewith.
- (zz) **Intercompany Agreements and Intercompany Accounts.** Other than the Intercompany Receivables:
 - (i) Other than the Intercompany Receivables and the general and administrative services agreement between Pan Orient and Andora, there are no intercompany agreements or contracts between any Target Entity, on one hand, and any Excluded Entity, on the other hand which cannot be terminated on 30 days' notice; and
 - (ii) Other than the Intercompany Receivables, there are no intercompany accounts between any Target Entity, on one hand, and any Excluded Entity, on the other hand.
- (aaa) **Bank Accounts.** Pan Orient has provided in the Disclosure Letter an accurate and complete list of each financial institution in or with which the Target Entities have an account, credit line or safety deposit box, and the names of all Persons currently authorized to draw thereon or having access thereto.
- (bbb) **Opinion of Financial Advisors.** The Independent Committee of the Board of Directors has received the Fairness Opinion from Research Capital Corporation to the effect that, as of the date of such opinion, the Consideration to be received by the Shareholders under the Arrangement is fair, from a financial point of view, to the Shareholders.
- (ccc) **Finders' Fees.** Except as set forth in the Disclosure Letter whose fees shall not exceed those amounts the forth in the Disclosure Letter, there is no investment banker, broker, finder or other intermediary that has been retained by or is authorized to act on behalf of Pan Orient, Parent or Purchaser who might be entitled to any fee or commission from Pan Orient in connection with the transactions contemplated by this Agreement.
- (ddd) **No Collateral Benefit.** Except: (i) with respect to the payment of Severance Costs and Change of Control Payments; (ii) with respect to the treatment of Options and RSUs as provided for in this Agreement, and (iii) with respect to employment or compensation arrangements that may be entered into with respect to NewCo, to the knowledge of Pan Orient, no "related party" (within the meaning of MI 61-101) is, or will be, entitled to receive a "collateral benefit" (within the meaning of such instrument) as a consequence of any transaction contemplated under this Agreement.

(eee) **Related Party Transactions.** No officer or director of any Pan Orient Entity, or any Pan Orient Employee:

- (i) is a party to any contract or transaction with any Pan Orient Entity (other than for legal services and services as Pan Orient Employees, officers or directors);
- (ii) has any ownership interest in any property, real or personal or mixed, tangible or intangible, used by a Pan Orient Entity in its business;
- (iii) is indebted to a Pan Orient Entity; or
- (iv) is competing directly or indirectly with a Pan Orient Entity.

(fff) **Sproule Report.** Pan Orient made available to Sproule, prior to the issuance of the report effective December 31, 2021 (the "**Sproule Report**") evaluating the crude oil, natural gas and natural gas liquids reserves of POES, for the purpose of preparing such report, all information requested by Sproule, which information did not contain any material misrepresentation at the time such information was so provided and, except for any impact of changes in commodity prices, which may or may not be material, Pan Orient has no knowledge of a material adverse change in the production, costs, price, reserves, estimates of future net production revenues or other relevant information from that disclosed in the Sproule Report. Pan Orient believes that the Sproule Report complies with the requirements of National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* and believes that the Sproule Report reasonably presented the quantity and pre-tax present worth values of estimated oil and gas reserves attributable to the properties evaluated therein as at the date stated therein based upon information available at the time the Sproule Report was prepared and the assumptions as to commodity prices and costs contained therein.

(ggg) **Anti-Corruption.**

- (i) No Pan Orient Entity has made, offered, or authorized and no Pan Orient Entity will make, offer or authorize any payment, gift, promise or other advantage, in connection with the matters which are the subject of this Agreement, the Arrangement and the Separation Transaction; and
- (ii) No Target Entity has made, offered, or authorized and no Pan Orient Entity will make, offer or authorize any payment, gift, promise or other advantage, in connection with the Material Contracts or the Thailand Business,

whether directly or knowingly indirectly through any other person, to or for the use or benefit of any Government Official, Governmental Entity or any political party, where such payment, gift or promise would violate Anti-Bribery Laws, and without limiting the generality of the foregoing, such Person has not, directly or indirectly:

- (iii) offered, promised or given any financial or other advantage to another Person intending the advantage to induce or reward improper performance of a relevant function or activity, or where acceptance of the advantage itself constituted such impropriety;

- (iv) requested, agreed to, or accepted a financial or other advantage, and intended to induce improper performance by so doing; or requested, agreed to, or accepted any advantage which itself has amounted to improper performance, or which has been paid as a reward for, or in anticipation of, or as a consequence of, such improper performance; or
- (v) offered, promised, or given a financial advantage to a Government Official or another Person with intent to influence such Government Official in his official capacity and to obtain or retain business, or a business advantage, including making or receiving any bribe, rebate, pay-off, influence, payment or other contribution or gifts contrary to any Anti-Bribery Laws.

The Target Entities have instituted and maintained policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, compliance with Anti-Bribery Laws.

- (hhh) **Sanctions.** No Target Entity nor any director, officer, agent, Pan Orient Employee or any other Person acting on behalf of a Target Entity, has been or is the subject of any sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC") (including but not limited to the designation as a "specially designated national or blocked Person" thereunder), the Government of Canada, Her Majesty's Treasury, the European Union or any other relevant sanctions authority; and no Target Entity is in violation of any of the economic sanctions of the United States administered by OFAC or economic sanctions of any other relevant sanctions authority or any law or executive order relating thereto (the "**Economic Sanctions**") or is conducting business with any Person subject to any Economic Sanctions.
- (iii) **Money Laundering Laws.** The operations of the Target Entities have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirement, the money laundering laws of Canada, the United States of America, Thailand, Indonesia, Bermuda and all other countries where the Target Entities conduct business, including any related or similar rules, regulations or guidelines, issued administered or enforced by any Governmental Entity in such jurisdictions (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any Governmental Entity with respect to the Money Laundering Laws is pending, or to its knowledge, threatened. The Target Entities have instituted and maintained policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, compliance with Money Laundering Laws.
- (jjj) **Competition Act.** The Pan Orient Entities and their Affiliates do not have assets in Canada that exceed CDN\$93 million, or gross revenues from sales in or from Canada, that exceed CDN\$93 million, all as determined in accordance with Part IX of the *Competition Act* (Canada) and the Notifiable Transactions Regulations thereunder.
- (kkk) **Place of Principal Offices.** Pan Orient is not incorporated in the United States, is not organized under the laws of the United States and does not have its principal office within the United States.
- (lll) **Non-Arm's Length Transactions.** No Target Entity is indebted to any director, officer or Pan Orient Employee or any of its Affiliates or associates (except for amounts due as salaries, bonuses, other remuneration and reimbursement of expenses in the ordinary course), and no director, officer or Pan Orient Employee or any of its Affiliates or

associates is a party to any contract, loan, advance, guarantee or other transaction with any Target Entity.

(mmm) **Sufficient Funds.** Pan Orient has sufficient funds available to pay the Pan Orient Termination Fee.

(nnn) **Disclosures.**

- (i) Pan Orient has prepared the Data Room (including all written responses provided to questions raised by Purchaser or its Representatives in the course of the Purchaser's due diligence) carefully and in good faith. Pan Orient is not aware that any information generated or produced by Pan Orient that is untrue or inaccurate in any material respect.
- (ii) To the knowledge of Pan Orient, Pan Orient has not withheld from Purchaser any material information or documents concerning the Retained Assets or liabilities of any Target Entity during the course of Purchaser's review of the Target Entities and the Retained Assets.

SCHEDULE G

REPRESENTATIONS AND WARRANTIES REGARDING NEWCO

- (a) **Corporate Existence and Power.** NewCo is a corporation duly incorporated, validly existing and in good standing under the Laws of the Province of Alberta and has all corporate power and capacity to own, lease and operate, as applicable, its properties and assets, as now owned and to carry on its business as now conducted. NewCo is duly registered or otherwise authorized to do business and is in good standing in each jurisdiction in which the character of its properties, whether owned, leased, licensed or otherwise held, or the nature of its activities makes such registration necessary, and has all governmental licenses, authorizations, Permits, consents and approvals required to own, lease and operate its properties and assets and to carry on its business as now conducted, except for those licenses, authorizations, Permits, consents and approvals the absence of which do not have or would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect. True and complete copies of the articles of NewCo as currently in effect have been made available to Purchaser and NewCo has not taken any action to amend or succeed such documents.
- (b) **Corporate Authorization.** The execution, delivery and performance by NewCo of this Agreement and the consummation by NewCo of the transactions contemplated hereby are within NewCo's corporate power and capacity and have been duly authorized by the board of directors of NewCo and no other corporate proceedings on the part of NewCo are necessary to authorize this Agreement or the transactions contemplated hereby. This Agreement has been duly executed and delivered by NewCo and, assuming the due authorization, execution and delivery by the other parties hereto, constitutes a valid and binding agreement of NewCo, enforceable against NewCo in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.
- (c) **Governmental Authorization.** Except as set out in the Disclosure Letter, the execution, delivery and performance by NewCo of its obligations under this Agreement and the consummation of the Arrangement and the other transactions contemplated hereby do not require any Authorization or other action by or in respect of, or filing with, or notification to, any Governmental Entity by NewCo or by any of its Subsidiaries other than: (i) the Interim Order and any approvals required by the Interim Order; and (ii) the Final Order.
- (d) **Non-Contravention.** Except as set out in the Disclosure Letter, the execution, delivery and performance by NewCo of its obligations under this Agreement and the consummation of the transactions contemplated hereby and by the Plan of Arrangement do not and shall not: (i) contravene, conflict with, or result in any violation or breach of any provision of the articles or by-laws of NewCo; and (ii) assuming compliance with the matters, or obtaining the approvals, referred to in paragraph (c) above, contravene, conflict with or result in a violation or breach of any provision of any applicable Law or any license, approval, consent or authorization issued by a Governmental Entity held by NewCo.
- (e) **Capitalization.** The authorized capital of NewCo consists of an unlimited number of NewCo Shares. At the date of this Agreement, there is issued and outstanding one NewCo Share, which was issued for consideration of \$1.00, and no other shares are issued and

outstanding. There are no options, warrants or other rights, plans agreements or commitments of any nature whatsoever requiring the issuance, sale or transfer by NewCo of any securities of NewCo (including NewCo Shares) or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any securities of NewCo (including NewCo Shares), other than as specifically contemplated by this Agreement. All outstanding NewCo Shares have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights.

- (f) **Subsidiaries or Interests.** Pan Orient owns 100% of the issued and outstanding shares of NewCo. NewCo has no Subsidiaries and has no interest in any partnership, corporation or other business organization. NewCo has not had any Subsidiaries since the date of its incorporation.
- (g) **Conduct of Business.** NewCo has been incorporated solely to participate in the Arrangement and to perform its obligations contemplated in this Agreement, the Arrangement and all matters solely related thereto (including under the Separation Agreement and all matters ancillary thereto), and except as aforesaid, NewCo has not conducted or carried on any business, acquired any assets, assumed or incurred any liabilities or allowed any Liens to be created against it.

SCHEDULE H

REPRESENTATIONS AND WARRANTIES OF PURCHASER

- (a) **Organization and Qualification.** Purchaser is a corporation duly incorporated, validly existing and in good standing under the Laws of its jurisdiction of incorporation and has all corporate power and capacity to own its assets as now owned and to carry on its business as it is now being conducted. Purchaser is duly registered or otherwise authorized to do business and is in good standing in each jurisdiction in which the character of its properties, whether owned, leased, licensed or otherwise held, or the nature of its activities makes such registration necessary, and has all governmental licenses, authorizations, Permits, consents and approvals required to own, lease and operate its properties and assets and to carry on its business as now conducted, except where the failure to be so registered or in good standing, and except for those licenses, authorizations, Permits, consents and approvals the absence of which would not prevent or materially delay the transactions contemplated by this Agreement. All of the issued and outstanding securities or other ownership interests of Purchaser are validly issued, fully paid and non-assessable.
- (b) **Corporate Authorization.** The execution, delivery and performance by Purchaser of this Agreement and the consummation by Purchaser of the transactions contemplated hereby are within Purchaser's corporate power and capacity and have been duly authorized by its board of directors and no other corporate proceedings on the part of Purchaser are necessary to authorize this Agreement or the transactions contemplated hereby. This Agreement has been duly executed and delivered by Purchaser and, assuming the due authorization, execution and delivery by the other parties hereto, constitutes a valid and binding agreement of Purchaser, enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.
- (c) **Non-Contravention.** The execution, delivery and performance by Purchaser of this Agreement and the consummation of the transactions contemplated hereby and by the Plan of Arrangement do not and shall not: (i) contravene, conflict with, or result in any violation or breach of the articles or by-laws or other comparable organizational documents of Purchaser; (ii) contravene, conflict with or result in a violation or breach of any provision of any applicable Law or any license, approval, consent or authorization issued by a Governmental Entity held by Purchaser; (iii) require any consent or other action by any Person under, constitute a default, or an event that, with or without notice or lapse of time or both, would constitute a default, under, or cause or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to which Purchaser is entitled under any provision of any material contract to which Purchaser is a party or by which it or any of its properties or assets may be bound; or (iv) result in the creation or imposition of any Lien on any material asset of Purchaser, with such exceptions, in the case of (ii) through (iv), as would not be reasonably expected to materially impede or delay the ability of Purchaser to consummate the transactions contemplated by this Agreement.
- (d) **Governmental Authorization.** The execution, delivery and performance by Purchaser of its obligations under this Agreement and the consummation by Purchaser of the Arrangement and the transactions contemplated hereby do not require any Authorization

or other action by or in respect of, or filing with, or notification to, any Governmental Entity by Purchaser other than any Authorizations which, if not obtained, or any other actions by or in respect of, or filings with, or notifications to, any Governmental Entity which, if not taken or made, would not, individually or in the aggregate, materially impede the ability of Purchaser to consummate the Arrangement and the transactions contemplated hereby.

- (e) **Litigation.** As of the date hereof, there is no Actions pending against, or to the knowledge of Purchaser, threatened against or affecting Purchaser or any of its respective properties or, any of its respective officers and directors (in their capacities as such) that, individually or in the aggregate, could impair Purchaser's ability to perform its obligations under this Agreement. There is no judgment, decree or order against Purchaser or any of its directors or officers (in their capacities as such) that could prevent, enjoin, alter or delay Purchaser from performing its respective obligations under this Agreement or that in any manner challenges or seeks to prevent, enjoin, alter or delay the Arrangement or any of the other transactions contemplated hereby.
- (f) **Sufficient Funds.** Purchaser has made adequate arrangements to ensure that, at the Effective Date, Purchaser will have sufficient funds to pay in full the aggregate Cash Consideration pursuant to the Arrangement.
- (g) **U.S. Securities Law Matters.**
 - (i) None of Purchaser's securities are registered or are required to be registered under Section 12 of the U.S. Exchange Act and Purchaser does not have a reporting obligation under Section 13 or Section 15(d) of the U.S. Exchange Act.
 - (ii) Purchaser is not, and neither on the Effective Date nor as a result of the consummation of the Arrangement will be, registered or required to be registered as an "investment company" under the U.S. Investment Company Act.
 - (iii) Purchaser is a "foreign private issuer" (as defined in Rule 3b-4 under the U.S. Exchange Act).
 - (iv) Purchaser is not, and on the Effective Date will not be, a "shell company" (as defined in Rule 405 under the U.S. Securities Act).

APPENDIX D – RESEARCH CAPITAL CORPORATION FAIRNESS OPINION

June 5, 2022

Pan Orient Energy Corp.
1505, 505 - 3rd Street SW
Calgary, Alberta
T2P 3E6

To the Board of Directors and the Independent Committee:

Research Capital Corporation (“RCC” or “we”, “us” or “our”) understands that Pan Orient Energy Corp. (“Pan Orient”), CanAsia Energy Corp. (“CanAsia”), a newly incorporated Alberta subsidiary of Pan Orient, DIALOG Systems (Asia) Pte Ltd. (“DIALOG”), a wholly-owned subsidiary of DIALOG Group Berhad, and 2432707 Alberta Ltd., a newly-incorporated Alberta subsidiary of DIALOG (the “Purchaser”), intend to enter into an arrangement agreement to be dated June 6, 2022 (the “Arrangement Agreement”) pursuant to which, among other things, the Purchaser will acquire all of the issued and outstanding shares of Pan Orient by way of a plan of arrangement under the *Business Corporations Act* (Alberta) (the “Arrangement”).

Under the terms of the Arrangement Agreement, a holder of a common share of Pan Orient will receive, for each such common share, cash consideration of USD \$0.788 and one common share of CanAsia. The cash consideration is approximately CAD \$0.991 at the current exchange rate. Pan Orient and DIALOG Group Berhad are at arm's length to each other, and the Arrangement is not a related party transaction. Pursuant to a separation agreement between Pan Orient and CanAsia to be entered into pursuant to the Arrangement Agreement (the “Separation Agreement”), Pan Orient will transfer its non-Thailand business to CanAsia, a new company to be owned by Pan Orient shareholders.

The terms and conditions of the Arrangement will be summarized in Pan Orient’s management information circular (the “Circular”) to be mailed to Pan Orient’s shareholders (the “Pan Orient Shareholders”) in connection with a special meeting of the Pan Orient Shareholders to be held to consider and, if deemed advisable, approve the Arrangement.

We have been retained to provide financial advice to Pan Orient, including our opinion (the “Opinion”) to the independent committee of directors of Pan Orient (the “Independent Committee”) as to the fairness, from a financial point of view, of the Consideration to be received by the Pan Orient Shareholders pursuant to the Arrangement.

The Opinion has been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of the Investment Industry Regulatory Organization of Canada (“IIROC”), but IIROC has not been involved in the preparation or review of the Opinion.

Engagement of RCC

Pan Orient initially contacted RCC regarding a potential advisory engagement in May 2022. RCC was formally engaged by Pan Orient pursuant to a letter agreement dated May 11, 2022 (the “Engagement Agreement”). Under the terms of the Engagement Agreement, RCC agreed to act as financial advisor to the Independent Committee with respect to providing to the Independent Committee the Opinion in connection with the Arrangement.

RCC will receive a fixed fee for rendering the Opinion, which is not contingent upon the completion of the Arrangement. Pan Orient has also agreed to reimburse us for our reasonable out-of-pocket expenses and to indemnify us against certain circumstances, against certain expenses, losses, claims, actions, suits, proceedings, damages and liabilities which may arise directly or indirectly that might arise out of our engagement.

Credentials of RCC

RCC is one of Canada's largest independent investment banking firms, with over 100 years of history. RCC offers a comprehensive and integrated platform of financial services in corporate finance, mergers and acquisitions, equity research, equity and fixed income sales and trading, and private client services. RCC has been a financial advisor in a significant number of transactions involving public and private companies in various industry sectors, and has extensive experience in preparing fairness opinions. As part of our investment banking activities, we are regularly engaged in the valuation of securities in connection with mergers and acquisitions, public offerings and private placements of listed and unlisted securities and regularly engage in market making, underwriting and secondary trading of securities in connection with a variety of transactions.

The Opinion represents the opinion of RCC, the form and content of which have been approved for release by a committee of our officers who are collectively experienced in merger and acquisition, divestiture, restructuring, valuation, fairness opinion and capital markets matters.

Independence of RCC

Neither RCC, nor any of our affiliates, is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario) (the "Act") or the rules made thereunder) of Pan Orient, the Purchaser or any of their respective associates or affiliates (collectively, the "Interested Parties").

RCC has not been engaged to provide any financial advisory services nor has it participated in any financings involving the Interested Parties within the past two years, other than services provided under the Engagement Agreement or described herein.

Other than as set forth above, there are no understandings, agreements or commitments between RCC and any of the Interested Parties with respect to future business dealings. RCC may, in the future, in the ordinary course of business, provide financial advisory, investment banking, or other financial services to one or more of the Interested Parties from time to time.

RCC and certain of our affiliates act as traders and dealers, both as principal and agent, in major financial markets and, as such, may have had and may in the future have positions in the securities of one or more of the Interested Parties and, from time to time, may have executed or may execute transactions on behalf of one or more Interested Parties for which RCC or such affiliates received or may receive compensation. As investment dealers, RCC and certain of our affiliates conduct research on securities and may, in the ordinary course of business, provide research reports and investment advice to clients on investment matters, including with respect to one or more of the Interested Parties or the Arrangement.

Scope of Review

In connection with rendering the Opinion, we have reviewed and relied upon, or carried out, as the case may be, among other things, the following:

1. the Arrangement Agreement, dated June 6, 2022;

2. the form of Separation Agreement;
3. the support agreements entered into by each of the directors and officers of Pan Orient and its largest shareholder with the Purchaser (the "Support Agreements");
4. the press release issued in connection with the Arrangement;
5. National Instrument Form 51-101F1 – Statement of Reserves Data and Other Oil and Gas Information of Pan Orient effective December 31, 2021 and a reserves report evaluating the petroleum and natural gas reserves of Pan Orient Energy (Siam) Ltd. in Thailand Concession L53, prepared by Sproule International Limited;
6. a contingent resources report titled "Update of the Evaluation of the Contingent Bitumen Resources in the Sawn Lake Area of Alberta of Andora Energy Corporation as of March 31, 2022", prepared for Andora Energy Corporation by Sproule Associates Limited;
7. certain internal financial, operating, corporate and other information prepared or provided by or on behalf of Pan Orient relating to the business, operations and financial condition of Pan Orient;
8. internal management forecasts, projections, estimates and budgets prepared or provided by or on behalf of management of Pan Orient;
9. discussions with management of Pan Orient relating to the current business, plan, financial condition and prospects of Pan Orient;
10. certain publicly available information relating to the business, operations, financial condition and trading history of Pan Orient and other selected public companies we considered relevant;
11. select public market trading statistics and relevant financial information in respect of Pan Orient and other comparable public entities considered by RCC to be relevant;
12. select public available information and statistics with respect to selected precedent transactions we considered relevant;
13. the audited consolidated financial statements of Pan Orient for each of the fiscal years ended December 31, 2021 and 2020;
14. the unaudited condensed interim consolidated financial statements of Pan Orient as at and for the period ended March 31, 2022;
15. recent press releases, material change reports and other public documents filed by Pan Orient on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com;
16. the officers' certificate as to certain factual matters and the completeness and accuracy of certain information upon which the Opinion is based, addressed to us and dated as of the date hereof, provided to us by senior officers of Pan Orient (the "Officers' Certificate"); and
17. such other information, investigations, analyses and discussions as we considered necessary or appropriate in the circumstances.

RCC has not, to the best of its knowledge, been denied access by Pan Orient to any information under Pan Orient's control requested by RCC.

Assumptions and Limitations

We have relied upon and assumed the completeness, accuracy and fair presentation of all financial and other information, data, advice, opinions, representations and other material obtained by us from public sources or provided to us by or on behalf of Pan Orient or otherwise obtained by us in connection with our engagement (the "Disclosed Information"). The Opinion is conditional upon such accuracy, completeness, and fair presentation. We have assumed that forecasts, projections, estimates and budgets provided to us and used in our analysis were reasonably prepared on bases reflecting the best currently available assumptions, estimates and judgments of management of Pan Orient, having regard to Pan Orient's business, plans, financial condition and prospects. Subject to the exercise of professional judgment and except as expressly described herein, we have not attempted to verify independently the completeness, accuracy or fair presentation of any of the Disclosed Information. RCC was not engaged to review any legal, regulatory, tax or accounting aspects of the Arrangement and accordingly expresses no view thereon.

Certain senior officers of Pan Orient have represented to RCC in the Officers' Certificate delivered as of the date hereof, among other things, that:

- (a) the information provided to RCC orally by, or in the presence of, an officer or employee of, Pan Orient, or in writing by Pan Orient or any of its subsidiaries (as defined in the Act) or any of its or their representatives in connection with our engagement (the "Information"), in respect of Pan Orient or any of its subsidiaries, was at the date the Information was provided to RCC, and is, to the best of their knowledge, as of the date hereof, complete, true and correct in all material respects, and did not and does not contain a misrepresentation (as defined in the Act));
- (b) except as disclosed in writing, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business or operations of Pan Orient or any of its subsidiaries; and
- (c) except as disclosed in writing, no change has occurred in the Information or any part thereof which would have or which could reasonably be expected to have a material effect on the Opinion.

In preparing the Opinion, we have assumed that (a) the Arrangement will be consummated in accordance with the terms and conditions of the Arrangement Agreement in accordance with all applicable laws and other relevant documents or requirements without waiver of, or amendment to, any term or condition that is in any way material to our analyses; (b) the representations and warranties in the Arrangement Agreement are true and correct as of the date hereof; and (c) any governmental, regulatory or other consents and approvals necessary for the consummation of the Arrangement will be obtained without any material adverse effect on the Arrangement.

The Opinion is rendered on the basis of securities markets, economic, financial and general business conditions prevailing as of the date hereof and the condition and prospects, financial and otherwise, of Pan Orient as they are reflected in the Information and as they have been represented to RCC in discussions with management of Pan Orient and its representatives. In our analyses and in preparing the Opinion, RCC made numerous judgments and assumptions with respect to industry performance, general business, market and economic conditions and other matters, many of which are beyond our control or that of any party involved in the Arrangement.

The Opinion is provided to the Independent Committee for its exclusive use only in considering the Arrangement and may not be used or relied upon by any other person or for any other purpose without our prior written consent. The Opinion does not constitute a recommendation as to how any Pan Orient Shareholders should vote or act on any matter relating to the Arrangement. Except for the inclusion of the Opinion in its entirety and a summary thereof (in a form acceptable to us) in the Circular, the Opinion is not to be reproduced, disseminated, quoted from or referred to (in whole or in part) without our prior written consent.

We have not been asked to prepare and have not prepared a formal valuation or appraisal of the securities or assets of Pan Orient or any of its affiliates, and the Opinion should not be construed as such. The Opinion is not, and should not be construed as, advice as to the price at which the securities of Pan Orient may trade at any time. RCC was not engaged to review any legal, tax or regulatory aspects of the Arrangement and the Opinion does not address any such matters. We have relied upon, without independent verification, the assessment by Pan Orient and its legal and tax advisors with respect to such matters. We have not been asked to, nor do we, offer any opinion as to the material terms (other than the Consideration) of the Arrangement Agreement, the Support Agreements and the transactions contemplated thereby.

RCC believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create an incomplete view of the process underlying the Opinion. The preparation of a fairness opinion is a complex process and is not necessary susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. Accordingly, the Opinion should be read in its entirety. The Opinion is not to be construed as a recommendation to any Pan Orient Shareholders as to whether or not to vote in favour of the Arrangement. The Opinion does not address the relative merits of the Arrangement as compared to other transactions or business strategies that might be available to Pan Orient.

The Opinion is rendered as of the date hereof and RCC disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Opinion which may come or be brought to the attention of RCC after the date hereof. Without limiting the foregoing, if we learn that any of the Information we relied upon in preparing the Opinion was inaccurate, incomplete or misleading in any material respect, RCC reserves the right to change or withdraw the Opinion.

Conclusion

RCC has considered certain analysis methodologies to Pan Orient in order to analyze the value of the Consideration to be received by Pan Orient Shareholders pursuant to the Arrangement.

Based upon and subject to the foregoing, RCC is of the opinion that, as of the date hereof, the Consideration to be received by the Pan Orient Shareholders pursuant to the Arrangement is fair, from a financial point of view.

Yours truly,

A handwritten signature in cursive script that reads "Research Capital Corporation".

RESEARCH CAPITAL CORPORATION

APPENDIX E – INFORMATION CONCERNING PAN ORIENT ENERGY CORP.

APPENDIX E – INFORMATION CONCERNING PAN ORIENT ENERGY CORP.

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INFORMATION CONCERNING PAN ORIENT ENERGY CORP.

The following describes the business of Pan Orient, and should be read together with the Circular. This Appendix E is qualified in its entirety by, and should be read together with, the detailed information contained or referred to elsewhere in the Circular and applicable Appendices.

Advisories

Forward-Looking Statements

This Appendix E contains forward-looking statements or and forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of Canadian Securities Laws. All statements other than statements of present or historical fact are forward-looking statements. Such forward-looking statements relate to future events, or Pan Orient and/or CanAsia's future performance. See "*Forward-Looking Statements*" in the Circular. Readers should also carefully consider the matters and cautionary statements discussed under the heading "*The Arrangement - Risks Related to the Arrangement*" in the Circular, and under the heading "*Risk Factors*" in each of this Appendix E and in Appendix F. Readers are also referred to the risk factors described in other documents that Pan Orient files from time to time with securities regulatory authorities.

Non-GAAP and Other Financial Measures

Management uses and reports certain "non-GAAP financial measures" and "capital management measures", as such terms are defined in National Instrument 52-112 – *Non-GAAP and Other Financial Measures Disclosure* ("NI 52-112"). These non-GAAP financial measures and capital management measures are used by management in the evaluation of operating and financial performance and are described in further detail below. Non-GAAP financial measures and capital management measures are not standardized financial measures under GAAP and might not be comparable to similar financial measures disclosed by other issuers where similar terminology is used.

Non-GAAP Financial Measures

A non-GAAP financial measure is defined in NI 52-112 as a financial measure that: (i) depicts the historical or expected future financial performance, financial position or cash flow of an entity; (ii) with respect to its composition, excludes an amount that is included in, or includes an amount that is excluded from, the composition of the most directly comparable financial measure disclosed in the primary financial statements of the entity; (iii) is not disclosed in the financial statements of the entity; and (iv) is not a ratio, fraction, percentage or similar representation. The non-GAAP financial measures used in Appendix E and in Appendix F are not standardized financial measures under GAAP and might not be comparable to similar measures presented by other companies where similar terminology is used. Readers are cautioned that non-GAAP financial measures should not be construed as alternatives to or more meaningful than the most directly comparable GAAP measures as indicators of performance. Set forth below is a description of the non-GAAP financial measures used in Appendix E and in Appendix F.

Total Corporate Adjusted Funds Flow from (used in) Operations

Total corporate adjusted funds flow from (used in) operations is defined by Pan Orient as cash flow from (used in) operating activities prior to changes in non-cash working capital, unrealized foreign exchange gain or loss, settlement of decommissioning provision plus the corresponding amount from the Thailand operations which is recorded in Joint Venture for financial statement purposes and funds flow from (used in) operations from discontinued operations in Indonesia. This measure is used by management to analyze operating performance and leverage. Total corporate adjusted funds flow from (used in) operations 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 corporate 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 following table reconciles total corporate adjusted funds flow from (used in) operations to cash flow from (used in) operating activities, which is the most directly comparable measure calculated in accordance with IFRS:

(\$thousands)	Three months ended	Year ended December 31		
	March 31, 2022	2021	2020	2019
Cash flow used in operating activities, continuing operations	(967)	(3,050)	(1,942)	(1,692)
Changes in non-cash working capital, continuing operations	30	(212)	(529)	(35)
Cash flow used in operating activities, discontinued operations	(151)	(153)	(684)	(862)
Changes in non-cash working capital, discontinued operations	91	(383)	1,079	471
Unrealized foreign exchange loss	(225)	(114)	(869)	(1,007)
Settlement of decommissioning provision	22	136	-	-
Share of adjusted funds flow from Thailand operations (recorded in Investment in Joint Venture)	5,694	20,466	12,492	19,984
Total corporate adjusted funds flow from operations	4,494	16,690	9,547	16,859

Adjusted Funds Flow from Thailand Operations

Pan Orient's 50.01% equity interest in POES is accounted for under the equity method as an Investment in Joint Venture. Adjusted funds flow from Thailand operations associated with this Investment in Joint Venture is defined by Pan Orient as 50.01% of cash flow from operating activities in Thailand of POES prior to changes in non-cash working capital, unrealized foreign exchange gain or loss or settlement of decommissioning provision.

The following table reconciles adjusted funds flow from Thailand operations to income from Investment in Joint Venture per financial statements, which is the most directly comparable measure calculated in accordance with IFRS:

(\$thousands)	Three months ended	Year ended December 31		
	March 31, 2022	2021	2020	2019
Income from investment in joint venture ⁽¹⁾	4,350	12,146	1,906	4,890
Add back items not affecting cash within investment in joint venture	1,174	7,304	9,400	13,925
Add back amortization of fair value adjustment affecting investment in joint venture	170	1,016	1,186	1,169
Adjusted funds flow from Thailand Operations ⁽²⁾	5,694	20,466	12,492	19,984

(1) Pan Orient holds a 50.01% interest in Pan Orient Energy (Siam) Ltd., which is considered a Joint Venture under IFRS and is accounted for using the equity method. Pan Orient's income or loss includes its share of the joint venture's profit.

(2) Adjusted funds flow from Thailand operations, which is recorded in Investment in Joint Venture, is income from investment in joint venture per financial statements adding back items not affecting cash within investment in joint venture and amortization of fair value adjustment affecting investment in joint venture. Items not affecting cash within investment in joint venture includes 1) deferred tax expense or recovery, 2) depletion, depreciation and amortization, 3) accretion on decommissioning provision and lease liabilities and 4) exploration expense or recovery.

Capital Management Measure

NI 52-112 defines a capital management measure as a financial measure that: (i) is intended to enable an individual to evaluate an entity's objectives, policies and processes for managing the entity's capital; (ii) is not a component of a line item disclosed in the primary financial statements of the entity; (iii) is disclosed in the notes to the financial statements of the entity; and (iv) is not disclosed in the primary financial statements of the entity. Set forth below is a description of the capital management measure used in Appendix E and in Appendix F.

Working Capital and Long-term Deposits

Pan Orient calculates "working capital and long-term deposits" as current assets less current liabilities plus long-term deposits, which is used to assess efficiency, liquidity and general financial strength of Pan Orient. This measure is calculated for Pan Orient on a consolidated basis as per the Pan Orient consolidated financial statements, and in respect of Pan Orient's 50.01% equity interest in the Thailand Joint Venture which is calculated as 50.01% of the current assets less current liabilities plus long-term deposits of POES (as set out in the Investment in Joint Venture notes to the Pan Orient consolidated financial statements).

Glossary of Terms and Abbreviations

Glossary of Terms

In this Appendix E, unless the context otherwise requires, the following terms have the meaning set forth below. All capitalized terms used in this Appendix E but not otherwise defined herein have the meanings set forth in "*Glossary of Terms*" in the Circular.

"**ABCA**" means the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, together with any amendments thereto and all regulations promulgated thereunder;

"**Andora**" means Andora Energy Corporation;

"**Andora 2019 Resources Report**" means the Update of the Evaluation of the Contingent Bitumen Resources in the Sawn Lake Area of Alberta of Andora Energy Corporation (as of September 30, 2019) prepared by Sproule dated November 27, 2019 (with a preparation date of November 27, 2019) in respect of Andora's bitumen resources in its oil sands leases at Sawn Lake, Alberta based on exploitation using SAGD, and prepared in accordance with the COGE Handbook and NI 51-101;

"**Andora December 2021 Resources Report**" means the Update of the Evaluation of the Contingent Resources in the Sawn Lake Area of Alberta of Andora Energy Corporation (as of December 31, 2021) prepared by Sproule dated June 14, 2022 (with a preparation date of June 14, 2022) in respect of Andora's bitumen resources in its oil sands leases at Sawn Lake, Alberta based on exploitation using SAGD, and prepared in accordance with the COGE Handbook and NI 51-101;

"**Andora March 2022 Resources Report**" means the Update of the Evaluation of the Contingent Bitumen Resources Report in the Sawn Lake Area of Alberta of Andora Energy Corporation (as of December 31, 2021) prepared by Sproule dated June 8, 2022 (with a preparation date of June 6, 2022) in respect of Andora's resources in its oil sands leases at Sawn Lake, Alberta based on exploitation using SAGD, and prepared in accordance with the COGE Handbook and NI 51-101;

"**Batu Gajah PSC**" means the PSC in respect of Batu Gajah;

"**bitumen**" means a naturally occurring solid or semi-solid hydrocarbon (a) consisting mainly of heavier hydrocarbons, with a viscosity greater than 10,000 millipascal-seconds (mPa's) or 10,000 centipoise (cP) measured at the hydrocarbon's original temperature in the reservoir and at atmospheric pressure on a gas-free basis, and (b) that is not primarily recoverable at economic rates through a well without the implementation of enhanced recovery methods;

"**Circular**" means the management information circular dated July 20, 2022 of Pan Orient to which this Appendix E is attached;

"**COGE Handbook**" means the Canadian Oil and Gas Evaluation Handbook prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum;

"**Concession**" is specific to Pan Orient's Thailand operations and means an agreement between the parties to a well or property and the Government of Thailand regarding commitments, royalties, income taxes and term;

"**Concession L53**" is Thailand Petroleum Concession No. 1/2550/77 Onshore Exploration Block No. L53/48;

"**contingent resources**" are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies;

"**crude oil**" or "**oil**" means a mixture consisting mainly of pentanes and heavier hydrocarbons that exists in the liquid phase in reservoirs and remains liquid at atmospheric pressure and temperature, may contain small amounts of sulphur and other non-hydrocarbons but does not include liquids obtained from the processing of natural gas;

"**developed non-producing reserves**" are those reserves that either have not been on production, or have previously been on production but are shut-in and the date of resumption of production is unknown;

"**developed reserves**" are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure to put the reserves on production;

"**developed producing reserves**" are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty;

"**development costs**" mean costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from reserves;

"**development well**" means a well drilled inside the established limits of an oil and gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive;

"**East Jabung PSC**" means the PSC in respect of East Jabung PSC;

"**exploration costs**" means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells;

"**exploration well**" means a well that is not a development well, a service well or a stratigraphic test well;

"**GOI**" means Government of Indonesia;

"**gross acres**" means the total number of acres in which Pan Orient has a working interest;

"**gross production**" means Pan Orient's interest in production volumes before the deduction of royalties;

"**net acres**" means Pan Orient's working interest owned in gross acres expressed as whole numbers and fractions thereof;

"**net production**" means Pan Orient's interest in production volumes after deduction of royalties payable by Pan Orient;

"**NI 51-101**" means Canadian Securities Administrators National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*;

"**NGL**" means natural gas liquids;

"**Pan Orient**" means Pan Orient Energy Corp. and, where the context requires, includes its subsidiaries;

"**POES**" means Pan Orient Energy (Siam) Ltd.;

"**possible reserves**" are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves;

"**PSC**" or "**Production Sharing Contract**" is specific to Pan Orient's Indonesia operations and means an agreement between the parties to a well or property and the host country regarding the percentage of production each party will receive after the participating parties have recovered a specified amount of costs and expenses;

"**probable reserves**" are those additional reserves which analysis of geoscience and engineering data indicate are less certain to be recovered than proved reserves but more certain to be recovered than possible reserves;

"**proved reserves**" are those reserves which by analysis of geoscience and engineering data can be estimated with a high degree of certainty to be recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations;

"**SAGD**" or "**Steam Assisted Gravity Drainage**" means a thermal production method for heavy oil that pairs a high-angle injection well with a nearby production well drilled along a parallel trajectory. Steam is injected into the reservoir through the upper well and as it rises and expands it heats up the heavy oil, reducing its viscosity and gravity forces the oil to drain into the lower well where it is produced;

"**Sawn Lake SAGD project**" means Andora's oil sands interests in the Sawn Lake, Alberta region, which are focused on developing the bitumen resources using SAGD development;

"**Sproule**" means Sproule Associates Limited of Calgary, Alberta, Canada;

"**Sproule International**" means Sproule International Limited of Calgary, Alberta, Canada;

"**Sproule 2021 Reserves Report**" means the Evaluation of the P&NG Reserves of Pan Orient Energy (Siam) Ltd. in Concession L53, Thailand (as of December 31, 2021) prepared by Sproule International dated February 14, 2022 (with a preparation date of January 25, 2022), evaluating the petroleum and natural gas reserves of POES's Thailand interests in Concession L53, and prepared in accordance with the COGE Handbook and NI 51-101;

"**Sproule 2020 Reserves Report**" means the Evaluation of the P&NG Reserves of Pan Orient Energy (Siam) Ltd. in Concession L53, Thailand (as of December 31, 2020) prepared by Sproule International dated February 4, 2021 (with a preparation date of January 23, 2021), evaluating the petroleum and natural gas reserves of POES's Thailand interests in Concession L53, and prepared in accordance with the COGE Handbook and NI 51-101;

"Sproule 2019 Reserves Report" means the Evaluation of the P&NG Reserves of Pan Orient Energy (Siam) Ltd. in Concession L53, Thailand (as of December 31, 2019) prepared by Sproule International dated February 21, 2020 (with a preparation date of January 28, 2020), evaluating the petroleum and natural gas reserves of POES's Thailand interests in Concession L53, and prepared in accordance with the COGE Handbook and NI 51-101;

"SRB" means Special Remuneratory Benefit expense, a tax specific to Thailand;

"Thailand Joint Venture" means, from February 2, 2015 forward, Pan Orient's retained 50.01% equity interest in POES, reclassified for accounting purposes as a jointly controlled Joint Venture;

"TSXV" means the TSX Venture Exchange;

"undeveloped reserves" are those reserves expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production; and

"working interest" means the net interest held by Pan Orient in an oil and natural gas property which normally earns its proportionate share of the production and bears its proportionate share of the costs of exploration, development and operations as well as any royalties or other production burdens.

Abbreviations

In this Appendix E, the following abbreviations have the meaning set forth below.

"API" means the American Petroleum Institute;

"bbl" means barrel and **"bbls"** means barrels;

"BOE" means barrels of oil equivalent with one barrel of light, medium or heavy oil equivalent to one barrel of oil equivalent;

"BOPD" means barrels of oil per day;

"Brent" means Brent Crude Oil sourced from the North Sea which is a major benchmark for internationally traded crude oil;

"CAD \$" means the Canadian dollar;

"Mbbl" means thousands of barrels;

"Mcf" means thousand cubic feet; and **"Mcf/d"** means thousand cubic feet per day;

"USD \$" means the United States dollar;

"WCS" means Western Canada Select reference price for heavy crude oil in Canada; and

"WTI" means West Texas Intermediate crude oil delivered at Cushing, Oklahoma.

The Arrangement

The Arrangement involves a series of steps pursuant to an arrangement under Section 193 of the ABCA that will include, generally:

- Pan Orient will sell and transfer the Excluded Assets to CanAsia in exchange for payment of the Purchase Price, being the assumption of the Assumed Liabilities (consisting of all liabilities of any Target Entity arising out of the activities or operations of the Excluded Business or the ownership or use of the Excluded Assets, in each case occurring before, at or after the Effective Time) and the issuance CanAsia to Pan Orient of the aggregate Share Consideration, all in accordance with the Separation Agreement;
- all outstanding Pan Orient Shares will be exchanged for New Pan Orient Shares, which in turn will all be acquired by the Purchaser for Cash Consideration of USD \$0.788 for each New Pan Orient Share; and
- Pan Orient will distribute to Shareholders (other than Dissenting Shareholders) one CanAsia Share for each New Pan Orient Share held.

As a result of the Arrangement:

- DIALOG, through the Purchaser, will hold all of the issued and outstanding shares of Pan Orient (being the New Pan Orient Shares), and Pan Orient will continue to own the Thailand Business;
- Shareholders (other than Dissenting Shareholders) will receive, for each New Pan Orient Share held, Cash Consideration of USD \$0.788 and Share Consideration of one CanAsia Share; and

- CanAsia will be a new public company with the initial shareholders to be the Pan Orient Shareholders as at the Effective Time, with the CanAsia Shares expected to be listed on the TSXV (subject to satisfaction of the conditions of the TSXV), and CanAsia will own Pan Orient's Non-Thailand Business, which includes: (i) Pan Orient's 71.8% interest in Andora, which has interests in oil sands properties in Sawn Lake, Alberta; (ii) convertible loans receivable from Andora; (iii) Pan Orient's interests in Indonesia, which operations are, effective January 1, 2020, considered discontinued operations for accounting purposes; and (iv) working capital and long-term deposits (*non-GAAP capital management measure*), estimated to be approximately \$7.1 million.

The Arrangement will be implemented by way of a court-approved plan of arrangement under Section 193 of the ABCA pursuant to the terms of the Arrangement Agreement. The full text of the Arrangement Agreement is attached as Appendix C to this Circular and the full text of the Plan of Arrangement is attached as Schedule A to Appendix C. See "*The Arrangement – Summary*", "*The Arrangement - Effecting the Arrangement*".

Corporate Structure

Name, Address and Incorporation

Pan Orient is a corporation incorporated under the ABCA. The principal business office of Pan Orient is located at Suite 1505, 505 – 3rd Street SW, Calgary, Alberta, T2P 3E6 Canada and the registered office of Pan Orient is located at 4500 Bankers Hall East, 855 – 2nd Street SW, Calgary, Alberta, T2P 4K7 Canada. On May 12, 2000 Welwyn Energy Ltd. (the predecessor to Pan Orient Energy Corp.) acquired all of the issued and outstanding shares of 668344 Alberta Ltd., a private oil and gas company. On December 31, 2000, Welwyn Energy Ltd. (the predecessor to Pan Orient Energy Corp.) amalgamated with 668344 Alberta Ltd and continued under the name Welwyn Energy Ltd. On June 30, 2003, Welwyn Energy Ltd. changed its name to Welwyn Resources Ltd. On June 30, 2005, Welwyn changed its name to Pan Orient Energy Corp. On September 6, 2012, Pan Orient amended its articles to create a new class of common shares, which were exchanged for the then current common shares to permit Pan Orient to complete a reorganization that included a reduction of stated capital and a special cash distribution of \$0.70 / share. On February 10, 2022, Pan Orient amended its articles to create a new class of common shares, which were exchanged for the then current common shares to permit Pan Orient to complete a reorganization that included a reduction of stated capital and a special cash distribution of \$0.40 per common share.

Intercompany Relationships

The material subsidiaries of Pan Orient are as set out below.

Name of Subsidiary	Jurisdiction of Incorporation	Location of Operations	Percentage of Voting Securities Owned
Andora Energy Corporation	Alberta	Canada	71.8%
990550 Alberta Ltd. (100% owned by Andora)	Alberta	Canada	-
Pan Orient Petroleum Pte Ltd. ("POP")	Singapore	Thailand	100%
Pan Orient Energy (Siam) Ltd. ("POES") (50.01% owned by POP)	Bermuda	Thailand	-

Pan Orient also holds a 100% direct and indirect interest in a number of other subsidiaries, all of which have immaterial assets and revenue. Those subsidiaries (POEH and its subsidiaries) have been historically engaged in the oil exploration business in Indonesia formerly carried on by Pan Orient, which operations are, effective January 1, 2020, considered discontinued operations for accounting purposes.

Employees

As at December 31, 2021 there were two employees of Pan Orient at its head office in Calgary, Alberta and two employees of Andora.

As at December 31, 2021 there were 82 employees and 27 contractors in Thailand with POES, in which Pan Orient has an indirect 50.01% equity interest.

Three Year History

During the past three years, Pan Orient has developed its business as described below.

Thailand Concession L53 (net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture)

2019

Pan Orient conducted a seven well (3.5 net) drilling program, comprised of two new producing wells at the L53-DD field (the L53-DD3 and L53-DD4 appraisal wells), production from the new L53-B1 appraisal well, discovery of the L53-AA South field with the L53-DD5ST1 exploration well, and unsuccessful exploration wells at L53-DD5, L53-DD6 and L53-DD6ST1.

Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, oil sales from Concession L53 in 2019 were 1,060 BOPD (with 1,060 BOPD of light/medium crude oil and 156 BOPD of heavy crude oil) based on the strength of the L53-DD field discovered in October 2018. The L53-DD Production License was approved by the Government of Thailand on April 25, 2019.

Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, adjusted funds flow from Thailand operations (*non-GAAP financial measure*) were of \$19.9 million funding capital expenditures of \$9.1 million, a \$6.6 million dividend was paid by POES to Pan Orient, and increasing Thailand Joint Venture working capital and long-term deposits (*non-GAAP capital management measure*) at December 31, 2019 to \$10.5 million.

The Sproule 2019 Reserves Report assigned proved plus probable crude oil reserves of 1.8 million barrels as at December 31, 2019, net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, and a net present value using forecast prices and costs discounted at 10% per year of \$43.7 million. Positive technical revisions of proved plus probable reserves were reported for each of the five existing Concession L53 fields totaling 774,000 barrels net to Pan Orient's 50.01% equity interest (57% of December 31, 2018 proved plus probable reserves) based on reservoir performance. The Sproule 2019 Reserves Report also assigned 2.0 million barrels of possible reserves net to Pan Orient's 50.01% equity interest, up from 1.6 million barrels at December 31, 2018.

2020

An eight well (4.0 net) drilling program was conducted in 2020, with four appraisal wells at the L53-DD field (the L53-DD6ST2, L53-DD8, L53-DD7 and L53-DD9 appraisal wells) that were brought onto production, discovery of the L53-AA field with the L53-AA2 exploration well and three exploration wells that were abandoned (L53-AA1, L53-AAST1 sidetrack and L53-BB1ST1 exploration wells).

Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, oil sales from Concession L53 in 2020 were 1,213 BOPD (with 1,030 BOPD of light/medium crude oil and 183 BOPD of heavy crude oil) based on the strength of the L53-DD field. The L53-AA South Production License was approved by the Government of Thailand on July 17, 2020.

Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, adjusted funds flow from Thailand operations (*non-GAAP financial measure*) of \$12.5 million funding capital expenditures of \$10.2 million, a \$7.1 million dividend was paid by POES to Pan Orient in 2020, and Thailand Joint Venture working capital and long-term deposits (*non-GAAP capital management measure*) at December 31, 2020 were \$4.9 million.

The Sproule 2020 Reserves Report assigned proved plus probable crude oil reserves of 2.4 million barrels as at December 31, 2020, net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, with an after tax net present value using forecast prices and costs discounted at 10% per year of \$38.9 million. The 11% decrease in the net present value of the prior year was the result of the 30% increase in proved plus probable reserves (primarily at the L53-DD field), more than offset by a 17% decrease in forecast oil sales prices.

2021

The exploration reserved area expired effective January 7, 2021. At December 31, 2021, Concession L53 consisted 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).

The Sproule 2021 Reserves Report assigned proved plus probable crude oil reserves of 2.3 million barrels, net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, with an after tax net present value using forecast prices and costs discounted at 10% per year of \$54.1 million.

A three well (1.5 net) drilling program was conducted in 2021, with two appraisal wells at the L53-DD field (the L53-DD10 and L53-DD11 appraisal wells) that were brought onto production and drilling of the L53-DD12 water disposal well.

Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, oil sales from Concession L53 in 2021 were 1,395 BOPD (with 999 BOPD of light/medium crude oil and 396 BOPD of heavy crude oil). The L53-AA Production License was approved by the Government of Thailand on March 12, 2021.

Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, adjusted funds flow from Thailand operations (*non-GAAP financial measure*) of \$20.4 million in 2021 funded \$5.8 million of Thailand exploration and development activities and \$13.7 million of dividends from the Thailand Joint Venture to Pan Orient. Pan Orient's share of working capital and long-term deposits (*non-GAAP capital management measure*) in Thailand at December 31, 2021 was \$5.0 million.

2022 (to May 31)

Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, oil sales from Concession L53 in the first quarter of 2022 were 1,105 BOPD (with 714 BOPD of light/medium crude oil and 391 BOPD of heavy crude oil).

Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, adjusted funds flow from Thailand operations (*non-GAAP financial measure*) of \$5.7 million for the first quarter of 2022 funded \$1.3 million of Thailand exploration and development activities. Pan Orient's share of working capital and long-term deposits (*non-GAAP capital management measure*) in Thailand at March 31, 2022 was \$7.9 million.

In April 2022, the Thailand Joint Venture paid a dividend to Pan Orient of \$2.5 million.

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

2019

The Anggun-1X exploration well in the East Jabung PSC was drilled in the fourth quarter of 2019. The main targets were the Gumai sandstone zone, which indicated minor amounts of oil and gas but predominantly water, and Batu Raja limestone zone which proved to be a tight, low permeability limestone with no reservoir potential. The well was subsequently plugged and abandoned.

The operator of the East Jabung 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 Government of Indonesia, including reclamation requirements. Pan Orient is withdrawing from operations in Indonesia and the office in Jakarta was closed March 31, 2020.

In the fourth quarter of 2019 Pan Orient 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.

2020

Activities of Pan Orient with respect to Indonesia were reported in 2020 as discontinued operations. Discontinued operations in Indonesia for 2020 were \$284 thousand of G&A expense, \$4 thousand in realized and unrealized foreign exchange gains on currency exchange rates since the end of 2019 and a \$675 thousand recovery of exploration expense resulting from adjustment of previously booked capital expenditures at the East Jabung PSC.

2021

The operator of the East Jabung PSC continued to complete final steps to be taken for formal approval of the expiry from the Government of Indonesia, including reclamation requirements.

Discontinued operations in Indonesia for 2021 were \$212 thousand of G&A expense, \$23 thousand in foreign exchange loss and \$165 thousand increase of impairment expense for the East Jabung PSC.

2022 (to May 31)

Operations in Indonesia for the first quarter of 2022 were \$122 thousand of expenses and \$84 thousand in unrealized foreign exchange gains on currency exchange rates since the end of 2021.

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

2019

The Andora 2019 Resources Report evaluated Andora's contingent bitumen resources in the Sawn Lake area, Alberta using SAGD with five standardized "battery scale" SAGD facilities where growth is primarily funded by cash flow generated by the project. Full field development is with SAGD batteries of 5000 to 6000 BOPD each, which utilizes Andora's proprietary Produced Water Boiler technology using water from SAGD production to generate steam and meet water recycle requirements in Alberta. This strategy is intended to significantly reduce financial, reservoir and operating risk. The Andora 2019 Resources Report assigned an 85% chance of development for Sawn Lake, and the risked "Best Estimate" contingent resources for Andora were 194 million barrels of bitumen recoverable (139 million barrels net to Pan Orient's 71.8% interest in Andora) assigned to

the Sawn Lake Central and the Sawn Lake South blocks, both of which are operated by Andora. The risked "Best Estimate" net present value, discounted at 15%, for Andora's interests was \$101 million on an after-tax basis (\$74 million net to Pan Orient's 71.8% interest in Andora). There is no certainty that it will be economically viable to produce any of the reported contingent resource volumes.

Capital expenditures in 2019 for Andora were \$573 thousand for capital expenditures at Sawn Lake, capitalized operating expenses for the suspended SAGD project facility and wellpair at Sawn Lake Central and capitalized G&A.

2020

Significantly lower prices for heavy oil and bitumen in early 2020 due to geopolitical events and the collapse of global demand for crude oil resulting from COVID-19, and the associated deterioration in the economics for commercial expansion at Sawn Lake, indicated there was no expected commercial development at Sawn Lake in that market. Pan Orient reported a non-cash net impairment charge of \$80.2 million, \$57.6 million attributable to common shareholders of Pan Orient, on Sawn Lake Exploration and Evaluation assets at March 31, 2020.

After the impairment of Sawn Lake recorded at March 31, 2020, no operating expenses or G&A are capitalized. For the second, third and fourth quarters of 2020, Pan Orient reported total operating expense of \$210 thousand associated with the Sawn Lake suspended SAGD facility and wellpair.

2021

Since March 31, 2020, no Sawn Lake operating expenses or G&A have been capitalized. For 2021, Pan Orient reported total operating expense of \$279 thousand associated with the Sawn Lake suspended SAGD facility and wellpair.

2022 (to May 31)

In March 2022, Andora entered into an agreement with a joint venture partner at Sawn Lake whereby Andora acquired certain assets and assumed certain liabilities at Sawn Lake. Assets acquired consist of: (i) an additional 25% working interest in the Sawn Lake joint venture (Sawn Lake Central block); (ii) security deposits of the vendor for Sawn Lake placed with the Alberta Energy Regulator and other parties; and (iii) a payment from the vendor of \$578 thousand. In connection with the acquisition, Andora assumed the abandonment and reclamation costs, and natural gas tariff commitments associated with the additional 25% working interest in the Sawn Lake joint venture. Following the transaction, Andora has a 75% working interest in the Sawn Lake joint venture (Sawn Lake Central block).

For the first quarter of 2022, Pan Orient reported total operating expenses of \$66 thousand for Sawn Lake, primarily associated with maintaining the suspended SAGD facility and wellpair.

In June 2022, Andora obtained the Andora December 2021 Resources Report and also the Andora March 2022 Resources Report, which evaluates the contingent bitumen resources at Andora's oil sands interests at Sawn Lake, Alberta, Canada, as evaluated by Sproule. The Andora December 2021 Resources Report represents an update of the Andora 2019 Resources Report. Andora also obtained the Andora March 2022 Resources Report, an updated contingent bitumen resources report of its oil sands interests at Sawn Lake Alberta, Canada, effective March 31, 2022, which updated the Andora December 2021 Resources Report to include Andora's increase in working interests in the Sawn Lake Central area from 50% to 75% acquired in March 2022.

Canada – Corporate

2019

Pan Orient repurchased 654,400 Shares during 2019 at an average price of \$1.22 per Share under its normal course issuer bid.

Including its 50.01% equity interest in POES, total 2019 capital programs of Pan Orient in Thailand, Indonesia and Canada of \$21.9 million were financed by \$16.9 million of total corporate adjusted funds flow from operations (*non-GAAP financial measure*) and the remainder from working capital. Pan Orient had working capital and long-term deposits (*non-GAAP capital management measure*) at December 31, 2019 of \$22.2 million and no long-term debt, plus an additional \$10.5 million in working capital and long-term deposits (*non-GAAP capital management measure*) net to Pan Orient's 50.01% equity interest in POES.

2020

Pan Orient repurchased 2,752,000 Shares during 2020 at an average price of \$0.62 per Share under its normal course issuer bid.

Including its 50.01% equity interest in POES, total 2020 capital programs of Pan Orient in Thailand and Canada of \$10.3 million were financed by \$9.5 million of total corporate adjusted funds flow from operations (*non-GAAP financial measure*)

and the remainder from working capital. Pan Orient had working capital and long-term deposits (*non-GAAP capital management measure*) at December 31, 2020 of \$23.6 million and no long-term debt, plus an additional \$4.9 million in working capital and long-term deposits (*non-GAAP capital management measure*) net to Pan Orient's 50.01% equity interest in POES.

2021

Pan Orient repurchased 1,950,100 Shares during 2021 at an average price of \$0.87 per Share under its normal course issuer bid.

Including its 50.01% equity interest in POES, total 2021 capital programs of Pan Orient in Thailand of \$5.8 million were financed by \$16.7 million of total corporate adjusted funds flow from operations (*non-GAAP financial measure*). Pan Orient had working capital and long-term deposits (*non-GAAP capital management measure*) at December 31, 2021 of \$32.1 million and no long-term debt, plus an additional \$5.0 million in working capital and long-term deposits (*non-GAAP capital management measure*) net to Pan Orient's 50.01% equity interest in POES.

2022 (to May 31)

On February 10, 2022 Pan Orient paid Shareholders a special distribution of \$19.9 million (\$0.40 per Share) as a return of capital through a reorganization of capital approved by Shareholders January 18, 2022.

Including its 50.01% equity interest in POES, total first quarter 2022 capital programs of Pan Orient in Thailand, Indonesia and Canada of \$1.4 million were financed by \$4.5 million of total corporate adjusted funds flow from operations (*non-GAAP financial measure*). Pan Orient had working capital and long-term deposits (*non-GAAP capital management measure*) at March 31, 2022 of \$11.5 million and no long-term debt, plus an additional \$7.9 million in working capital and long-term deposits (*non-GAAP capital management measure*) net to Pan Orient's 50.01% equity interest in POES.

On June 6, 2022 Pan Orient announced that it had entered into an arrangement agreement to be acquired by a subsidiary of DIALOG Group Berhad and for Pan Orient's non-Thailand business to be transferred to CanAsia, a new company to be owned by Pan Orient shareholders. Pursuant to the Arrangement Agreement, DIALOG Systems (Asia) Pte Ltd., a wholly-owned subsidiary of DIALOG Group Berhad, will acquire, through a newly-incorporated Alberta subsidiary, all the outstanding shares of Pan Orient by way of a plan of arrangement under the ABCA (the "Arrangement"). A holder of a Share will receive, for each such Share, Cash Consideration of USD \$0.788 and one CanAsia Share.

Description of the Business

Summary

Pan Orient is a junior oil and natural gas company based in Calgary, Alberta, Canada with two primary areas of focus: 1) exploration and development in Asia, specifically Thailand; and 2) development of an oilsands project in Northern Alberta, Canada.

Pan Orient's average daily petroleum production for the year ended December 31, 2021 was 1,395 BOPD (with 999 BOPD of light/medium crude oil and 396 BOPD of heavy crude oil), including Pan Orient's net 50.01% equity interest in the Thailand Joint Venture for Concession L53, all of which was attributable to Thailand Concession L53. Refer to description of Thailand – Concession L53 below.

Plans for 2022 to date have included further exploration and development at Concession L53 in Thailand by POES and limited development activities at the Sawn Lake, Alberta SAGD property by Andora.

Pan Orient has sufficient working capital available to conduct these planned exploration and development programs. Pan Orient believes its success is largely dependent on the performance of its management and key employees, many of whom have specialized knowledge and skills relating to international and heavy oil operations. Management is of the view that Pan Orient has adequate personnel with the specialized skills required to successfully carry out its intended exploration and development activities.

Principal Properties

Pan Orient's principal interests in properties are divided into two distinct groups: 1) partially developed Concession L53 located onshore Thailand, held by POES; and 2) undeveloped Canadian oil sands leases, held by Andora.

Thailand Concession L53 (net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture)

Pan Orient holds a 50.01% equity interest in POES which is the operator of and holds a 100% working interest in 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 POES 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 POES are recorded as Investment in Joint Venture. Pan Orient's 50.01% equity interest in POES is Pan Orient's only investment in Thailand.

POES holds a 100% interest in Concession L53, which has oil production, development and exploration operations. Concession L53 is located approximately 60 kilometers west of Bangkok and at December 31, 2021, consisted 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).

The December 31, 2021 independent reserves evaluation for Thailand on-shore Concession L53 was prepared for POES, which is the operator and has a 100% working interest. The Sproule 2021 Reserves Report 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 POES, 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, 2021 identified as "Net to Pan Orient's 50.01% Equity Interest in Pan Orient Energy (Siam) Ltd." represent 50.01% of POES reserves and values. Net to Pan Orient's 50.01% equity interest in POES, proved plus probable crude oil reserves were 2,313 thousand barrels at December 31, 2021 from conventional sandstone reservoirs. Net to Pan Orient's 50.01% equity interest in POES, proved, probable and possible crude oil reserves were 2,986 thousand barrels at December 31, 2021. 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.

As at December 31, 2021 there were 82 employees and 27 contractors in Thailand with POES, in which Pan Orient has a 50.01% equity interest.

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

See "*Business of CanAsia*" in Appendix F – Information Concerning CanAsia Energy Corp. to the Circular.

Andora is a private oil company, in which Pan Orient has 71.8% ownership. At December 31, 2021 Andora had interests in 27 sections (21.5 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 SAGD development. Sawn Lake is divided into Sawn Lake Central and Sawn Lake South blocks. Andora is the operator of two oil sands leases with 11 gross sections (5.5 net sections) at Sawn Lake Central, where it had a 50% working interest at December 31, 2021. In March 2022, Andora increased its working interest in the Sawn Lake Central block from 50% to 75%. Andora is the operator of three oil sands leases with 16 gross sections (16 net sections) at Sawn Lake South, where it has a working interest of 100%.

The Sawn Lake property is in a pre-commercial stage and the commercial viability of the SAGD recovery process at Sawn Lake has not yet been established. No proved or probable reserves were assigned at December 31, 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. Pan Orient will continue to monitor bitumen prices and other factors influencing the timing and extent of potential future SAGD development at Sawn Lake.

A SAGD demonstration project at Sawn Lake commenced in 2013 and is located in the Central block of Sawn Lake (in which Andora is operator with a 50% working interest at December 31, 2021 and a 75% working interest at March 31, 2022). 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 SAGD 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 using Andora's proprietary Produced Water Boiler.

As at December 31, 2021 there were two employees at Pan Orient's head office in Calgary, Alberta and two employees of Andora.

Indonesia

Pan Orient has interests in Indonesia, held through its wholly owned subsidiary, POEH, and its subsidiaries.

East Jabung PSC (expired 2020) – The undeveloped interests at the East Jabung PSC, where Pan Orient held a 49% non-operated working interest, expired in January 2020 and the operator is continuing to complete the final steps to be taken for formal approval of the expiry by the Government of Indonesia, including reclamation requirements.

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

Pan Orient is withdrawing from operations in Indonesia and the Pan Orient office in Jakarta was closed on March 31, 2020. Pan Orient's activities in Indonesia were reported in 2020 as discontinued operations for accounting purposes.

Reserves

Attached as Schedule 1 to this Appendix E is an NI 51-101 Statement of Reserves Data and Other Oil and Gas Information effective December 31, 2021.

Contingent Resources

See "Contingent Resources at December 31, 2021", "Contingent Resources at March 31, 2022" and "Other Oil and Gas Information – Sawn Lake, Alberta" in Appendix F – Information Concerning CanAsia Energy Corp. to the Circular.

Selected Financial Information

The following financial statements are attached to this Appendix E:

- (a) Schedule 2: consolidated financial statements of Pan Orient as at December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019 (audited); and
- (b) Schedule 3: condensed interim consolidated financial statements of Pan Orient as at March 31, 2022 and for the three months ended March 31, 2022 and 2021 (unaudited).

Pan Orient

The following is selected financial information from the audited financial statements of Pan Orient for the years ended December 31, 2021, 2020 and 2019, and the unaudited financial statements of Andora for the three months ended March 31, 2022, and should be read in conjunction with these financial statements, which are attached as Schedules 2 and 3 to this Appendix E.

Pan Orient Energy Corp. - Selected Financial Information		Three Months Ended March 31, 2022 (unaudited)	Years Ended December 31 (audited)		
			2021	2020	2019
Consolidated into Carve-out Financial Statements (\$ thousands)	Notes				
Total assets		44,276	60,708	56,233	146,656
Current Assets		14,873	35,589	26,823	25,557
Long-term deposits	1	838	612	609	604
Investments in joint venture	2	28,164	24,094	28,329	34,127
Right-of-use assets		-	1	19	122
Equipment and other	3	401	412	453	395
Exploration and evaluation assets	4	-	-	-	85,851
Total liabilities		5,764	5,353	5,936	11,256
Accounts payable and accrued liabilities (trade)		3,244	3,112	3,352	3,343
Lease liabilities		-	4	20	124
Other liabilities		-	-	70	-
Deferred tax liabilities	4	-	-	-	5,574
Decommissioning provision (current and non-current)	5	2,520	2,237	2,494	2,215
Income from investment in joint venture		4,350	12,146	1,906	4,890
Expenses					

General and administrative		592	2,111	2,120	2,158
Operating expense		66	279	210	-
Stock-based compensation		279	1,094	651	815
Amortization and depreciation		12	59	52	57
Decommissioning expense (recovery)	5	(147)	(801)	359	-
Gain on acquisition	6	(280)	-	-	-
Finance income		(4)	(48)	(219)	(397)
Foreign exchange loss	7	247	61	867	1,007
Impairment	4	-	-	85,799	-
Deferred tax recovery	4	-	-	(5,574)	(1,125)
Net income (loss) from continuing operations		3,585	9,391	(82,359)	2,375
Net income (loss) from discontinued operations	8	(39)	(1,032)	273	(27,502)
Net income (loss)		3,546	8,359	(82,086)	(25,127)
Foreign exchange loss on translation of joint venture and foreign operations		(484)	(2,635)	(635)	(68)
Total comprehensive income (loss)		3,062	5,724	(82,721)	(25,195)
Cash flow used in operating activities		(967)	(3,050)	(1,942)	(1,692)
Cash flow from investing activities		283	13,712	6,984	5,026
Cash flow used in financing activities		(19,918)	(1,728)	(1,733)	(585)
Total comprehensive income (loss)		3,062	5,724	(82,721)	(25,195)

Notes:

- Deposits with Alberta Energy Regulator for Sawn Lake.
- Pan Orient holds a 50.01% interest in POES, which is considered a Joint Venture under IFRS and is accounted for using the equity method. Initial recognition of the investment in Joint Venture was recorded at fair value. The carrying amount is subsequently increased or decreased to recognize Pan Orient's share of the profit or loss from the joint venture. Distributions received from the joint venture reduce the carrying amount of the investment whereas funding to the joint venture increase the carrying amount. Pan Orient's profit or loss includes its share of the joint venture's profit or loss and Pan Orient's other comprehensive income includes its share of the joint venture's other comprehensive income or loss.
- Primarily consists of Canadian patent associated with Andora's proprietary Produced Water Boiler.
- With the severe decline in crude oil prices in March 2020, no commercial development at Sawn Lake was expected in those market conditions. Pan Orient reported a non-cash impairment charge of \$85.8 million on Sawn Lake Exploration and Evaluation assets in 2020 Q1 offset by the associated \$5.6 million reduction in deferred tax liabilities for a net impairment expense of \$80.2 million.
- Consisted of decommissioning provision at Andora's Sawn Lake project and remaining reclamation requirements at the Batu Gajah PSC and East Jabung PSC. Decommissioning provision decreased in 2021 due to third-party evaluation at Sawn Lake and increased in 2022 with the increase in working interests at Sawn Lake in March 2022.
- In March 2022, Andora acquired an additional 25% working interest in the Sawn Lake joint venture (Sawn Lake Central area), security deposits of the vendor for Sawn Lake and payment from the vendor of \$578 thousand. Andora assumed abandonment and reclamation costs, and natural gas tariff commitments associated with the additional 25% working interest.
- In each reporting period, the changes in the values of the U.S. dollar relative to Pan Orient's reporting currency will be recognized. The period end rates used to translate the U.S. dollar denominated financial statement items into Canadian dollars for the reporting periods are 1.30 at December 31, 2019, 1.27 at December 31, 2020, 1.27 at December 31, 2021 and 1.25 at March 31, 2022. U.S. dollars are held within Canada and at March 31, 2022 \$10.2 million (December 31, 2021: \$14.4 million) was denominated in U.S. dollars as cash and cash equivalents.
- The interests in Indonesian East Jabung 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 on March 31, 2020. The operation in Indonesia for accounting purposes effective January 1, 2020 is considered a discontinued operation under "IFRS 5 – Non-current assets held for sale and discontinued operations".

Andora

The following is selected financial information from the audited financial statements of Andora for the years ended December 31, 2021, 2020 and 2019, and the unaudited financial statements of Andora for the three months ended March 31, 2022.

Andora Energy Corporation - Selected Financial Information		Three Months Ended March 31, 2022	Years Ended December 31 (audited)		
			2021	2020	2019
Consolidated into Carve-out Financial Statements (\$ thousands)	Notes	(unaudited)			
Total assets		2,014	1,198	1,231	85,197
Current Assets		781	181	178	335
Long-term deposits	1	838	612	609	604
Patent	2	395	405	444	385
Exploration and evaluation assets	3	-	-	-	83,873
Total liabilities (including amount due to Pan Orient)		5,820	5,136	4,842	9,291
Accounts payable and accrued liabilities (trade)		145	107	95	77
Due to Pan Orient (convertible debenture, interest and G&A)	4	4,109	3,793	2,736	1,922
Deferred tax liabilities	3	-	-	-	5,613

Decommissioning provision (current and non-current)	5	1,566	1,236	2,011	1,679
Expenses					
Gain on acquisition	6	280	-	-	-
General and administrative, net of overhead recovery		(139)	(467)	(373)	(239)
General and administrative - bad debt expense	7	(13)	(113)	(172)	-
Operating expense	8	(66)	(279)	(210)	-
Finance expense for Pan Orient convertible debentures		(91)	(299)	(223)	(173)
Decommissioning expense	5	147	801	(359)	-
Other income or recovery (expense)		(5)	(80)	(20)	(22)
Impairment of exploration and evaluation assets of Andora	3	-	-	(83,821)	-
Deferred tax recovery	3	1	13	5,624	1,062
Net income (loss)		114	(424)	(79,554)	628
Cash flow used in operating activities		(131)	(1,016)	(489)	(282)
Net income (loss)		114	(424)	(79,554)	628

Notes:

- Deposits with Alberta Energy Regulator for Sawn Lake.
- Canadian patent associated with Andora's proprietary Produced Water Boiler.
- With the severe decline in crude oil prices in March 2020, no commercial development at Sawn Lake was expected in those market conditions. Andora reported a non-cash impairment charge of \$83.8 million on Sawn Lake Exploration and Evaluation assets in 2020 Q1 offset by the associated \$5.6 million reduction in deferred tax liabilities for a net impairment expense of \$80.2 million. Amounts excluded impairment related to consolidation entries at the Pan Orient level.
- For accounting purposes, the convertible debenture is separated into its liability and equity component. Excluding the reduction for the equity component of the convertible debenture, the amount due at March 31, 2022 is \$4.2 million.
- Decommissioning provision for Sawn Lake which decreased in 2021 based on a third-party evaluation at Sawn Lake and increased in 2022 with the increase in working interests at Sawn Lake in March 2022.
- In March 2022, Andora acquired an additional 25% working interest in the Sawn Lake joint venture (Sawn Lake Central area), security deposits of the vendor for Sawn Lake and payment from the vendor of \$578 thousand. Andora assumed abandonment and reclamation costs, and natural gas tariff commitments associated with the additional 25% working interest.
- Bad debt expense is associated with non-payment by two joint venture partners at Sawn Lake. Actions are being taken to collect amounts.
- Operating expenses for Sawn Lake were capitalized to exploration and evaluation assets prior to the impairment recorded in March 2020.

Management's Discussion and Analysis

Attached as Schedule 4 to this Appendix E is the Management's Discussion and Analysis for Pan Orient for the years ended December 31, 2021, 2020 and 2019 and the three months ended March 31, 2022.

Description of Securities

Pan Orient is authorized to issue an unlimited number of Pan Orient Shares. Holders of Pan Orient Shares are entitled to one vote per share at meetings of holders of Pan Orient Shares, to receive dividends if, as and when declared by the Pan Orient directors and to receive *pro rata* the remaining property and assets of Pan Orient upon its dissolution or winding-up.

As a step of the Plan of Arrangement, the articles of Pan Orient will be amended to create a new class of shares that Pan Orient is authorized to issue an unlimited number of "Class A Common Shares" (the "**New Pan Orient Shares**"), which shares shall have: (i) the right to vote at all meetings of shareholders of Pan Orient, except meetings at which only holders of another specified class of shares are entitled to vote, on the basis of two votes for each New Pan Orient Share; (ii) subject to the prior rights and privileges attaching to any other class of shares of Pan Orient, the right to receive any dividend declared by Pan Orient; and (iii) subject to the prior rights and privileges attaching to any other class of shares of Pan Orient, the right to receive the remaining property of Pan Orient upon dissolution. Under the Plan of Arrangement, these New Pan Orient Shares shall be issued to Shareholders in exchange for the Pan Orient Shares and then acquired by the Purchaser in exchange for the Consideration.

Dividends and Special Distributions

Dividends

There are no restrictions on Pan Orient's ability to pay dividends. Pan Orient has no formal dividend policy. Pan Orient has not declared or paid any regular dividends on its Shares and currently has no intention of paying dividends. Pan Orient has paid special distributions on its Shares, which are described below.

Special Distributions

In February 2022, Pan Orient completed a capital reorganization and on February 10, 2022 paid a \$0.40 per Share special distribution to Shareholders. Pan Orient's Shareholders approved a capital reorganization at a meeting held on January 18, 2022. The reorganization comprised a \$0.40 per Share reduction of Pan Orient's stated capital, a return of that stated capital to Shareholders, an exchange of Pan Orient's then issued and outstanding common shares for a new class of shares also called common shares, and other transactions contemplated by the articles of amendment approved and filed in connection with the reorganization.

In February 2015, Pan Orient completed the sale of a portion of its Thailand assets and on February 16, 2016 paid a \$0.40 per Share special distribution to Shareholders. This reduction of the stated capital of Pan Orient's Shares was approved by Shareholders at a meeting held on February 1, 2016.

In June 2012, Pan Orient completed the sale of a portion of its Thailand assets and on September 6, 2012 paid a \$0.75 per Share special distribution to Shareholders. This required a corporate reorganization which was approved by Shareholders at a meeting held on August 20, 2012. The reorganization comprised a \$0.75 per Share reduction of Pan Orient's stated capital, a return of that stated capital to Pan Orient's shareholders, an exchange of Pan Orient's then issued and outstanding common shares for a new class of shares also called common shares, and other transactions contemplated by the articles of amendment approved and filed in connection with the reorganization.

Capitalization

The following table sets forth the capitalization of Pan Orient as at December 31, 2021 and March 31, 2022. The table should be read in conjunction with the Pan Orient financial statements attached as Schedule 2 to this Appendix E.

	Authorized	Outstanding at December 31, 2021	Outstanding at March 31, 2022
Common shares ⁽¹⁾	Unlimited	49,793,907 Shares	49,793,907 Shares
Debt		Nil	Nil

Note:

- (1) Pan Orient also has outstanding options to purchase Shares. See "Compensation Discussion and Analysis – Stock Options" in attached Schedule 5 – Statement of Executive Compensation Attached to this Appendix E.

Prior Sales

There were two distributions of Pan Orient Shares during the five years preceding the date of the Circular, as follows:

- (a) On June 20, 2017, 15,000 Shares were issued on exercise of options by an employee, at an exercise price of \$1.43 per Share.
- (b) On July 12, 2019, 250,000 Shares were issued on exercise of options by a director, at an exercise price of \$0.89 per Share.

Trading Price and Volume

Pan Orient's Shares are listed on the TSXV and trade under the symbol "POE". The closing price of the Pan Orient Shares on the TSXV was \$1.11 at the close of business on July 20, 2022.

2021	Trading Volume	Trading Price Per Share (\$)	
		High	Low
January	688	0.90	0.79
February	778	0.87	0.78
March	785	0.95	0.81
April	165	0.90	0.79
May	725	0.92	0.82
June	258	1.08	0.90
July	243	1.12	0.95
August	194	1.07	0.92
September	80	1.03	0.88
October	458	1.30	1.00
November	157	1.29	1.15
December	169	1.30	1.04

2022	Trading Volume	Trading Price Per Share (\$)	
		High	Low
January	585	1.33	1.17
February (before \$0.40 Special Distribution February 10)	285	1.32	1.26
February (after \$0.40 Special Distribution February 10)	542	1.13	0.88
March	616	1.05	0.88
April	536	1.01	0.96
May	201	0.99	0.89
June	4,158	1.14	0.96
July 1 – July 21	205	1.13	1.11

Escrowed Securities

As of the date of the Circular, no Shares are held in escrow or are subject to a contractual restriction on transfer.

Principal Shareholders

To the knowledge of Pan Orient's directors and executive officers, as at the date of the Circular, no person or company beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to the issued and outstanding Shares other than as set out below.

Name of Shareholder	Number of Shares Owned ⁽¹⁾	Percentage of Shares Owned ⁽²⁾
Gulf Overseas Investment Trading Corporation Portcullis Trustnet Chambers P.O. Box 3444, Road Town, Tortola, British Virgin Islands	6,208,100	12.5%

Notes:

- (1) Information as to the number of Pan Orient Shares beneficially owned or over which control or direction is exercised is not within the knowledge of Pan Orient and has been derived from public sources available to Pan Orient and from the principal shareholder.
- (2) Based on 49,793,907 issued and outstanding Pan Orient Shares as at the Record Date.

Pan Orient understands that Gulf Overseas Investment Trading Corporation is controlled by Mr. Chatchai Yenbamroong and members of his family. In connection with the Arrangement Agreement, a Support Agreement was entered into by Mr. Yenbamroong in favor of the Purchaser. See "*The Arrangement Agreement – Effecting the Arrangement Agreement - Support Agreement*" in the Circular.

Directors and Executive Officers

Name, Address and Occupation

The following table sets out the name of each of the directors and executive officers of Pan Orient; all positions and offices in Pan Orient presently held by the individual; the individual's principal occupation at present and the individual's principal occupation during the preceding five years; the period during which the individual has served as a director or executive officer; and the number of Shares that the individual has advised are beneficially owned by him, directly or indirectly, or over which control or direction is exercised by him, as of the date hereof.

Name and Place of Residence	Present and Principal Occupation during the last five years	Date of Appointment as Director	Shares Beneficially Owned ⁽⁶⁾
Jeff Chisholm ⁽⁵⁾ Bangkok, Thailand Age: 58	President, Chief Executive Officer and a director of Pan Orient since 2005.	April 13, 2005	1,795,500
William Ostlund Calgary, Alberta, Canada	Vice President Finance, Chief Financial Officer and Corporate Secretary of Pan Orient since 2008.	-	38,000
Richard Alexander ⁽²⁾⁽³⁾⁽⁴⁾ Calgary, Alberta, Canada Age: 66	Corporate director and retired oil and gas company executive.	August 13, 2015	250,000

Name and Place of Residence	Present and Principal Occupation during the last five years	Date of Appointment as Director	Shares Beneficially Owned ⁽⁶⁾
Michael Hibberd ⁽²⁾⁽³⁾⁽⁴⁾ Calgary, Alberta, Canada Age: 66	President of MJH Services Ltd. (corporate finance advisory company).	April 13, 2005	420,000
Gerald Macey ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ Calgary, Alberta, Canada Age: 76	Retired oil and gas company executive.	April 13, 2005	1,438,800
Cameron Taylor ⁽²⁾⁽⁵⁾ Wolseley, Saskatchewan, Canada Age: 58	Chairman and Chief Executive Officer of ROK Resources Inc. (oil and gas company) since November 2019. President and Chief Executive Officer and other executive positions with Villanova 4 Oil Corp. (oil and gas company) from April 2013 to July 2018.	April 13, 2005	411,767

Notes:

- (1) Non-executive chairman of the board of directors.
- (2) Member of the audit committee. Richard Alexander is the chair of the audit committee.
- (3) Member of the compensation committee. Michael Hibberd is the chair of the compensation committee.
- (4) Member of the governance committee. Gerald Macey is the chair of the governance committee.
- (5) Member of the reserves committee. Cameron Taylor is the chair of the reserves committee.
- (6) The information as to Pan Orient Shares beneficially owned, not being within the knowledge of Pan Orient, has been furnished by the respective individuals or has been extracted from public filings or the register of shareholdings maintained by Pan Orient's transfer agent.

Each of the directors of Pan Orient holds office until the next annual meeting of the holders of Pan Orient Shares or until his successor is duly elected or appointed, unless his office is earlier vacated in accordance with Pan Orient's articles or by-laws or the ABCA.

The directors and officers of Pan Orient own, directly or indirectly, 4,354,067 Pan Orient Shares, representing approximately 8.7% of the issued and outstanding Pan Orient Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of management of Pan Orient, other than as set out below, no director or executive officer of Pan Orient is, as at the date hereof, or was within 10 years before the date hereof, a director, chief executive officer or chief financial officer or chief operating officer of any company (including Pan Orient) that: (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer. For the purposes of this paragraph, "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days.

To the knowledge of management of Pan Orient, other than as set out below, no director or executive officer of Pan Orient, or shareholder of Pan Orient holding sufficient securities of Pan Orient to materially affect the control of Pan Orient: (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including Pan Orient) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets; or (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Richard Alexander was a director and the President and Chief Executive Officer of Parallel Energy Trust ("Parallel") when Canadian securities regulatory authorities issued orders in November 2015 that trading or purchasing securities of Parallel cease for its failure to file interim unaudited financial statements, interim management's discussion and analysis, and certification of interim filings for the interim period ended September 30, 2015. Mr. Alexander was also a director and the President and Chief Executive Officer of Parallel and a director and officer of certain of its subsidiaries when, in November 2015, Parallel and its Canadian subsidiaries obtained a creditor protection order under the *Companies' Creditors Arrangement*

Act (Canada) and its United States subsidiaries filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Bankruptcy Code. Parallel's United States assets (being substantially all of Parallel's assets) were sold in January 2016 and bankruptcy proceedings in the United States were completed in October 2016. Parallel and its Canadian subsidiaries were assigned into bankruptcy under the *Bankruptcy and Insolvency Act* (Canada), and the *Companies' Creditors Arrangement Act* (Canada) proceedings were terminated, in March 2016.

Michael Hibberd was formerly a director of Skope Energy Inc. (a TSX listed oil and gas company), which commenced proceedings in the Court of Queen's Bench of Alberta under the *Companies' Creditors Arrangement Act* (Canada) to implement a restructuring in November 2012, which was completed in February 2013.

Mr. Hibberd was a director of Montana Exploration Corp. in May 2018 when a cease trade order was issued by the Alberta Securities Commission for failure to file annual audited financial statements and related documents for the year ended December 31, 2017. That cease trade order remains in effect.

Mr. Hibberd is a director of Sunshine Oilsands Ltd., which has been the subject of cease trade orders issued by the Alberta and Ontario securities commissions beginning in October 2020 for failure to file annual audited financial statements prepared in accordance with requirements of securities laws for the year ended December 31, 2020 and failure to file annual audited financial statements and related documents for the year ended December 31, 2020. Those cease trade orders remain in effect.

No director or executive officer of Pan Orient, or a shareholder holding a sufficient number of securities of Pan Orient to affect materially the control of Pan Orient, has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of Pan Orient will be subject in connection with the operations of Pan Orient. In particular, certain of the directors and officers of Pan Orient are involved in managerial and/or director positions with other oil and gas companies whose operations may, from time to time, be in direct competition with those of Pan Orient or with entities may, from time to time, provide financing to, or make equity investments in, competitors of Pan Orient. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides that if a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

Executive Compensation

See *Schedule 5 – Statement of Executive Compensation* attached to this Appendix E.

Audit Committee

Canadian Securities Administrators' National Instrument 52-110 – *Audit Committees* ("**NI 52-110**") requires Pan Orient to disclose annually certain information relating to Pan Orient's Audit Committee and its relationship with Pan Orient's independent auditor.

Audit Committee Charter, Composition and Relevant Education and Experience

The Audit Committee is governed by its charter that is attached as Schedule 6 to this Appendix E.

The Audit Committee is comprised of the following directors: Richard Alexander (Chair), Michael Hibberd, Gerald Macey and Cameron Taylor. Each of them is considered "independent" and "financially literate" within the meaning of NI 52-110.

The education and experience of each Audit Committee member that is relevant to the performance of his responsibilities is as follows:

Name	Relevant Education and Experience
Richard Alexander	Richard Alexander has a breadth of financial and operational experience in the energy sector. From January 2013 to March 2016, he was a director and the President and Chief Executive Officer of Parallel Energy Trust. From July 2011 to December 2012, he was a director of Marquee Energy Ltd. From May 2006 to June 2011, he held various positions at AltaGas Ltd., including the position of President. He was also the Vice President, Finance and Chief Financial Officer of Niko Resources Ltd. from September 2003 to April 2006 and the Vice

Name	Relevant Education and Experience
	President, Investor Relations and Communications of Husky Energy Inc. from July 2000 to August 2003. Mr. Alexander received a Bachelor of Business Management from Ryerson Polytechnical Institute (now named Ryerson University) and is a Certified Management Accountant and a Chartered Financial Analyst. Mr. Alexander is the lead independent director and the chair of the audit committee of Global Water Resources, Inc. and was until June 2018 the lead independent director and a member of the audit committee of Oryx Petroleum Corporation Limited.
Michael Hibberd	Mr. Hibberd has significant energy project planning and capital markets experience. He spent 12 years with ScotiaMcLeod (now named Scotia Capital Inc.) in corporate finance in Toronto and Calgary, focusing on oil and gas, mining and communications companies. He was a Director and Senior Vice-President, Corporate Finance at ScotiaMcLeod until 1995. In 1995, Mr. Hibberd established a corporate finance advisory business focused on providing advice to companies based in Calgary with North American and International operations. He has been actively involved in development and privatization projects in North America, Central Asia, the Middle East and South America. Mr. Hibberd is a director of Canacol Energy Ltd., PetroFrontier Corp. and Sunshine Oilsands Ltd. He is the chairman of the audit committee of Canacol and PetroFrontier. He is the Chairman of Canacol and GreenFields and the Non-Executive Vice-Chairman of Sunshine.
Gerald Macey	Mr. Macey has over 40 years of international and domestic oil industry experience and was an Executive Vice President Exploration at EnCana Corporation until 2004. He has been a director of Addax Petroleum Corporation, Gran Tierra Energy Inc., Oryx Petroleum Corporation Limited and Verenex Energy Inc., each of which was or is an international oil and gas company listed on the TSX. Mr. Macey was a member of the audit committee of Gran Tierra, Oryx and Verenex.
Cameron Taylor	Mr. Taylor is a geoscientist with over 30 years of experience in frontier, foothills, deep Devonian and heavy oil exploration. He the Chairman, Chief Executive Officer and a member of the audit committee of ROK Resources Inc. Mr. Taylor held executive positions with Villanova 4 Oil Corp., Villanova Oil Corp., Villanova Resources Inc. and Villanova Energy Corp. until their respective sales and prior to that with Keystone Energy Corp., Keystone Energy Inc. and Canadian 88 Energy Corp. Each company is or was an oil and gas company focused on exploration and production in Western Canada.

Audit Committee Oversight, Pre-Approval Policies and Procedures and External Auditor Service Fees

At no time since the commencement of Pan Orient's most recently completed financial year has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the board of directors.

The Audit Committee Charter attached as Schedule 6 to this Appendix E sets forth, in section 40, the specific policies and procedures that the Audit Committee has adopted for the engagement of non-audit services.

The fees billed by Pan Orient's external auditor in the last two fiscal years are set out in the table below. Audit-related fees (for each year) were incurred to ensure compliance with new regulatory reporting requirements and regulatory filings in foreign jurisdictions. Tax fees (for each year) were incurred for tax planning and compliance services.

Financial Period Ending	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
December 31, 2021	\$223,950	\$10,431	\$69,374	Nil
December 31, 2020	\$354,666	\$4,328	\$63,530	Nil

Reliance on Exemption

Pan Orient is relying on the exemption in section 6.1 of NI 52-110 for issuers listed on the TSXV which allows for an exemption from Part 5 (Reporting Obligations) providing for the short form of disclosure of audit committee procedures.

Corporate Governance

Pan Orient's board of directors considers good corporate governance to be central to the effective and efficient operation of Pan Orient. The Canadian Securities Administrators have published guidelines for issuers to consider in developing their own

corporate governance practices. Annual disclosure of those practices is required. Pan Orient's corporate governance practices are set forth below.

Board of Directors

Pan Orient currently has five directors, four of whom are independent. The definition of independence used by the board of directors is that used by the Canadian Securities Administrators. A director is independent if he or she has no direct or indirect material relationship with Pan Orient. A "material relationship" is a relationship which could, in the view of the board, be reasonably expected to interfere with the exercise of a director's independent judgment. Certain types of relationships are by their nature considered to be material relationships.

Directors Richard Alexander, Michael Hibberd, Gerald Macey and Cameron Taylor are independent. Director Jeff Chisholm is not independent because he is the President and Chief Executive Officer of Pan Orient. Gerald Macey is the non-executive Chairman of the board.

Pan Orient adopted a Board of Directors Charter in May 2016. The board of directors is responsible for the overall stewardship of Pan Orient and for supervising the management of the business and affairs of Pan Orient with a view to the best interests of Pan Orient.

The board of directors exercises its independent supervision over Pan Orient's management through a combination of formal meetings of the board of directors as well as informal discussions amongst the board members. The independent directors can also hold scheduled meetings at which non-independent directors or members of management are not in attendance. Where matters arise at board meetings which require decision making and evaluation by independent or non-management directors, the meeting breaks into an *in camera* session among the independent or non-management directors.

Directorships

Certain directors are also directors of other issuers that are reporting issuers (or the equivalent), as follows:

Director	Other Directorships	Stock Exchange Listing
Richard Alexander	Global Water Resources, Inc.	Toronto Stock Exchange & NASDAQ
Jeff Chisholm	ROK Resources Inc.	TSXV
Michael Hibberd	Canacol Energy Ltd.	Toronto Stock Exchange, OTCQX & Bolsa de Valores de Colombia
	PetroFrontier Corp.	TSXV
	Sunshine Oilsands Ltd.	Stock Exchange of Hong Kong
Cameron Taylor	ROK Resources Inc.	TSXV

Orientation and Continuing Education

Changes to the board of directors are infrequent so there is no need for a formal orientation program for directors.

The board does not provide formal continuing education for directors. Directors maintain the skill and knowledge necessary to meet their obligations as directors through a combination of their existing education, experience as businessmen and managers, service as directors of other issuers and advice from Pan Orient's legal counsel, auditor and other advisers.

Ethical Business Conduct

The board of directors takes various steps to encourage and promote a culture of ethical business conduct at Pan Orient. This includes required adherence to Pan Orient's Code of Business Conduct and Ethics. The skill and knowledge of board members and advice from counsel ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Directors and officers are required to disclose dealings in any of the geographic areas in which Pan Orient operates. They are also subject to the general obligation under corporate law to disclose and not vote on any material contract or transaction with Pan Orient in which the director or officer has an interest.

Nomination of Directors

The Governance Committee reviews, from time to time, the size of the board of directors; assesses the competencies, skills and personal qualities required of directors in light of Pan Orient's circumstances, business strategies and applicable regulatory requirements; reviews the competencies, skills and personal qualities of, and contributions made by, each existing director;

makes recommendations for any changes to the composition of the board of directors; and identifies individuals qualified to become new directors and submits recommendations to the board of directors for its consideration and decision.

Compensation

The board of directors has appointed a Compensation Committee. The Committee's members and mandate are described in "*Compensation Governance*" in Schedule 5 to this Appendix E.

Non-management directors receive a base annual retainer of \$25,000 and a fee of \$1,500 for each directors' meeting and committee meeting attended. The Chairman of the Board receives an additional annual retainer of \$25,000, the chair and each member of the audit committee receive an additional annual retainer of \$12,000 and \$5,000 respectively and the chair of each of the other committees (presently the Compensation Committee, Reserves Committee and the Governance Committee) receives an additional annual retainer of \$5,000. Non-management directors are also compensated through grants of stock options (until 2019) and restricted share units (from 2020). Additionally, upon a board member's acceptance of a request to leave the board prior to the expiry of the full normal annual term, payment to that board member will be \$50,000. The board believes that the compensation of non-management directors realistically reflects the responsibilities and risk involved in being an effective director.

The compensation paid to Mr. Chisholm, the President and Chief Executive Officer, is established pursuant to his executive employment agreement, which was negotiated by the Compensation Committee and approved by the board. The elements of his compensation are described in "*Compensation Discussion and Analysis*" in Schedule 5 to this Appendix E and amounts paid to him are disclosed above under "*Executive Compensation – Named Executive Officer and Director Compensation*" in Schedule 5 to this Appendix E.

Other Board Committees

In addition to the Audit Committee and the Compensation Committee, each of which is described above, the directors have also appointed a Governance Committee and a Reserves Committee.

The Governance Committee is comprised of Messrs. Macey (Chair), Alexander and Hibberd. Its mandate, set out in a Governance Committee Charter that was adopted in May 2016, includes the composition of the board of directors; board and committee mandates; board, committee and director monitoring and evaluation; dealings with management; succession planning and executive development; director and officer insurance; and corporate governance disclosure.

The Reserves Committee is comprised of Messrs. Taylor (Chair), Macey and Chisholm. Its mandate, set out in a Reserves Committee Charter that was adopted in May 2016, is to assist the board of directors and make recommendations in respect of the required independent evaluation and review of Pan Orient's oil and gas reserves, any voluntary independent evaluation and review of Pan Orient's contingent resources or prospective resources and the disclosure of reserves data, any resources data and other oil and gas information.

Assessments

The Governance Committee is responsible for assessing the effectiveness of the board as a whole, the committees of the board and the contribution of individual directors.

Risk Factors

An investment in Pan Orient Shares is subject to certain risks. Readers should consider carefully the risk factors in this Circular, including under the heading "*Risk Factors*". All statements regarding Pan Orient's business should be viewed in light of these risk factors. Readers should consider carefully whether an investment in Pan Orient Shares is suitable for them in light of the information set forth in this Circular and in the documents incorporated by reference in this Information Circular. Such information does not purport to be an exhaustive list. If any of the identified risks were to materialize, Pan Orient's business, financial position, results and/or future operations may be materially affected. Additional risks and uncertainties not presently known to Pan Orient, or which Pan Orient currently deems immaterial, may also have an adverse effect upon Pan Orient.

Readers should also carefully review and consider all other information contained in this Circular before making an investment decision and consult their own professional advisors when necessary.

Exploration, Development and Production

There are several risks and uncertainties involved with an investment in Pan Orient due to the nature of Pan Orient's involvement in the exploration for, and the acquisition, development, production and marketing of, crude oil and natural gas in

foreign countries and the development of heavy oil resources in Canada, as well as the current stage of Pan Orient's development.

The long-term success of Pan Orient will depend on its ability to find, acquire, develop and commercially produce crude oil and natural gas reserves. Oil and natural gas exploration involves a high degree of risk and there is no assurance that Pan Orient will be able to locate satisfactory properties for acquisition or participation or that Pan Orient's expenditures on future exploration will result in new discoveries of oil or natural gas in commercial quantities. Pan Orient's oil and natural gas operations may be subject to several risks associated with such operations, including premature decline of reservoirs and the invasion of water into producing formations, the inherent uncertainties of drilling in unknown formations, cost overruns associated with encountering various drilling conditions, collapse of wellbore, tools lost in the hole and changes in drilling plans and locations.

Future oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion, infrastructure and operating costs. In addition, drilling hazards and/or environmental damage could greatly increase the costs of operations and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals, consents or permits, shut-in of wells resulting from extreme weather conditions or natural disasters, insufficient transportation capacity or other geological and mechanical conditions. Production delays and declines from normal field operating conditions may adversely affect revenue and cash flow levels to varying degrees.

The nature of oil and gas operations exposes Pan Orient to risks inherent in the operation and development of oil and natural gas properties, including encountering unexpected formations or pressures, blow-outs, craterings and fires, all of which could result in personal injuries, loss of life and damage to the property of Pan Orient and others. Losses resulting from the occurrence of any of these risks may have a material adverse effect on Pan Orient's business, financial condition, results of operations and prospects. Pan Orient has both safety and environmental policies in place to protect its operators and employees, as well as to meet the regulatory requirements in those areas where it operates. In addition, Pan Orient has liability insurance policies in place, in such amounts as it considers adequate. However, Pan Orient will not be fully insured against all of these risks, nor are all such risks insurable.

Reserves and Resources

There are numerous uncertainties inherent in estimating quantities of proved, probable and possible oil and natural gas reserves and contingent resources and cash flows to be derived therefrom, including many factors beyond Pan Orient's control. In general, estimates of economically recoverable oil and natural gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and natural gas, royalty rates, future operating costs and the assumed effects of government regulations including production sharing and taxation, all of which may vary from actual results. All such estimates are to some degree speculative, and classifications of reserves are only attempts to define the degree of speculation involved. For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues expected therefrom prepared by different engineers, or by the same engineers at different times, may vary. Pan Orient's actual production, revenues and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

Estimates of reserves or contingent resources that may be developed and produced in the future can be based upon volumetric calculations and analogy to similar types of reserves rather than actual production history. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves or contingent resources based upon production history and production practices will result in variations in the estimated reserves or contingent resources and such variations could result in material reserve or contingent resources revisions. Market price fluctuations of oil, heavy oil, bitumen and natural gas prices and an increase in actual operating costs experienced on a project may render the recovery of the reserves or contingent resources uneconomic.

A significant portion of Pan Orient reserves and contingent resources are non-producing or undeveloped. The reserves and contingent resources may not ultimately be developed or produced, either because it may not be commercially viable to do so or for other reasons. In addition, not all of Pan Orient's undeveloped reserves and contingent resources may be ultimately produced within the time period Pan Orient has planned, at the costs Pan Orient has budgeted, or at all.

The estimates of reserves, contingent resources and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves, contingent resources and future net revenue for all properties due to the effects of aggregation.

Pan Orient's actual future net cash flows as estimated by independent reserve engineers will be affected by many factors which include, but are not limited to: actual production levels, supply and demand for oil and natural gas, curtailments or changes in governmental regulation, taxation changes, the value of the Canadian dollar relative to Pan Orient's functional currencies and the impact of inflation on costs.

Pursuit of New Technology

Capital projects, such as Andora's Sawn Lake project, that rely largely or partly on new technologies present additional exploration and development risks and the success of projects incorporating new technologies cannot be assured. Pan Orient may incur additional costs and invest in new technologies and innovation. It is possible that the return on these investments may be less than Pan Orient expects, which may have an adverse effect on Pan Orient's business, financial condition and reputation. Other oil and gas companies may have greater financial, technical and personnel resources that allow them to implement and benefit from technological advantages. There can be no assurance that Pan Orient will be able to respond to such competitive pressures and implement such technologies on a timely basis, or at an acceptable cost. If Pan Orient does implement such technologies, there is no assurance it will do so successfully. If Pan Orient is unable to utilize the most advanced commercially available technology, or is unsuccessful in implementing certain technologies, its business, financial condition and results of operations could also be materially adversely affected.

Steam Assisted Gravity Drainage ("SAGD")

Pan Orient uses the SAGD recovery process at its Sawn Lake SAGD project. The recovery of heavy oil and bitumen using the SAGD process is subject to uncertainty. The quality and performance of the reservoir can impact the timing, cost and levels of production using this technology. Current SAGD technologies for in-situ recovery of heavy oil and bitumen are energy intensive, requiring significant consumption of natural gas and other fuels in producing steam that is used in the recovery process. The amount of steam required in the production process can vary and impact costs significantly. Recovery of heavy oil and bitumen using the SAGD process can also be very capital intensive and no assurance can be given that this capital would be available or on terms satisfactory to Pan Orient. Furthermore, costs estimates for major projects involve uncertainties related to the long-term nature of the project as many circumstances can change from the beginning of the project to the end. Additional risks may include but are not limited to: (i) the ability to obtain necessary environmental and other regulatory approvals; risks relating to schedule, resources and costs, including the availability and cost of materials, equipment and qualified personnel; (ii) the impact of general economic, business and market conditions; (iii) the impact of weather conditions; (iv) Pan Orient's ability to finance growth; and (v) the effect of changing government regulations and public expectations in relation to the impact of oil sand development on the environment. Accordingly, actual timing, cost and level of production of heavy oil and bitumen can vary significantly from estimates. If the costs of the project increase significantly or anticipated production levels are not achieved it could render the project uneconomic which could materially adversely affect Pan Orient's business, financial condition, results of operations and cash flows.

Any restart of the Sawn Lake SAGD operations and commercial development of Sawn Lake may not commence or could be delayed or not completed due to a number of factors, including low commodity prices, increases in the costs of materials and labour, availability of equipment and qualified personnel, labour disputes or disruptions or declines in labor productivity, unfavourable weather conditions, contractor or design errors, changes in environmental laws, catastrophic events like fires, explosions and earthquakes, and inadequate performance from third party contractors. If any of these events occur they could have a material adverse effect on Pan Orient's ability to develop this project which could materially affect our business, financial condition and results of operations.

Oil and Natural Gas Prices

The price of oil and natural gas will fluctuate based on factors beyond Pan Orient's control. Factors which will influence future prices include demand for oil and natural gas, market fluctuations with respect to West Texas Intermediate ("WTI"), Brent and Western Canada Select ("WCS") reference prices, currency exchange rates, the proximity and capacity of oil and natural gas transportation and processing equipment as well as government regulations, including regulations relating to environmental protection, allowable production, pricing, importing and exporting of oil and natural gas. Fluctuations in price will have a positive or negative effect on the revenue to be received by Pan Orient. The marketability of commodities discovered in the countries in which Pan Orient operates may be affected by additional factors which are beyond the control of Pan Orient.

Changing Investor Sentiment and Demand

A number of factors, including the effects of the use of hydrocarbons on climate change, the impact of oil and natural gas operations on the environment, environmental damage relating to spills of petroleum products during production and transportation and Indigenous rights, have affected certain investors' sentiments towards investing in the oil and natural gas industry. As a result of these concerns, some institutional, retail and governmental investors have announced that they no longer

are willing to fund or invest in oil and natural gas properties or companies, or are reducing the amount thereof over time. In addition, certain investors are requesting that issuers develop and implement more robust social, environmental and governance ("ESG") policies and practices. Developing and implementing such policies and practices can involve significant costs and will require a significant time commitment from Pan Orient's board and management. Failing to implement the policies and practices, as requested by investors, may result in such investors reducing, or eliminating, their investment in Pan Orient.

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to crude oil, technological advances in fuel economy and renewable energy generation systems, government policies and initiatives and changing society priorities and social pressures may reduce the demand for petroleum products. Recently, certain jurisdictions have implemented policies or incentives to decrease the use of hydrocarbons and encourage the use of renewable fuel alternatives, which may lessen the demand for petroleum products and put downward pressure on commodity prices. Advancements in energy efficient products have a similar effect on the demand for crude oil products. Pan Orient cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on Pan Orient's business, financial condition, results of operations and cash flow by decreasing its profitability, increasing its costs, limiting its access to capital and decreasing the value of its assets.

Foreign Activities

Pan Orient's business operates in foreign countries where there are added risks and uncertainties due to the different economic, cultural and political environments. Potential risks include, but are not limited to, risk of war, risk of terrorist activities, political unrest, border disputes, expropriation, renegotiations or modification of existing contracts, freezing of bank accounts and other assets, restrictions on repatriation of funds to Canada, import, export and transportation regulations and tariffs, exchange controls, currency fluctuations, labour disputes, sudden changes in laws, including those related to royalties and taxation, government control over domestic oil and gas pricing and uncertainties in perfecting mineral titles. In the event of a dispute arising from disagreement with Pan Orient involving foreign operations Pan Orient may be subject to the exclusive jurisdiction of foreign courts, the risks of which include unfamiliarity with the legal system and potential language barriers.

Pan Orient's foreign operations also expose it to risks that are unique to the specific countries it has current or future operations in. Some of the areas that Pan Orient has operations in may be considered politically and economically unstable. Exploration or development activities in such countries may require protracted negotiations with host governments, national oil companies and third parties and may be subject to economic and political considerations such as taxation, nationalization, expropriation, inflation, currency fluctuations, increased regulation and approval requirements, corruption, disruptions or violence related to political factors and the risk of actions by terrorist or insurgent groups, any of which could adversely affect the economics of exploration or development projects.

Infrastructure development and access to quality drilling and related equipment in the countries in which Pan Orient operates are limited. These factors may affect Pan Orient's ability to explore and develop its properties, including the cost and timing of its projects and transportation of any production.

The majority of Pan Orient's revenues and expenses are denominated in the U.S. dollar, Thai Baht and Indonesian Rupiah, and as such Pan Orient is exposed to fluctuations in foreign exchange rates when Canadian dollars must be converted to foreign currencies to fund foreign expenditures as well as on translation of the financial statements of the foreign operations to Canadian dollars. In order to reduce risk with respect to cash held in foreign countries and to minimize exposure to foreign currency exchange fluctuations, Pan Orient aims to hold an optimal amount of funds within Canada, denominated in Canadian dollars. This strategy involves maintaining an appropriate cushion of Baht in Thailand to satisfy payments in that currency as they come due.

Enforcement of Civil Liabilities

Certain of Pan Orient's assets are located outside of Canada and the President & Chief Executive Officer is resident outside of Canada. As a result, it may be difficult or impossible to bring an action in Canada against directors or experts who are not residents of Canada. It may also not be possible for an investor to enforce judgments granted by a court in Canada against the assets of Pan Orient or that officer of Pan Orient residing outside of Canada.

Credit Risk

Pan Orient is or may be exposed to third party credit risk through the sale of its production, contractual arrangements with its current or future joint venture partners and other parties.

Currently 100% of Pan Orient's production in Thailand is sold to a refinery owned by the Thai National Oil Company. Pan Orient is paid for its production on a monthly basis, typically within a week of the end of the month. Pan Orient has assessed

the risk of non-collection from the Thai government as minimal but failure of the Thai National Oil Company to meet its contractual obligations to Pan Orient would have a material adverse effect on Pan Orient and its cash flows.

Permits and Licenses

The operations of Pan Orient require licenses and permits from various governmental authorities in several jurisdictions. There can be no assurance that Pan Orient will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development or reclamation activities at its projects. Furthermore, there is no guarantee that such permission will be granted within the timeframes expected by Pan Orient. The result can be a significant delay in timing of projects, potentially increasing costs and affecting outstanding commitments.

Capital Requirements and Liquidity

Pan Orient anticipates that it will make capital expenditures for the exploration, development and production of oil and natural gas reserves in the future. Based on Pan Orient's forecasted cash and capital requirements for 2022, Pan Orient expects that its funds from operations and cash on hand will be sufficient to meet its working capital requirements and planned capital expenditures. However, Pan Orient's revenues or reserves may decline, adjusted funds flow from operations may be lower than expected, capital costs for planned projects may exceed current estimates or Pan Orient may incur major unanticipated expenses related to development or maintenance. Further, uncertainty in the global economic situation could mean that Pan Orient, along with other oil and gas entities, may face restricted access to capital and increased borrowing costs. Specifically, changing investor priorities and trends, including as a result of climate change and ESG initiatives, the adoption of decarbonization policies and the general stigmatization of the oil and gas industry, may limit Pan Orient's ability to attract and access capital. As a result Pan Orient may have limited ability to expend the capital necessary to undertake or complete future drilling programs and there can be no assurance that debt or equity financing or cash generated by operations will be available or sufficient to meet Pan Orient's requirements or, if debt or equity financing is available, that it will be on terms acceptable to Pan Orient or at all. Moreover, future activities may require Pan Orient to alter its capitalization significantly. The inability of Pan Orient to access sufficient capital for its operations could have a material adverse effect on Pan Orient's financial condition, results of operations or prospects.

Additional Funding Requirements

Pan Orient's cash flow from its reserves may not be sufficient to fund its ongoing activities at all times. From time to time, Pan Orient may require additional financing in order to carry out its oil and natural gas acquisition, exploration and development activities. Failure to obtain such financing on a timely basis or at all could cause Pan Orient to forfeit its interest in certain properties, miss certain acquisition opportunities, reduce or terminate its operations or fail to fulfill its work commitments. If Pan Orient's revenues from its reserves decrease as a result of production declines, lower oil prices or otherwise, it will affect Pan Orient's ability to expend the necessary capital to replace its reserves or to maintain its production. If Pan Orient's cash flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available or available on favorable terms.

Reliance on Key Employees

The success of Pan Orient is largely dependent upon the performance of its management and key employees. Pan Orient has no key-man insurance policies, and therefore is at risk that the death or departure of any member of management or any key employee, which could have a material adverse effect on Pan Orient.

Reliance on Industry Partners

Pan Orient will rely on industry partners, including suppliers, contractors, joint venture partners and the other shareholder in POES, in executing its business strategy and operations. As a result, Pan Orient may be exposed to third party operational and credit risk through its contractual arrangements with its current or future suppliers, contractors and joint venture partners. In the event that such entities fail to meet their contractual obligations to Pan Orient, such failures could have a material adverse effect on Pan Orient and its ability to implement its business strategy and operations. In addition, Pan Orient may be unable to exert influence over the strategic decisions made in respect of properties that are subject to such contractual arrangements.

Reliance on Third Party Operator

Pan Orient is not the operator of the East Jabung PSC, so is dependent on the operator for the timing and extent of activities for formal termination of the PSC, including reclamation requirements, and will largely be unable to direct or control the activities of the operator.

Management of Growth

Any significant expansion of Pan Orient's business may place a significant strain on its financial, operational and managerial resources and there can be no assurance that Pan Orient will be able to implement and subsequently improve its operations and financial systems successfully and in a timely manner in order to manage rapid growth successfully. Any inability of Pan Orient to manage growth successfully could have a material adverse effect on Pan Orient's business, financial condition and results of operations.

Government Regulations

Pan Orient is subject to various laws, regulations, regulatory actions and court decisions that can have negative effects on Pan Orient. Changes in the regulatory environment imposed upon Pan Orient could adversely affect the ability of Pan Orient to attain its corporate objectives.

Pan Orient's operations will be subject to a variety of foreign and Canadian federal and provincial laws and regulations, including royalty regimes, income tax laws and laws and regulations relating to the protection of the environment. Compliance with new and existing regulations may require significant expenditures by Pan Orient, which could have a material adverse effect on Pan Orient.

Title to Properties

Although title reviews will be performed according to industry standards prior to the purchase of most oil and natural gas producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat the claim of Pan Orient which could result in a reduction of Pan Orient's revenue.

In Canada the Crown or, to a lesser extent, private land owners own oil and gas rights and lease those rights to corporations which are responsible for the development of such rights within the time frames described in the leases. This practice differs distinctly in some foreign countries in which Pan Orient does business. In these countries, the state grants interests in large tracts of lands and maintains control over the development of the oil and gas rights, in some cases through equity participation in the exploration and development of the rights. Depending on the country, this can impose certain obligations on Pan Orient to use certain service providers and complete minimum work within specified time frames. Transfers of interests typically require a state approval, which may delay or otherwise impede transfers. In addition, if a dispute arises in Pan Orient's foreign operations, Pan Orient may be subject to the exclusive jurisdiction of foreign arbitration tribunals or foreign courts. The jurisdictions in which Pan Orient operates may have less developed legal systems than jurisdictions with more established economies. In addition, several source documents relative to Pan Orient's operations are not in English and as a result Pan Orient's understanding of such is reliant on proper translation and guidance from advisors in its countries of operations.

Taxes

Calculations for required income tax and other tax filings in Thailand, Indonesia, Singapore and Canada are based on interpretation of complex laws and regulations and are subject to reassessment by the applicable taxation authorities. A successful reassessment of Pan Orient's tax filings or any change in regulations may have a significant impact on current and future taxes payable.

Pan Orient is currently subject to Thai income tax and SRB tax filing requirements for its production in Thailand. Thailand income tax and tax are subject to several variables, primarily production levels, cash flows, capital expenditures and changes in government legislation but also changes in Thailand's consumer price index, wholesale price index, cumulative meters drilled on the concession and, for certain concessions, changes in the exchange rate between the Baht and the US dollars. These factors, some of which are beyond Pan Orient's control, may have a material effect on Pan Orient's tax expense.

Competition

The oil and natural gas industry is highly competitive in the acquisition of exploration prospects, the development of new sources of production and the marketing of commodities. Pan Orient's competitors include oil and natural gas companies that have substantially greater financial resources, including major integrated oil and natural gas companies, numerous other independent oil and natural gas companies, individual producers and operators and state-owned oil companies. Pan Orient's ability to increase reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling.

Social and Environmental Policies

Pan Orient's operations are subject to Canadian and foreign legislation with respect to safety and environmental matters, the regulations for which can vary greatly by country and region. Pan Orient has implemented policies and procedures with respect

to safety and environmental. A breach of such legislation may result in the imposition of fines or issuance of clean-up orders in respect of Pan Orient or the properties.

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulations pursuant to a variety of international conventions and federal, provincial, state and municipal laws and regulations. Environmental legislation provides for, among other things, restriction and prohibitions on spills, releases or emissions of various substances produced in association with oil and gas operations. Certain legislation also requires that wells and facility sites be operated, maintained, decommissioned, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to third parties and may require Pan Orient to incur costs to remedy such discharge. No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities.

Pan Orient conducts its operations in a manner consistent with environmental regulations as stipulated in legislation. Pan Orient is committed to meeting its responsibilities to protect the environment wherever it operates and anticipates making expenditures of both a capital and expense nature to ensure full compliance with laws relating to protection of the environment. Pan Orient does not anticipate that the expenditures relating to compliance with its environmental requirements, as a percentage of cash flow, will be greater than those expected, on average, by other industry operators. Pan Orient maintains environmental insurance coverage, the limits and terms of which are determined by availability in the same countries and the estimated risk versus cost. Pan Orient's environmental policies apply equally to all employees, consultants, subsidiaries and contractors.

Greenhouse Gas Emissions

Thailand and Canada are signatories to the United Nations Framework Convention on Climate Change ("UNFCCC"). In December, 2015, UNFCCC members met in Paris, France. Thailand and Canada, along with almost 200 other countries, signed the new climate agreement called the "Paris Agreement". Under the Paris Agreement, signatories are required to report and monitor their greenhouse gas ("GHG") emissions. Generally, the Paris Agreement includes the goal of "holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C." However, individual country targets designed to reach these levels are not legally binding. Additionally, the Paris Agreement contemplates that the parties will develop a new market-based mechanism related to carbon trading.

In 2016, the Government of Canada ratified the Paris Agreement and announced a new national carbon pricing regime (the "Carbon Strategy"). In 2018, the federal government finalized the Greenhouse Gas Pollution Pricing Act (Canada) under the Carbon Strategy, which specifies (i) a carbon price on fossil fuels of \$20 per tonne of carbon dioxide equivalent ("CO₂e") in 2019, rising by \$10 per year to \$50 per tonne CO₂e in 2022 and (ii) an Output-Based Pricing System ("OBPS") for industrial facilities with annual emissions of 50 kilotonnes of GHG per year or more. OBPS facilities will be subject to the carbon price on the portion of emissions that exceed an annual output-based emissions limit, which can be satisfied by paying a charge, applying federally issued surplus credits or eligible offset credits. The federal carbon pricing system will apply only in jurisdictions that do not have equivalent measures in place. In December 2020, the federal government proposed increasing the price on carbon to \$170 per tonne by 2030. To reach that level, the price imposed on carbon will rise from the 2022 rate of \$50 per tonne by \$15 per tonne each year. Alberta and a number of other provinces challenged the constitutionality of the Greenhouse Gas Pollution Pricing Act and in March 2021 the Supreme Court of Canada held that the federal carbon pollution pricing system was within the powers of the federal government.

In March 2022, the Government of Canada announced the 2030 Emissions Reduction Plan. The Plan targets cutting emissions by 40% below 2005 levels by 2030, with a goal of net-zero emissions by 2050. Included in the Plan is development of an approach to cap oil and gas sector emissions to achieve net-zero emissions by 2050 and reduce oil and gas methane emissions by at least 75% by 2030. The Plan includes a projected contribution for the oil and gas sector of a 31% reduction from 2005 levels, which is equivalent to 42% from 2019 levels and will guide the government's work to develop the cap on emissions from the oil and gas sector. The Government of Canada's April 2022 budget proposed an investment tax credit for carbon capture, utilization, and storage.

The Climate Leadership Plan of the former Alberta Government set forth several commitments relevant to the oil and gas sector: (1) the implementation of an economy-wide carbon levy; (2) limiting of oil sands emissions to a province-wide total of 100 megatonnes per year (compared to current industry emissions levels of approximately 70 megatonnes per year), with certain exceptions for cogeneration power sources and new upgrading capacity; and (3) a goal to reduce methane emissions from oil and gas activities by 45 percent by 2025. The current Government of Alberta repealed the carbon levy in 2019. However, the March 2021 decision of the Supreme Court of Canada means that the carbon pricing provisions under the *Greenhouse Gas Pollution Pricing Act* (Canada) will apply in Alberta unless the Government of Alberta enacts similar measures. The

Government of Alberta is presently considering how it will proceed. No assurance can be given that environmental laws and regulations will not result in a curtailment of Pan Orient's ability to develop its Sawn Lake SAGD project

Thailand is a signatory to the Paris Agreement, but has not passed legislation to implement the specific objectives of the Paris Agreement. However, the Government of Thailand has stated its intention to reduce Thailand's greenhouse gas emissions by 20% from the projected business-as-usual level by 2030. The level of contribution could increase up to 25%, subject to adequate and enhanced access to technology development and transfer, financial resources and capacity building support. Thailand is formulating its Long-term Low Greenhouse Gas Emission Development Strategy (LT-LEDS) which will guide Thailand towards a climate-resilient and low greenhouse gas emissions development and serve as a basis for enhancing its subsequent nationally determined contribution.

Pan Orient believes that it is reasonably likely that the trend towards stricter standards in environmental legislation will continue and anticipates that capital and operating costs may increase as a result of more stringent environmental laws. The result may be significantly reduced worldwide demand for crude oil and a resulting drop in prices for Pan Orient's production. The increased costs of compliance associated with emerging regulations may also have a direct material impact on Pan Orient's business and financial position. In addition, a legislated cap on oil sands greenhouse gas emissions could significantly reduce the value of Pan Orient's assets. As regulations, including the emerging regulations identified below, change, they may affect the future demand of oil and refined products and, as a result, the ultimate impact and lasting effects on Pan Orient's business, operations and financial condition, and on the energy industry as a whole, are highly uncertain.

Extreme Weather Conditions and Seasonality

Climate change has been linked to extreme weather conditions. Extreme hot and cold weather, heavy snowfall, heavy rainfall and wildfires may restrict Pan Orient's ability to access its properties, cause operational difficulties including damage to machinery and facilities. Extreme weather also increases the risk of personnel injury as a result of dangerous working conditions. Moreover, extreme weather conditions may lead to disruptions in Pan Orient's ability to transport produced crude oil as well as goods and services in its supply chain. Further, the level of activity in the Canadian oil and natural gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw may make the ground unstable which prevents, delays or makes operations more difficult. Consequently, municipalities and provincial transportation departments may enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Road bans and other restrictions generally result in a reduction of drilling and exploratory activities and may also result in the shut-in of some of Pan Orient's production, which may have a material adverse effect on Pan Orient's business and financial position.

Insurance

Pan Orient's involvement in the exploration for and development of oil and natural gas properties may result in Pan Orient or its subsidiaries becoming subject to liability for pollution, blow-outs, property damage, personal injury or other hazards. Prior to drilling, Pan Orient or its subsidiaries, will obtain insurance in accordance with industry standards to address certain of these risks. However, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not in all circumstances be insurable or, in certain circumstances, Pan Orient or service providers, as the case may be, may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The occurrence of a significant event that Pan Orient may not be fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on Pan Orient's financial position.

Insurance providers are adjusting to the risks that climate change poses and as a result, Pan Orient's ability to secure necessary or prudent insurance coverage may also be adversely affected in the event that Pan Orient's insurers adopt more restrictive ESG or decarbonization policies. As a result of these policies, premiums and deductibles for Pan Orient's insurance policies could increase substantially. In some instances, coverage may be reduced or become unavailable. As a result, Pan Orient may not be able to renew our existing policies, or procure other desirable insurance coverage, either on commercially reasonable terms, or at all.

Litigation

From time to time, Pan Orient may be the subject of litigation arising out of Pan Orient's operations, including relating to the Separation Agreement and Pan Orient's discontinued operations in Indonesia. If any legitimate cause of action arose which was successfully prosecuted against Pan Orient, the operations, results of operations or financial condition of Pan Orient could be adversely affected. Claims under such litigation may be material or may be indeterminate. Various types of claims may be made including, without limitation, environmental damages, breach of contract, negligence, tax and employment matters. The outcome of such litigation is uncertain and may materially impact Pan Orient's reputation, financial condition or results of operations. Moreover, unfavorable outcomes or settlements of litigation could encourage the commencement of additional litigation. Pan Orient may also be subject to adverse publicity associated with such matters, regardless of whether Pan Orient

is ultimately found responsible. Pan Orient may be required to incur significant expenses or devote significant resources in defense against any such litigation, which may adversely impact Pan Orient's financial position.

Conflicts of Interest

The directors and executive officers of Pan Orient may be or may become engaged in different areas of the oil and gas exploration and production industries, both on their own behalf and on behalf of other companies, and situations may arise where the directors and officers may be in direct competition with Pan Orient. Conflicts of interest, if any, which arise will be subject to and governed by the procedures prescribed by the ABCA. The provisions of the ABCA require a director or officer of a corporation who is a party to, or is a director or an officer of or has a material interest in any person who is a party to, a material contract or proposed material contract with Pan Orient to disclose his interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the ABCA.

Cyber Security

Pan Orient is dependent upon the availability, capacity, reliability and security of its information technology infrastructure. If Pan Orient is unable to effectively utilize its software and hardware, upgrade systems and network infrastructure as required, and take other steps to maintain or improve the efficiency of systems, the operation of such systems could be interrupted or result in the loss, corruption, or release of data. In addition, information systems could be interrupted by natural disasters, force majeure events, telecommunications failures, power loss, acts of war or terrorism, computer viruses, malicious code, physical or electronic security breaches, intentional or inadvertent user misuse or error, or similar events or disruptions. Any of these or other events could cause interruptions, delays, loss of critical or sensitive data or similar effects, which could have a material adverse impact on the protection of intellectual property, confidential and proprietary information, and on Pan Orient's business, financial condition, results of operations and cash flows from operations.

Public Health Crises Can Adversely Affect Pan Orient's Business

A local, regional, national or international outbreak of a contagious disease, such as COVID-19, can have an adverse effect on local economies and the global economy, which adversely impacts the price and demand for oil and gas. COVID-19 or other pandemic could affect Pan Orient's ability to conduct operations and may result in temporary shortages of staff. Such an outbreak, if uncontrolled, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Declining General Economic Conditions

Concerns over global economic conditions, fluctuations in interest rates and foreign exchange rates, stock market volatility, energy costs, geopolitical issues, military conflict in Ukraine, OPEC actions, inflation, the availability and cost of credit, the volatility of major stock exchanges, the deceleration of global economic growth, further spread of COVID-19 (Coronavirus), have all contributed to increased economic uncertainty and diminished expectations for the global economy. Concerns about global economic growth have had a significant adverse impact on global financial markets and commodity prices. If the economic climate deteriorates further, worldwide demand for petroleum products could diminish even more, which would impact the price at which Pan Orient can sell its oil, affect the ability of Pan Orient's suppliers and customers to continue operations and ultimately adversely impact Pan Orient's results of operations, liquidity and financial condition.

Shared Ownership and Dependency on Partner

Pan Orient's operations in Thailand are conducted together with a partner through Pan Orient's 50.01% equity interest in POES. Pan Orient may be dependent on, or affected by, the due performance of its partner. If the partner fails to perform or becomes insolvent, Pan Orient may, among other things, risk losing rights or revenues or incur additional obligations or costs, or experience delays, in order to itself perform in place of its partner. Pan Orient and its partner may also, from time to time, have different opinions on how to conduct certain operations or on what their respective rights and obligations are under agreements between them. If a dispute were to arise with its partner, such dispute may have significant negative effects on Pan Orient's operations in Thailand.

Anti-Bribery and Anti-Corruption Laws

Pan Orient is subject to anti-bribery and anti-corruption laws, including the *Corruption of Foreign Public Officials Act* (Canada). Failure to comply with these laws could subject Pan Orient to, among other things, reputational damage, civil or criminal penalties, other remedial measures and legal expenses which could adversely affect Pan Orient's business, results of operations, and financial condition. To mitigate this risk, Pan Orient has a Code of Business Conduct and Ethics in place for its personnel and consultants. However, it may not be possible for Pan Orient to ensure compliance with anti-bribery and anti-

corruption laws in every jurisdiction in which its directors, employees, agents, sub-contractors or joint venture partners are located or may be located in the future.

Illiquid Market for Shares

The market for Pan Orient's Shares may be illiquid and the trading price volatile. There may be an oversupply of Shares for sale by Shareholders and an undersupply of purchasers. If this occurs the market price for the Pan Orient Shares may decline significantly and investors may be unable to sell their Shares at a profit, or at all.

Reputation

Reputational risk is the potential for negative impacts that could result from the deterioration of Pan Orient's reputation with key stakeholders and cannot be managed in isolation from other forms of risk. Credit, market, operational, insurance, liquidity, regulatory, environmental and legal risks must all be managed effectively to safeguard Pan Orient's reputation. With increasing public focus on climate change and GHG emissions, the reputation of oil and gas companies generally may become increasingly unfavourable. There are added social pressures which demand governments and companies work to mitigate the risks associated with climate change, decrease GHG emissions and move towards decarbonization. Negative impacts from a compromised reputation for any reason could include revenue loss, reduction in customer base and diminution of share price.

Risks Associated with Acquisitions and Dispositions

Pan Orient will consider acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions depends on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner and Pan Orient's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of Pan Orient. The integration of acquired businesses and assets may require substantial management effort, time and resources diverting management's focus from other strategic opportunities and operational matters. Non-core assets may be periodically disposed of so Pan Orient can focus its efforts and resources more efficiently. Depending on the market conditions for such non-core assets, certain non-core assets may realize less on disposition than their carrying value on the financial statements of Pan Orient.

Availability and Cost of Material and Equipment

Crude oil and natural gas exploration, development and operating activities are dependent on the availability and cost of specialized materials and equipment (typically leased from third parties) in the areas where such activities are conducted. The availability of such material and equipment is limited. An increase in demand or cost, or a decrease in the availability of such materials and equipment may impede Pan Orient's exploration, development and operating activities.

Indigenous Claims

Pan Orient is not aware that any claims by Indigenous peoples in respect of its assets. However, if a claim arose and was successful, such claim may have a material adverse effect on Pan Orient's business, financial condition, reputation, results of operations and prospects. In addition, the process of addressing such claims, regardless of the outcome, is expensive and time consuming and could result in delays in the construction of infrastructure systems and facilities which could have a material adverse effect on Pan Orient's business and financial results.

Legal Proceedings

There are no legal proceedings to which Pan Orient is a party to, or in respect of which any of the property of Pan Orient is subject, which are or will be material to Pan Orient, and Pan Orient is not aware of any such proceedings that are contemplated.

Regulatory Actions

There have been: (i) no penalties or sanctions imposed against Pan Orient by a court relating to securities legislation or by a securities regulatory authority; (ii) no other penalties or sanctions imposed by a court or regulatory body against Pan Orient; and (iii) no settlement agreements entered into by Pan Orient with a court relating to securities legislation or with a securities regulatory authority.

Indebtedness of Directors and Executive Officers

No director, executive officer or other senior officer of Pan Orient, or any associate of any such director or officer (a) is, or at any time has been, indebted to Pan Orient or any of its subsidiaries or (b) whose indebtedness to another entity is, or at any time has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Pan Orient or any of its subsidiaries.

Interests of Management and Others in Material Transactions

Except as disclosed in the Circular or this Appendix E, none of the directors or executive officers of Pan Orient, or any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of Pan Orient's outstanding voting securities, or an associate or affiliate of any of the foregoing persons or companies, has or has had any material interest, direct or indirect, in any transaction that has materially affected or is reasonably expected to materially affect Pan Orient.

Auditors, Transfer Agent and Registrar

Auditors

The auditors of Pan Orient are KPMG LLP, Suite 3100, 205 – 5th Avenue SW, Calgary, Alberta, T2P 4B9. KPMG LLP has advised they are independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

Transfer Agent and Registrar

The transfer agent and registrar for the Pan Orient Shares is Computershare Trust Company of Canada, at its principal offices in Calgary, Alberta and Toronto, Ontario where transfers of securities may be recorded.

Material Contracts

The only contract entered into by Pan Orient, that materially affects Pan Orient or to which Pan Orient will become a party on or prior to the Effective Date, that can reasonably be regarded as material to an investor in the Pan Orient Shares, other than contracts entered into in the ordinary course of business, is the Arrangement Agreement. The Arrangement Agreement prescribes the form of Separation Agreement to be entered into on the Effective Date between Pan Orient and CanAsia. See "*The Arrangement – Effecting the Arrangement – Separation Agreement*" and "*The Arrangement Agreement*" in the Circular.

Experts

See "*Other Matters – Experts*" in the Circular.

Schedule 1 – Statement of Reserves Data and Other Oil and Gas Information

RESERVES DATA DECEMBER 31, 2021 – THAILAND & PAN ORIENT TOTAL

PART 1 RELEVANT DATE

Item 1.1 Statement Date: April 28, 2022 (other than information regarding the resources of Pan Orient set forth under "Other Oil and Gas Information Canada – Estimate of Contingent Resources as of December 31, 2021" and "Other Oil and Gas Information Canada – Estimate of Contingent Resources as of March 31, 2022").

Item 1.2 Effective Date: The effective date of the reserves estimates and revenue projections in this statement is December 31, 2021.

Item 1.3 Preparation Date: The Sproule 2021 Reserves Report, "Evaluation of the P&NG Reserves of POES in Concession L53, Thailand (As of December 31, 2021)" was prepared by Sproule International during the months of November 2021 to February 2022 and has a preparation date of January 25, 2022. The selected price forecasts used in the evaluation are based on Sproule International's December 31, 2021 pricing model and are set forth in the notes to the tables. Columns and rows may not add exactly in the following tables due to rounding.

Pan Orient has a 50.01% equity ownership in POES, but does not have any direct interest in, or control over, the crude oil production, reserves or operations of Concession L53. Separate tables and values are presented as at December 31, 2021 for Thailand reserves identified as "Net to Pan Orient's 50.01% Equity Interest in Pan Orient Energy (Siam) Ltd." which represent 50.01% of POES reserves and values.

PART 2 DISCLOSURE OF RESERVES DATA – IN AGGREGATE FOR THAILAND & PAN ORIENT TOTAL

The information set forth below relating to reserves of POES and the corresponding values of "Net to Pan Orient's 50.01% Equity Interest in Pan Orient Energy (Siam) Ltd.", constitutes forward looking information which is subject to certain risks and uncertainties. The net present values disclosed may not represent fair market value. See "*Forward Looking Information*" and "*Risk Factors*".

References to "Company" in this Schedule 1 refer to POES, unless otherwise stated.

Item 2.1 Reserves Data (Forecast Prices & Costs)

Summary of Reserves in Thailand as of December 31, 2021 (Forecast Prices & Costs)										
100% Working Interest of Pan Orient Energy (Siam) Ltd. in Concession L53										
Reserves Category	Light & Medium Crude Oil Combined		Heavy Crude Oil		Natural Gas		Natural Gas Liquids		Total BOE	
	Gross (Note1) (Mbbbl)	Net (Note2) (Mbbbl)	Gross (Note1) (Mbbbl)	Net (Note2) (Mbbbl)	Gross (Note1) (MMcf)	Net (Note2) (MMcf)	Gross (Note1) (Mbbbl)	Net (Note2) (Mbbbl)	Gross (Note1) (Mbbbl)	Net (Note2) (Mbbbl)
Proved										
Developed Producing	1,134	1,078	768	729	-	-	-	-	1,902	1,807
Developed Non-Producing	900	853	73	69	-	-	-	-	973	922
Undeveloped	79	74	125	119	-	-	-	-	204	193
Total Proved	2,113	2,005	966	917	-	-	-	-	3,079	2,922
Probable	1,080	1,024	466	442	-	-	-	-	1,546	1,466
Total Proved Plus Probable	3,193	3,029	1,432	1,359	-	-	-	-	4,625	4,388
Possible	856	812	490	465	-	-	-	-	1,346	1,277
Total Proved Plus Probable Plus Possible	4,049	3,841	1,922	1,824	-	-	-	-	5,971	5,665

Summary of Reserves in Thailand as of December 31, 2021 (Forecast Prices & Costs)										
Net to Pan Orient's 50.01% Equity Interest in Pan Orient Energy (Siam) Ltd.										
Reserves Category	Light & Medium Crude Oil Combined		Heavy Crude Oil		Conventional Natural Gas		Natural Gas Liquids		Total BOE	
	Gross (Note1) (Mbbl)	Net (Note2) (Mbbl)	Gross (Note1) (Mbbl)	Net (Note2) (Mbbl)	Gross (Note1) (MMcf)	Net (Note2) (MMcf)	Gross (Note1) (Mbbl)	Net (Note2) (Mbbl)	Gross (Note1) (Mbbl)	Net (Note2) (Mbbl)
Proved										
Developed	567	539	384	365	-	-	-	-	951	904
Producing										
Developed	450	427	37	35	-	-	-	-	487	461
Non-Producing										
Undeveloped	40	37	63	60	-	-	-	-	102	97
Total Proved	1,057	1,003	483	459	-	-	-	-	1,540	1,461
Probable	540	512	233	221	-	-	-	-	773	733
Total Proved Plus Probable	1,597	1515	716	680	-	-	-	-	2,313	2,194
Possible	428	406	245	233	-	-	-	-	673	639
Total Proved Plus Probable Plus Possible	2,025	1,921	961	912	-	-	-	-	2,986	2,833

Notes:

- (1) Company Gross Reserves: These are the working interest owner's share of gross reserves before the deduction of royalties.
(2) Company Net Reserves: These are the working interest owner's share of gross reserves after the deduction of royalties.

Summary of Net Present Values of Future Net Revenue in Thailand as of December 31, 2021 (Forecast Prices & Costs)											
100% Working Interest of Pan Orient Energy (Siam) Ltd. in Concession L53											
Reserves Category	Before Income Taxes					After Income Taxes					Unit Value Before Income Taxes CAD \$ per bbl (Note1)
	(in CAD \$ thousands Discounted at % per year)					(in CAD \$ thousands Discounted at % per year)					
	0%	5%	10%	15%	20%	0%	5%	10%	15%	20%	
Proved Developed Producing Developed Non- Producing Undeveloped	114,813	106,069	98,725	92,531	87,264	59,641	55,345	51,657	48,519	45,844	54.63
	60,979	52,901	46,918	42,327	38,697	30,696	26,509	23,421	21,060	19,197	50.89
	9,765	7,744	6,287	5,197	4,357	4,825	3,815	3,077	2,518	2,083	32.58
Proved Probable	185,557	166,714	151,931	140,056	130,318	95,162	85,669	78,156	72,097	67,123	52.00
	102,226	77,367	61,435	50,658	43,016	50,591	38,073	30,024	24,575	20,715	41.91
Proved Plus Probable Possible	287,783	244,081	213,365	190,713	173,334	145,754	123,743	108,180	96,672	87,838	48.62
	94,872	64,675	48,021	37,982	31,444	46,259	31,513	23,266	18,264	15,001	37.60
Proved Plus Probable Plus Possible	382,655	308,755	261,387	228,695	204,778	192,012	155,255	131,446	114,936	102,839	46.14

Summary of Net Present Values of Future Net Revenue in Thailand as of December 31, 2021 (Forecast Prices & Costs)											
Net to Pan Orient's 50.01% Equity Interest in Pan Orient Energy (Siam) Ltd.											
Reserves Category	Before Income Taxes					After Income Taxes					Unit Value Before Income Taxes CAD \$ per bbl (Note1)
	(in CAD \$ thousands Discounted at % per year)					(in CAD \$ thousands Discounted at % per year)					
	0%	5%	10%	15%	20%	0%	5%	10%	15%	20%	
Proved	57,418	53,045	49,372	46,275	43,641	29,826	27,678	25,834	24,264	22,927	54.63
Developed											
Producing	30,496	26,456	23,464	21,168	19,352	15,351	13,257	11,713	10,532	9,600	50.89
Developed Non-Producing											
Undeveloped	4,883	3,873	3,144	2,599	2,179	2,413	1,908	1,539	1,259	1,042	32.58
Proved	92,797	83,374	75,981	70,042	65,172	47,591	42,843	39,086	36,056	33,568	52.00
Probable	51,123	38,691	30,724	25,334	21,512	25,301	19,040	15,015	12,290	10,360	41.91
Proved Plus Probable	143,920	122,065	106,704	95,376	86,684	72,892	61,884	54,101	48,346	43,928	48.62
Possible	47,445	32,344	24,015	18,995	15,725	23,134	15,760	11,635	9,134	7,502	37.60
Proved Plus Probable Plus Possible	191,366	154,408	130,720	114,370	102,409	96,025	77,643	65,736	57,479	51,430	46.14

Note (1): Unit value in Cdn \$ before income taxes (SRB and income tax) discounted at 10%. Volumes used in the Unit Value calculation are Company Net Reserves.

Summary of Future Net Revenue in Thailand (Undiscounted) as of December 31, 2021 (Forecast Prices & Costs) (CAD \$ thousands)									
100% Working Interest of Pan Orient Energy (Siam) Ltd. in Concession L53									
Reserves Category	Revenue	Royalties	Operating Costs (Note1)	Development Costs	Well Abandonment and Reclamation Costs (Note2)	Future Net Revenue Before Income Taxes (Note3)	SRB Tax (Note4)	Income Taxes	Future Net Revenue After Income Taxes (Note5)
Proved	267,712	13,679	55,752	7,977	4,748	185,557	-	90,395	95,162
Proved Plus Probable	409,976	21,006	85,728	10,189	5,269	287,783	1,271	140,759	145,754
Proved Plus Probable Plus Possible	540,953	27,735	114,620	10,189	5,754	382,655	2,584	188,059	192,012

Summary of Future Net Revenue in Thailand (Undiscounted) as of December 31, 2021 (Forecast Prices & Costs) (CAD \$ thousands)									
Net to Pan Orient's 50.01% Equity Interest in Pan Orient Energy (Siam) Ltd.									
Reserves Category	Revenue	Royalties	Operating Costs (Note1)	Development Costs	Well Abandonment and Reclamation Costs (Note2)	Future Net Revenue Before Income Taxes (Note3)	SRB Tax (Note4)	Income Taxes	Future Net Revenue After Income Taxes (Note5)
Proved	133,883	6,841	27,882	3,989	2,374	92,797	-	45,207	47,591
Proved Plus Probable	205,029	10,505	42,873	5,096	2,635	143,920	636	70,393	72,892
Proved Plus Probable Plus Possible	270,531	13,870	57,321	5,096	2,878	191,366	1,292	94,048	96,025

Notes:

- (1) Operating costs include production and transportation costs but before consideration of indirect costs such as administration, overhead and other indirect costs.
- (2) Well abandonment and reclamation costs for all wells (including wells with reserves assigned and wells without reserves assigned). No allowances for salvage values were made.
- (3) Net present values before income taxes are before deduction of the SRB and income tax in Thailand.
- (4) Special Remuneratory Benefit (SRB) tax applicable to Thailand payable by POES in 2022.
- (5) Net present values after income taxes are after deduction of the SRB and income tax in Thailand.

Future Net Revenue Before Income Taxes in Thailand (Discounted at 10%) By Production Group as of December 31, 2021 (Forecast Prices & Costs) 100% Working Interest of Pan Orient Energy (Siam) Ltd. in Concession L53			
Reserves Category	Product Type	Future Net Revenue Before Income Taxes	
		Discounted @10%/year (CAD \$ thousands)	Unit Value (Company Net Reserves) CAD \$/bbl (Note 1)
Proved Reserves	Light and Medium Crude Oil Combined	104,706	52.00
	Heavy Crude Oil	47,225	52.00
	Natural Gas and Natural Gas Liquids	-	-
	Total	151,931	52.00
Proved Plus Probable Reserves	Light and Medium Crude Oil	147,304	48.62
	Heavy Crude Oil	66,061	48.62
	Natural Gas and Natural Gas Liquids	-	-
	Total	213,365	48.62
Proved Plus Probable Plus Possible Reserves	Light and Medium Crude Oil	177,243	46.14
	Heavy Crude Oil	84,144	46.14
	Natural Gas and Natural Gas Liquids	-	-
	Total	261,387	46.14

Future Net Revenue Before Income Taxes in Thailand (Discounted at 10%) By Production Group as of December 31, 2021 (Forecast Prices & Costs) Net to Pan Orient's 50.01% Equity Interest in Pan Orient Energy (Siam) Ltd.			
Reserves Category	Production Group	Future Net Revenue Before Income Taxes	
		Discounted @10%/year (CAD \$ thousands)	Unit Value (Company Net Reserves) CAD \$/bbl (Note 1)
Proved Reserves	Light and Medium Crude Oil Combined	52,363	52.00
	Heavy Crude Oil	23,617	52.00
	Natural Gas and Natural Gas Liquids	-	-
	Total	75,981	52.00
Proved Plus Probable Reserves	Light and Medium Crude Oil	73,667	48.62
	Heavy Crude Oil	33,037	48.62
	Natural Gas and Natural Gas Liquids	-	-
	Total	106,704	48.62
Proved Plus Probable Plus Possible Reserves	Light and Medium Crude Oil	88,639	46.14
	Heavy Crude Oil	42,080	46.14
	Natural Gas and Natural Gas Liquids	-	-
	Total	130,720	46.14

Note:

- (1) Unit Values are based on net reserve volumes

PART 3 PRICING ASSUMPTIONS

Forecast Prices Used in Estimates

Thailand Concession L53 – Light and Medium Crude Oil and Heavy Crude Oil Summary of Pricing and Inflation Rate Assumptions as of December 31, 2021 ⁽¹⁾ (Forecast Prices and Costs)					
Year	WTI Cushing Oklahoma (USD \$/bbl)	UK Brent (USD \$/bbl)	Operating Cost Inflation Rate ⁽²⁾ (%/Year)	Capital Cost Inflation Rate ⁽²⁾ (%/Year)	Exchange Rate ⁽³⁾ (USD \$/CAD \$)
2021	67.91	70.79	3.3%	6.6%	0.80
Forecast					
2022	73.00	75.00	0.0%	0.0%	0.80
2023	70.00	72.00	2.0%	2.0%	0.80
2024	68.00	70.00	2.0%	2.0%	0.80
2025	69.36	71.40	2.0%	2.0%	0.80
2026	70.75	72.83	2.0%	2.0%	0.80
2027	72.16	74.28	2.0%	2.0%	0.80
Thereafter	Escalated 2.0%/year	Escalated 2.0%/year	Escalated 2.0%/year	Escalated 2.0%/year	0.80

Notes:

- (1) Price forecast of Sproule International Limited. This summary table identifies benchmark reference pricing schedules that might apply to a reporting issuer.
- (2) Inflation rates for forecasting costs.
- (3) Exchange rates used to generate the benchmark reference prices in this table.
- (4) Oil revenue for these reserves is based on 94% of the forecast crude oil Brent reference price.
- (5) Average realized price for oil sales for the year ended December 31, 2021 was Cdn \$84.69 (USD \$66.89) per barrel.

PART 4 RECONCILIATION OF CHANGES IN PROVED PLUS PROBABLE RESERVES

The reconciliation of the proved plus probable light and medium oil and heavy crude oil reserves in Thailand from December 31, 2020 to December 31, 2021 for the 100% working interest of POES in Concession L53 is shown below.

Thailand proved and probable reserves and values at December 31, 2020 and 2021 shown represent the 100% working interest for Concession L53 as at December 31, 2020 and 2021 of POES (in which Pan Orient had a 50.01% equity interest).

Reconciliation of Company Gross ⁽¹⁾ Thailand Reserves of Pan Orient Energy (Siam) Ltd. (thousands of barrels)	Light and Medium Crude Oil			Heavy Crude Oil			BOE		
	Gross Proved	Gross Probable	Gross Proved Plus Probable	Gross Proved	Gross Probable	Gross Proved Plus Probable	Gross Proved	Gross Probable	Gross Proved Plus Probable
December 31, 2020	2,224	1,431	3,655	611	487	1,098	2,836	1,917	4,753
Product Type Transfer	-	-	-	-	-	-	-	-	-
Discoveries	-	-	-	-	-	-	-	-	-
Extensions	-	10	10	-	-	-	-	10	10
Infill Drilling	-	-	-	-	-	-	-	-	-
Improved Recovery	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-	-	-	-
Economic Factors	10	35	45	3	11	14	13	46	59
Technical Revision ⁽²⁾	607	(395)	211	641	(32)	610	1,248	(427)	821
Production	(729)	-	(729)	(289)	-	(289)	(1,018)	-	(1,018)
December 31, 2021	2,113	1,080	3,193	966	466	1,432	3,079	1,546	4,625

Note:

- (1) Company Gross Reserves means POES's working interest reserves before calculation of royalties.
- (2) Technical revisions also include changes in reserves associated with changes in operating costs, capital costs and commodity price offsets.

Other Assumptions & Information – Thailand Reserves for Concession L53 at December 31, 2021

Concession L53 is under the Thailand III Fiscal Regime, which terms are summarized below:

- Royalty is deductible for SRB and income tax purposes and is as follows:

$$\frac{\text{Volume of petroleum sold during the month}}{\text{}} \times \%$$

Less than or equal to 60,000 barrels	5.00
Portion between 60,000 to 150,000 barrels	6.25
Portion between 150,000 to 300,000 barrels	10.00
Portion between 300,000 to 600,000 barrels	12.50
Portion exceeding 600,000 barrels	15.00

- Special Remuneratory Benefit (SRB) tax:

- SRB tax rates of between 0 to 75% are based on annual revenue for the concession, in Thai Baht and adjusted for inflation, per meter of drilling plus a constant assigned in the concession agreement. The constant for Concession L53 is 300,000 meters with 85,737 cumulative meters drilled as at December 31, 2021. Net revenue is converted from USD \$ to Thai Baht, and then adjusted for inflation since the grant date of the concession using the average of the Thailand Consumer Price Index and Thailand Wholesale Price Index. The L53 Concession agreement was signed in 2007 and the Consumer and Wholesale Price Indices were, on average, 80.9 in January 2007 and 101.4 in December 2021 resulting in a deflation factor of 0.80 as at the effective date. The future exchange rate used is 33.42 Thailand Baht for 1 U.S. Dollar.

Annual Revenue per Meter	%
< 4,800	0
> 4,800 but < 14,400	$(\text{Annual Revenue} - 4,800) / 240$
> 14,800 but < 33,600	$40\% + (\text{Annual Revenue} - 14,400) / 960$
> 33,600	$60\% + (\text{Annual Revenue} - 33,600) / 3,840$ max 75%

- The SRB tax rate is applied to the annual petroleum profit for the concession (revenue less royalties, capital petroleum expenditures and ordinary petroleum expenditures), and less any petroleum loss carried forward.
- POES has not paid any SRB for Concession L53 to December 31, 2021.
- Based on loss carry forwards, anticipated capital expenditures and the production profile, the Sproule 2021 Reserves Report at December 31, 2021 forecasts payment of SRB tax for Concession L53 only in 2022.
- SRB is deductible for the calculation of income tax.
- Thai tax rate applicable under Thai III Concession Terms is 50%. As of December 31, 2021, unamortized capital for calculation of future income tax for Concession L53 estimated at \$6.5 million.

PART 5 ADDITIONAL INFORMATION RELATING TO RESERVES DATA – THAILAND & PAN ORIENT TOTAL

Item 5.1 Undeveloped Reserves

At December 31, 2021, 7% of total proved reserves (gross), 8% of total probable reserves (gross), 10% of total possible reserves (gross), 7% of total proved plus probable reserves (gross) and 8% of total proved plus probable plus possible reserves (gross) in Concession L53 were undeveloped. The following table provides the volume of first attributed gross reserves of light, medium and heavy oil for proved undeveloped, probable undeveloped and possible undeveloped reserves at December 31 for each of the most recent three financial years:

Undeveloped Reserves First Attributed in Thailand						
Company Gross Reserves (Forecast Prices and Costs) of Pan Orient Energy (Siam) Ltd. (in which Pan Orient has a 50.01% equity interest at December 31, 2021) (Note 1)						
	2019		2020		2021	
Light, Medium & Heavy Crude Oil (thousands of barrels)	First Attributed	Total at December 31, 2019	First Attributed	Total at December 31, 2020	First Attributed	Total at December 31, 2021
Proved Undeveloped ⁽²⁾	-	102	608	709	82	204
Probable Undeveloped	794	1,190	188	728	3	129
Possible Undeveloped	2,196	2,336	164	680	9	137

Notes:

- (1) Company Gross reserves means POES's working interest reserves before calculation of royalties.
- (2) Proved undeveloped first attributed gross includes proved reserves added to previously booked stand-alone probable locations.
- (3) The term First Attributed represents undeveloped reserves additions, including acquisitions, discoveries and extensions pertaining to the year in which the events first occurred

The oil fields comprising the undeveloped proved, probable and possible reserves at December 31, 2021 are in various stages of development and it is expected that development will be essentially completed in the next two years as indicated in the expected timing of future capital.

The exploration and development program established each year for Concession L53 in Thailand considers a number of factors, including:

- the goal to expand reserves, production and future drilling inventory through drilling of exploratory and development wells in production license areas which have a primary term to January 7, 2036 (plus a further 10 year extension can be applied for);
- recognizing that there are a number of drilling inventory prospects for exploration and development;
- coordinate the level of capital programs in Thailand with after tax cash flow generated in Thailand through oil production, which generally funds Thailand capital programs.

Item 5.2 Significant Factors or Uncertainties Affecting Reserves Data

The seven oil fields in Concession L53 in Thailand comprising the proved, probable and possible reserves at December 31, 2021 are partially developed. The extent of the crude oil accumulations and associated production levels in each of the oil reservoirs contained in the appraisal of reserves at December 31, 2021 will ultimately reflect additional appraisal drilling, production testing and history, and defining the oil / water contacts and the oil / gas contacts.

With respect to the estimated cost for abandonment and reclamation in Concession L53, management estimates the costs to abandon and reclaim those wells and associated facilities, and the potential future timing of the costs to be incurred. At December 31, 2021 there were 34 wells in Concession L53 (refer Part 6A.1). The estimated cost to POES of abandonment and reclamation between 2021 and 2050 for these wells and additional wells identified in the Sproule Reserves Report, with escalation at 2% per annum, is \$5.3 million for proved and probable reserves, and \$5.8 million for proved, probable and possible reserves. Net to Pan Orient's 50.01% Equity Interest in POES the estimated cost of abandonment and reclamation is \$2.6 million for proved and probable reserves, and \$2.9 million for proved, probable and possible reserves.

A number of other factors in Thailand which are beyond the control of POES can significantly affect the reserves, including product pricing, royalty and tax regimes, changing operating and capital costs, surface lease issues, receipt of regulatory approvals, availability of services and processing facilities and technical issues affecting well performance. *See "Risk Factors"*

Item 5.3 Future Development Costs in Thailand

The following table sets forth POES's share of development costs deducted in the estimation of future net revenue attributable for proved, proved plus probable, and proved plus probable plus possible undeveloped reserves contained in the Sproule 2021 Reserves Report:

Future Development Costs in Thailand (CAD \$ thousands) of Pan Orient Energy (Siam) Ltd. on a 100% Working Interest Basis (in which Pan Orient has a 50.01% equity interest) Using Forecast Prices & Costs (undiscounted)			
	Proved Reserves	Proved Plus Probable Reserves	Proved Plus Probable Plus Possible Reserves
2022	7,186	9,399	9,399
2023	791	791	791
2024	-	-	-
2025	-	-	-
2026	-	-	-
Remainder	-	-	-
Total	7,977	10,189	10,189

Future Development Costs shown are associated with booked reserves and do not necessarily represent the full exploration and development budget.

Capital programs in Thailand are generally funded with after tax cash flow generated in Thailand through oil production and working capital. The production volumes indicated in the Sproule 2021 Reserves Report are sufficient to fund the future development costs in Thailand.

PART 6 OTHER OIL AND GAS INFORMATION

Item 6.1 Oil and Gas Properties and Wells

Please refer to information on a country by country basis (Part 6A – Other Oil and Gas Information – Thailand, Part 6B – Other Oil and Gas Information – Canada, Part 6C – Other Oil and Gas Information – Indonesia)

Item 6.2 Properties With No Attributed Reserves

Please refer to information on a country by country basis – Thailand Item 6A.2, Canada Item 6B.2 and Indonesia Item 6C.2

Item 6.2.1 Significant Factors or Uncertainties Relevant to Properties with No Attributed Reserves

There are properties with no attributed reserves in Canada with undeveloped oil sands leases held by Andora and in Thailand at Concession L53 located onshore Thailand, held by POES. The extent of any exploration and development activity on the properties in Thailand and Canada, and whether this exploration and development activity, if any, results in commercial development or value to Pan Orient is uncertain and impacted by a number of factors. These factors include exploration risk, development risk, product pricing, royalty and tax regimes, changing operating and capital costs, surface lease issues, receipt of regulatory approvals, availability of services and processing facilities and technical issues affecting well performance and access to financing capital. **See "Risk Factors"**

Item 6.3 Forward Contracts

Pan Orient has no forward contracts, directly or indirectly, under which it may be precluded from fully realizing future market prices for oil or gas other than the domestic market obligation terms of the Production Sharing Contracts in Indonesia (please refer to Part 6C – Other Oil and Gas Information – Indonesia).

Item 6.5 Tax Horizon

Please refer to information on a country by country basis – Thailand Item 6A.5, Canada Item 6B.5 and Indonesia Item 6C.5

Item 6.6 Costs Incurred

The table below summarizes capital expenditures for the year ended December 31, 2021 made by Pan Orient for acquisition, exploration and development activities Canada, and 50.01% of the capital expenditures of POES (in which Pan Orient has a 50.01% equity interest), excluding any decommissioning provision and excluding the impact of changes in foreign exchange rates. The interests in Indonesia expired and operations in Indonesia for accounting purposes are considered discontinued operations effective January 1, 2020, and therefore the table below does not include any capital expenditures for Indonesia.

2021 Capital Expenditures (\$thousands) (Note1)						
	Property Acquisition Costs		Exploration Costs	Development Costs	Other Costs	Total
	Proved Properties	Unproved Properties				
Thailand	-	-	-	5,803	-	5,803
Canada	-	-	-	-	-	-
Total	-	-	-	5,803	-	5,803

Note:

- (1) Cost of capital expenditures, excluding any decommissioning provision and excluding the impact of changes in foreign exchange rates.

Item 6.7 Exploration and Development Activities

a) 2021 Drilling

Pan Orient has a 50.01% equity interest in POES. Pan Orient's 50.01% of capital expenditures was \$5.8 million for the three well 2021 drilling program, workover programs, reservoir engineering, other development activities and capitalized general and administrative expenses. The drilling program was focused at the L53-DD oil field with the L53-DD10, L53-DD11 and L53-DD12 appraisal wells. The L53-DD10 and L53-DD11 wells were brought onto production in 2021 and the L53-DD12 well was completed as a water injection well.

In Canada, no operating expenses or G&A are capitalized after the impairment of Sawn Lake recorded at March 31, 2020, and no capital expenditures were reported for 2021.

Please refer to Part 6A – Other Oil and Gas Information – Thailand; Part 6B – Other Oil and Gas Information – Canada; and Part 6C – Other Oil and Gas Information – Indonesia

b) Current and Likely Exploration and Development Activity

Thailand

The 2022 work program is focused on appraisal activities within the L53-DD field. Plans for 2022 include the drilling of up to three wells in the DD field, and a combined approximately 10 workovers in the DD field and in the Kamphaeng Saen fields (L53-A, B, D and G).

Canada

In Canada, Andora is maintaining the existing suspended Sawn Lake SAGD project and evaluating potential future development.

Item 6.8 Production Estimates for 2022

Please refer to Part 6A.8 for Thailand Production Estimates for 2021 and also refer to additional information on properties on a country by country basis.

Item 6.9 Production History

Please refer to Part 6A.9 for Thailand Production History and also refer to additional information on properties on a country by country basis.

See "Risk Factors".

OTHER OIL AND GAS INFORMATION – THAILAND

PART 6A OTHER OIL AND GAS INFORMATION – THAILAND

The information presented is for POES, in which Pan Orient has a 50.01% equity interest. Pan Orient's 50.01% equity interest is classified as a jointly controlled Joint Venture and Pan Orient's 50.01% equity interest in the working capital, assets, capital expenditures, liabilities and operations of POES are recorded as Investment in Thailand Joint Venture.

Item 6A.1 Oil and Gas Properties and Wells

POES has a 100% working interest and is operator for Concession L53 in Thailand. Concession L53 is located approximately 60 kilometers west of Bangkok. The crude oil is trucked and sold to a refinery owned by the Thai National Oil Company. As such, the facilities in Thailand consist primarily of pump jacks, tanks and water disposal facilities.

The concession agreement with the Thai government for Concession L53 provides the following:

- a) The original term of the exploration lands of six years ended on January 7, 2013. POES renewed the exploration period for a further three years to January 7, 2016. POES was approved for a 213.91 square kilometer exploration reserved area (52,858 acres) for a period of up to January 7, 2021 with the payment of a surface reservation fee, which was reimbursable through work program expenditures. The exploration reserved area expired effective January 7, 2021. At December 31, 2021, Concession L53 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).
- b) Fulfillment of work obligations during the original term and three-year renewal period of the contract related to specified exploration activities including geological studies, seismic work and drilling of wells. Work obligations for Concession L53 have been fulfilled for the original term and three-year renewal period.
- c) Relinquishments of a portion of the original concession contract area as follows, with the specific area relinquished as determined by POES:
 - At the end of the fourth year from the date of commencement of the petroleum exploration period, the concessionaire shall be obliged to relinquish fifty percent of the area of that exploration block.
 - At the end of the petroleum exploration period and such exploration period is not renewed, the concessionaire shall be obliged to relinquish the entire area remaining.
 - At the end of the petroleum exploration period and such exploration period has been renewed, the concessionaire shall relinquish a further twenty-five per cent of the area of that exploration block.
 - At the end of the petroleum exploration period which has been renewed, the concessionaire shall be obliged to relinquish all the remaining area unless the concessionaire is granted an exploration reserved area for a period of up to five years.
- d) Royalty payable on a sliding scale with rates varying from 5% to 15% based on monthly production in barrels of oil equivalent.
- e) An additional profits tax (Special Remuneratory Benefit) on petroleum profits. 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 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. To December 31, 2021, POES has not paid SRB.
- f) Income tax of 50% on taxable income of Thailand operations for the company owning interests in the concession. Taxable income is calculated as adjusted funds flow from operations less capital expenditures (deductible at varying rates), SRB and other permitted deductions. For the calculation of Thailand income tax, exploratory expenses for producing concessions are fully deductible, other capital expenditures in the field are deducted as tax depletion based on the amount of production compared to the reserve base, and additions to the inventory of capital items are not deductible until used in field operations base.

- g) Assets remain the property of POES until the end of the petroleum production period when title passes to the government free of charge. Upon expiry of the concession all assets which are not usable must be removed by Pan Orient within three months of receiving such instructions.

At December 31, 2021 POES had the following wells in Concession L53 in Thailand:

Onshore Thailand Interests December 31, 2021		
	Gross	Net
Producing wells	17	17.0
Water disposal wells	4	4.0
Non-producing wells	13	13.0
Total	34	34.0

Item 6A.2 Properties With No Attributed Reserves

Onshore Thailand Interests December 31, 2021 of Pan Orient Energy (Siam) Ltd. (in which Pan Orient has a 50.01% equity interest)				
	Gross Acres	Acres without Attributed Reserves (gross)	Working Interest	Acres without Attributed Reserves (net)
Concession L53	6,751	5,948	100%	5,948
Note 1	The original exploration period for Concession L53 had a primary term of six years to January 7, 2013 and POES renewed the exploration period for a further three years to January 7, 2016. Following that, the Government of Thailand granted POES a 213.91 square kilometer exploration reserve area (52,857 acres) for a period of up to January 7, 2021 with the payment of a surface reservation fee, which was reimbursable through work program expenditures. The exploration reserved area expired effective January 7, 2021. At December 31, 2021, Concession L53 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).			
Note 2	At December 31, 2021 Concession L53 in Thailand consisted of 6,751 acres of land (gross and net) associated with the L53-A, L53-B, L53-D, L53-G, L53-DD, L53-AA South and L53-AA production licenses for which proved, probable and possible reserves have been assigned to 795 acres.			
Note 3	A production license is applied for when a concessionaire establishes commercial production. The area of the production license is determined based on the area of petroleum drainage capable of producing petroleum from one or more wells in a field. A production license has a primary term of 20 years from the end of the exploration period for production and further development. These L53 production licenses for the L53-A, L53-B, L53-D, L53-G, L53-DD, L53-AA South and L53-AA fields have an expiry date of the primary production license term in 2036. A single renewal of up to 10 years may be granted upon prior notice by the concessionaire of at least six months.			

Item 6A.3 Forward Contracts

There are no forward contracts, directly or indirectly, under which POES may be precluded from fully realizing future market prices for oil or gas in Thailand.

Item 6A.5 Tax Horizon

SRB Tax

- POES has not paid SRB tax to December 31, 2021.
- Based on anticipated capital expenditures and the production profile, the Sproule 2021 Reserves Report at December 31, 2021 forecasts payment by POES of SRB tax for Concession L53 only in 2022 (with \$1.3 million for proved plus probable reserves and \$2.6 million for proved plus probable plus probable reserves). Refer to the section "Other Assumptions & Information – Thailand Reserves for Concession L53 at December 31, 2021" outlining the calculation of the SRB tax.

Income Tax

- POES started paying petroleum income tax for Concession L53 in 2019. Total income tax paid by POES for 2021 was \$30.7 million for petroleum income tax and a small amount of tax on interest income and other income not related to petroleum operations.

- Based on income tax pools, loss carry forwards and anticipated capital expenditures, POES is expected to be taxable in 2022.

Estimates for SRB tax and income tax will be impacted by, among other factors, timing and extent of capital expenditures, crude oil production levels, commodity process, and operating expenses.

Item 6A.6 Costs Incurred of Pan Orient Energy (Siam) Ltd.

The following table summarizes capital expenditures made by POES for acquisition, exploration and development activities in Thailand for the year ended December 31, 2021 (excluding any decommissioning provision and excluding the impact of changes in foreign exchange rates):

Capital Expenditures					
Thailand					
(CAD \$ thousands)	Proved Properties	Unproved Properties	Exploration Costs	Development Costs & Other	Total
2021 Capital Expenditures	-	-	-	5,803	5,803

Pan Orient has a 50.01% equity interest in POES.

Item 6A.7 Exploration and Development Activities of Pan Orient Energy (Siam) Ltd.

2021 Drilling - Thailand

POES drilled three gross appraisal wells (3.0 net wells) in Thailand during 2021 with the L53-DD10, L53-DD11 and L53-DD12 appraisal wells in the L53-DD field.

Wells	Exploratory / Appraisal Wells		Development Wells	
	Gross	Net	Gross	Net
Oil wells	2	2.0	-	-
Gas wells	-	-	-	-
Service Wells	1	1.0	-	-
Dry holes	-	-	-	-
Total	3	3.0	-	-

Pan Orient has a 50.01% equity interest in POES.

Item 6A.8 Production Estimates for 2022 for Pan Orient Energy (Siam) Ltd.

Sproule 2021 Reserves Report as at December 31, 2021 Concession L53 for Light, Medium and Heavy Crude Oil Estimated 2022 Oil Production (thousands of barrels) in Concession L53 for Pan Orient Energy (Siam) Ltd. Using Forecast Prices & Costs (undiscounted)			
By Field	Proved Reserves	Proved Plus Probable Reserves	Proved Plus Probable Plus Possible Reserves
L53-A field	30	33	38
L53-B field	22	32	23
L53-D field	57	77	85
L53-G field	54	56	57
L53-DD field	815	896	950
L53-AA South field	-	433	42
L53-AA field	7	7	7
Total	985	1,124	1,202
Light and Medium Crude Oil	727	829	888
Heavy Crude Oil (Note 1)	258	295	314
Total	985	1,124	1,202

Pan Orient has a 50.01% equity interest in POES.

Note:

- Heavy crude is produced from certain producing sands within the L53-DD, L53-D, L53-AA South and L53-G fields. Light, medium and heavy crude oil within a field is comingled and sold as one product stream

Item 6A.9 Production History for 2021 for Pan Orient Energy (Siam) Ltd.

Crude oil production from POES's Thailand properties is indicated below:

Thailand Operations for 2021 of Pan Orient Energy (Siam) Ltd.					
	Three Months Ended				
Daily Average Oil Sales (BOPD)	March 31	June 30	September 30	December 31	2021
Concession L53 – L53-A field	101	87	89	81	89
Concession L53 – L53-B field	62	44	37	30	43
Concession L53 – L53-D field	74	77	102	103	89
Concession L53 – L53-G field	174	144	142	131	148
Concession L53 – L53-DD field	2,267	2,397	2,410	2,502	2,395
Concession L53 – L53-AA South field	27	15	-	-	10
Concession L53 – L53-AA field	-	34	24	4	15
Total	2,705	2,797	2,804	2,852	2,790
By Product					
Light and Medium Crude Oil	2,334	2,114	1,808	1,740	1,997
Heavy Crude Oil ⁽¹⁾	371	683	995	1,112	793
Total	2,705	2,797	2,804	2,852	2,790
Per Barrel (CAD \$/bbl)					
Realized price	73.82	78.43	87.55	98.03	84.69
Royalties	(3.93)	(4.23)	(4.67)	(5.24)	(4.53)
Operating & transportation expenses	(8.61)	(7.74)	(7.57)	(8.25)	(8.03)
Field Netback	61.27	66.47	75.31	84.54	72.12
General and administrative expenses ⁽²⁾	(2.03)	(1.29)	(1.68)	(2.16)	(1.79)
Interest and other ⁽³⁾	0.12	(0.22)	(0.18)	0.02	(0.07)
SRB	-	-	-	-	-
Income tax	(23.90)	(25.36)	(32.00)	(38.85)	(30.17)
Thailand Adjusted funds flow from operations, after tax ⁽⁴⁾	35.46	39.60	41.45	43.56	40.10

Notes:

- (1) Heavy crude is produced from certain producing sands in producing wells within the L53-DD, L53-D, L53-AA South and L53-G fields. Light, medium and heavy crude oil within a field is comingled and sold as one product stream.
- (2) Excluding non-cash accretion on decommissioning provision. General and administrative expenses are not deducted in the estimated future net revenue in December 31, 2021 evaluation of Concession L53 prepared by Sproule International Limited.
- (3) Foreign exchange included in the Canada operations.
- (4) Adjusted funds flow from operations ("adjusted funds flow" before changes in non-cash working capital and decommissioning expenditures) is used by management to analyze operating performance and leverage. Adjusted funds flow as presented does not have any standardized meaning prescribed by IFRS and therefore it may not be comparable with the calculation of similar measures of other entities. Adjusted funds flow is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS.
- (5) **Pan Orient has a 50.01% equity interest in POES.**

See "Risk Factors"

OTHER OIL AND GAS INFORMATION – CANADA

PART 6B OTHER OIL AND GAS INFORMATION – CANADA

The information presented is for Andora and this consolidated statement of information includes 100% of the operations of Andora unless otherwise stated. Pan Orient owned 71.8% of Andora at December 31, 2021.

Item 6B.1 Oil and Gas Properties and Wells

Andora had no producing wells at December 31, 2021. Andora had one SAGD well producing bitumen from September 16, 2014 to February 28, 2016 and the operations at Sawn Lake were suspended February 28, 2016.

At December 31, 2021 Andora had working interests in 11 gross (6.6 net) non-producing oil wells at Sawn Lake, Alberta. In addition, Andora had before penalty payout interests in four gross non-producing oil wells at Sawn Lake, Alberta at December 31, 2021.

Item 6B.2 Properties With No Attributed Reserves

Andora is focused on developing the bitumen resources at the Sawn Lake property in the Peace River Oil Sands Region in northern Alberta using SAGD development. The Sawn Lake property is in a pre-commercial stage.

No proved or probable reserves were assigned at December 31, 2021.

Oil Sands Leases

At December 31, 2021 Andora held interests in, and was operator of, 27 sections (21.5 net sections) of oilsands leases at Sawn Lake, within the central Alberta Peace River Oil Sands area (17,280 gross and 13,760 net undeveloped acres). In March 2022, Andora increased its working interest in Sawn Lake Central block from 50% to 75%.

Interests of Andora at December 31, 2021	Oil Sands Leases without Attributed Reserves (gross sections)	Oil Sands Leases without Attributed Reserves (gross acres)	Working Interest	Oil Sands Leases without Attributed Reserves (net acres)
South Block (Andora operated)	16	10,240	100%	10,240
Central Block (Andora operated)	11	7,040	50%	3,520
	27	17,280		13,760

Andora has no oil sands leases for which Andora expects its rights to explore, develop and exploit to expire by December 31, 2022. There are certain work requirements under the regulations to maintain leases, however, there are no work commitments associated with any of these leases required by December 31, 2022.

Estimate of Contingent Resources as of December 31, 2021

Andora December 2021 Resources Report

Upon completion of the Arrangement, CanAsia will own 71.8% of the shares of Andora.

The Andora December 2021 Resources Report is a NI 51-101 compliant resources evaluation of contingent bitumen resources for Andora's oil sands interests at Sawn Lake, Alberta, Canada, as evaluated by Sproule. The evaluation included all of Andora's oil sands leases at Sawn Lake based on exploitation using SAGD and is effective as of December 31, 2021. The preparation date of the report is June 14, 2022. **The Andora December 2021 Resources Report does not include Andora's increase in working interests in the Sawn Lake Central area from 50% to 75% acquired in March 2022.**

The Andora December 2021 Resources Report represents an update of a September 30, 2019 contingent bitumen resources report prepared by Sproule. There was no change to the geology, the well type curves or the assigned development risk. The Andora December 2021 Resources Report was updated for December 31, 2021 price forecasts for crude oil, bitumen, natural gas and exchange rates, adjustment of the development stages, Andora's income tax pools and non-capital loss carry-forwards, Alberta oil sands royalties pre-payout cumulative costs for the Sawn Lake SAGD project, income tax rates, carbon tax legislation, updated capital costs and adjusted the well scheduled for the initial drilling, and other factors.

The contingent resources information presented below includes 100% of the interests of Andora in Sawn Lake, Alberta, unless otherwise stated. **Pan Orient holds a 71.8% equity ownership in Andora, but does not have any**

direct interest in, or control over, the contingent resources operations of Sawn Lake. Separate tables and values are presented as at December 31, 2021 for contingent resources as "Net to Pan Orient's 71.8% Equity Interest in Andora," which represent 71.8% of Andora's contingent resources and values.

Preparation Date: The preparation date for the report of the contingent bitumen resources in Canada of Andora is June 14, 2022. Pan Orient owned 71.8% of Andora at December 31, 2021 and this consolidated statement of information includes 100% of the reserves of Andora unless otherwise stated. Columns and rows may not add exactly in the following tables due to rounding.

Significant Factors or Uncertainties:

- Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by the application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies. The contingent resources volumes estimated in the Andora December 2021 Resources Report are considered contingent until such time as there are additional delineation wells confirming reservoir quality and continuity, refinement of the commercial development plan, regulatory approval for full field development, corporate commitment to move forward and financing for commercial development. Contingent resources are further classified as "High", "Best" and "Low" in accordance with the level of certainty.
- Sproule classifies the project evaluation status of the contingent resource volumes to be at the Development Studies level. The contingent resource volumes are classified as Development Pending with respect to project maturity. Sproule evaluated Andora's development plan for the contingent resources to be Economically Viable in the aggregate, although there may be individual locations within the project which may be uneconomic.
- Contingent resource volumes in the Andora December 2021 Resources Report have been assigned an 85% chance of development by Sproule. This chance of development risk factor is an aggregation of risk factors attributable to the identified contingencies. There is uncertainty that it will be commercially viable to produce any portion of the reported contingent resources volumes.
- The Andora December 2021 Resources Report identified key positive and negative factors for development of the Bluesky formation in the Sawn Lake area. Key positive factors include: the abundance of well data available from penetrations on and surrounding Andora lands (petrophysical, geophysical and production history); the presence of successful analog SAGD projects; and the successful pilot project at the 16-30-91-12W5M location. Key negative factors include: access to the funding required to develop the resource base; sensitivity to low commodity pricing which will impact the economics of development; environmental and regulatory approval for approval of bitumen development, pipelines and other infrastructure; higher Alberta or Federal Carbon tax, income tax or royalties; and market egress.
- The Sawn Lake pilot project and operations were suspended at the end of February 2016 awaiting restart and commercial expansion. The property is in the pre-production stage.
- A number of other factors which are beyond Andora's control can significantly affect the reserves and resources, including product pricing, royalty and tax regimes, changing operating and capital costs, surface lease issues, receipt of regulatory approvals, availability of services and processing facilities and technical issues affecting well performance.
- *There is no certainty that it will be commercially viable to produce any portion of the contingent resources.*
- *See "Risk Factors"*

Summary of Contingent Bitumen Resources as of December 31, 2021 as provided by Sproule

Marketable Resources - Company Gross (million barrels)	Andora	Pan Orient 71.8%
Risky (evaluation assigned an 85% chance of development)		
Contingent - Low Estimate "1C"	156.9	112.7
Contingent - Best Estimate "2C"	184.9	132.8
Contingent - High Estimate "3C"	217.6	156.2
Unrisked		
Contingent - Low Estimate "1C"	184.6	132.5
Contingent - Best Estimate "2C"	217.5	156.2
Contingent - High Estimate "3C"	256.0	183.8

Sawn Lake Oil Sands Project

Summary of Net Present Values as of December 31, 2021

Contingent Resources as provided by Sproule

Andora 100% (CAD \$ million)

Net Present Values Before Tax (Risky)	0%	5%	10%	15%	20%
Contingent - Low Estimate "1C"	2,447	596	187	68	25
Contingent - Best Estimate "2C"	3,347	788	253	98	42
Contingent - High Estimate "3C"	4,998	1,050	320	123	54
Net Present Values After Tax (Risky)	0%	5%	10%	15%	20%
Contingent - Low Estimate "1C"	1,855	451	138	47	15
Contingent - Best Estimate "2C"	2,561	600	189	71	29
Contingent - High Estimate "3C"	3,835	802	241	91	38
Net Present Values Before Tax (Unrisked)	0%	5%	10%	15%	20%
Contingent - Low Estimate "1C"	2,876	700	219	79	29
Contingent - Best Estimate "2C"	3,936	927	297	115	49
Contingent - High Estimate "3C"	5,878	1,234	375	144	63
Net Present Values After Tax (Unrisked)	0%	5%	10%	15%	20%
Contingent - Low Estimate "1C"	2,178	528	161	54	17
Contingent - Best Estimate "2C"	3,009	703	221	83	33
Contingent - High Estimate "3C"	4,508	941	282	106	44
1	For risky resources and values, the evaluation assigned an 85% chance of development for Sawn Lake.				
2	Resources assessed at forecast crude oil reference prices and costs.				
3	Bitumen production is forecast to commence in 2023.				
4	The reference prices for heavy oil per barrel (Western Canada Select "WCS" 20.5 API in Canadian dollars) are \$71.56 for 2023, \$68.74 for 2024, \$70.12 for 2025, \$71.52 for 2026, \$72.95 for 2027, \$74.41 for 2028, \$75.90 for 2029 and increase at 2% per year thereafter.				
5	Bitumen revenue per barrel for these resources is \$23.37 less than the associated WCS reference price in 2023 and the differential increases approximately 1.5% per year.				
6	The reference prices for natural gas (AECO-C Spot price per MMBTU in Canadian dollars) are \$3.36 for 2023, \$3.02 for 2024, \$3.08 for 2025, \$3.14 for 2026, \$3.21 for 2027, \$3.27 for 2028, \$3.34 for 2029 and increase at 2% per year thereafter.				
7	Future development costs (including inflation of 0% per annum for 2023 and 2% per annum thereafter) for Contingent Resources which have been deducted in calculating the before tax NPV:				
	▪Unrisked Low Estimate – CAD \$2,406 million with the drilling of 358 gross well pairs and building facilities				
	▪Unrisked Best Estimate – CAD \$2,735 million with the drilling of 358 gross well pairs and building facilities				
	▪Unrisked High Estimate – CAD \$2,880 million with the drilling of 358 gross well pairs and building facilities				
8	The values disclosed may not represent fair market value.				
9	There is uncertainty that it will be commercially viable to produce any portion of the resources.				

Sawn Lake Oil Sands Project
Summary of Net Present Values as of December 31, 2021
Contingent Resources as provided by Sproule
Pan Orient 71.8% Interest in Andora (CAD \$ million)

Net Present Values Before Tax (Risked)	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>20%</u>
Contingent - Low Estimate "1C"	1,757	428	134	49	18
Contingent - Best Estimate "2C"	2,403	566	181	70	30
Contingent - High Estimate "3C"	3,588	754	229	88	39
Net Present Values After Tax (Risked)	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>20%</u>
Contingent - Low Estimate "1C"	1,332	324	99	34	11
Contingent - Best Estimate "2C"	1,838	431	136	51	21
Contingent - High Estimate "3C"	2,754	576	173	65	28
Net Present Values Before Tax (Unrisked)	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>20%</u>
Contingent - Low Estimate "1C"	4,112	1,029	352	57	21
Contingent - Best Estimate "2C"	5,275	1,281	439	83	35
Contingent - High Estimate "3C"	7,406	1,609	522	103	45
Net Present Values After Tax (Unrisked)	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>20%</u>
Contingent - Low Estimate "1C"	1,564	379	115	39	12
Contingent - Best Estimate "2C"	2,160	505	159	59	24
Contingent - High Estimate "3C"	3,237	676	203	76	32
1	Results represent Pan Orient's 71.8% interest in Andora.				
2	For risked resources and values, the evaluation assigned an 85% chance of development for Sawn Lake.				
3	Resources assessed at forecast crude oil reference prices and costs.				
4	Bitumen production is forecast to commence in 2023.				
5	The reference prices for heavy oil per barrel (Western Canada Select "WCS" 20.5 API in Canadian dollars) are \$71.56 for 2023, \$68.74 for 2024, \$70.12 for 2025, \$71.52 for 2026, \$72.95 for 2027, \$74.41 for 2028, \$75.90 for 2029 and increase at 2% per year thereafter.				
6	Bitumen revenue per barrel for these resources is \$23.37 less than the associated WCS reference price in 2023 and the differential increases approximately 1.5% per year.				
7	The reference prices for natural gas (AECO-C Spot price per MMBTU in Canadian dollars) are \$3.36 for 2023, \$3.02 for 2024, \$3.08 for 2025, \$3.14 for 2026, \$3.21 for 2027, \$3.27 for 2028, \$3.34 for 2029 and increase at 2% per year thereafter.				
8	Future development costs (including inflation of 0% per annum for 2023 and 2% per annum thereafter) for Contingent Resources which have been deducted in calculating the before tax NPV: • Unrisked Low Estimate – CAD \$1,728million with the drilling of 358 gross well pairs and building facilities • Unrisked Best Estimate – CAD \$1,964 million with the drilling of 358 gross well pairs and building facilities • Unrisked High Estimate – CAD \$2,068 million with the drilling of 358 gross well pairs and building facilities				
9	The values disclosed may not represent fair market value.				
10	There is uncertainty that it will be commercially viable to produce any portion of the resources.				

Estimate of Contingent Resources as of March 31, 2022

Andora March 2022 Resources Report

Andora also obtained the Andora March 2022 Resources Report, an updated contingent resources report of its oil sands interests at Sawn Lake Alberta, Canada, effective March 31, 2022. **The Andora March 2022 Resources Report includes Andora's increase in working interests in the Sawn Lake Central area from 50% to 75% acquired in March 2022.**

The Andora March 2022 Resources Report, is a NI 51-101 compliant resources evaluation Andora December 2021 Resources for Andora's oil sands interests at Sawn Lake Alberta, Canada, as evaluated by Sproule. The evaluation included all of Andora's oil sands leases at Sawn Lake based on exploitation using SAGD. The report is effective as of March 31, 2022 and has a preparation date of June 6, 2022.

The Andora March 2022 Resources Report represents an update of the Andora December 2021 Resources Report which was also prepared by Sproule. There was no change to the geology, the well type curves, development stages, Alberta oil sands royalties pre-payout cumulative costs for the Sawn Lake Project, income tax rates, carbon tax legislation or the assigned development risk. The Andora March 2022 Resources Report has been updated for March 31, 2022 price forecasts for crude oil, bitumen, natural gas and exchange rates and Andora's increase in working interests in Sawn Lake Central area from 50% to 75% acquired in March 2022.

The contingent resources information presented below includes 100% of the interests of Andora unless otherwise stated. **Pan Orient holds a 71.8% equity ownership in Andora, but will not have any direct interest in, or control over, the contingent resources operations of Sawn Lake. Separate tables and values are presented as at March 31, 2022 for contingent resources as "Net to Andora 71.8% Equity Interest in Andora" which represent 71.8% of Andora's contingent resources and values.**

Significant Factors or Uncertainties:

- Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by the application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies. The contingent resources volumes estimated in the Andora March 2022 Resources Report are considered contingent until such time as there are additional delineation wells confirming reservoir quality and continuity, refinement of the commercial development plan, regulatory approval for full field development, corporate commitment to move forward and financing for commercial development. Contingent resources are further classified as "High", "Best" and "Low" in accordance with the level of certainty.
- Sproule classifies the project evaluation status of the contingent resource volumes to be at the Development Studies level. The contingent resource volumes are classified as Development Pending with respect to project maturity. Sproule evaluated Andora's development plan for the contingent resources to be Economically Viable in the aggregate, although there may be individual locations within the project which may be uneconomic.
- Contingent resource volumes in the Andora March 2022 Resources Report have been assigned an 85% chance of development by Sproule. This chance of development risk factor is an aggregation of risk factors attributable to the identified contingencies. There is uncertainty that it will be commercially viable to produce any portion of the reported contingent resources volumes.
- The Andora March 2022 Resources Report identified key positive and negative factors for development of the Bluesky formation in the Sawn Lake area. Key positive factors include: the abundance of well data available from penetrations on and surrounding Andora lands (petrophysical, geophysical and production history); the presence of successful analog SAGD projects; and the successful pilot project at the 16-30-91-12W5M location. Key negative factors include: access to the funding required to develop the resource base; sensitivity to low commodity pricing which will impact the economics of development; environmental and regulatory approval for approval of bitumen development, pipelines and other infrastructure; higher Alberta or Federal Carbon tax, income tax or royalties; and market egress.
- The Sawn Lake pilot project and operations were suspended at the end of February 2016 awaiting restart and commercial expansion. The property is in the pre-production stage.
- A number of other factors which are beyond Andora's control can significantly affect the reserves and resources, including product pricing, royalty and tax regimes, changing operating and capital costs, surface lease issues, receipt of regulatory approvals, availability of services and processing facilities and technical issues affecting well performance.
- *There is no certainty that it will be commercially viable to produce any portion of the contingent resources.*
- ***See "Risk Factors"***

Summary of Contingent Bitumen Resources as of March 31, 2022 as provided by Sproule

Marketable Resources - Company Gross (million barrels)	Andora	Pan Orient 71.8%
Risky (evaluation assigned an 85% chance of development)		
Contingent - Low Estimate "1C"	221.3	158.9
Contingent - Best Estimate "2C"	248.2	178.2
Contingent - High Estimate "3C"	291.3	209.1
Unrisked		
Contingent - Low Estimate "1C"	260.3	186.9
Contingent - Best Estimate "2C"	292.0	209.6
Contingent - High Estimate "3C"	342.7	246.1

Sawn Lake Oil Sands Project
Summary of Net Present Values as of March 31, 2022
Contingent Resources as provided by Sproule
Andora 100% (CAD \$ million)

Net Present Values Before Tax (Risky)	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>20%</u>
Contingent - Low Estimate "1C"	4,871	1,219	417	174	81
Contingent - Best Estimate "2C"	6,247	1,518	521	223	109
Contingent - High Estimate "3C"	8,770	1,907	619	259	126
Net Present Values After Tax (Risky)	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>20%</u>
Contingent - Low Estimate "1C"	3,726	927	312	127	56
Contingent - Best Estimate "2C"	4,788	1,157	392	165	78
Contingent - High Estimate "3C"	6,732	1,457	469	193	92
Net Present Values Before Tax (Unrisked)	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>20%</u>
Contingent - Low Estimate "1C"	5,727	1,432	490	204	95
Contingent - Best Estimate "2C"	7,346	1,784	612	261	127
Contingent - High Estimate "3C"	10,315	2,241	727	304	148
Net Present Values After Tax (Unrisked)	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>20%</u>
Contingent - Low Estimate "1C"	4,379	1,087	365	147	65
Contingent - Best Estimate "2C"	5,628	1,358	459	192	91
Contingent - High Estimate "3C"	7,916	1,711	549	226	107
1	For risky resources and values, the evaluation assigned an 85% chance of development for Sawn Lake.				
2	Resources assessed at forecast crude oil reference prices and costs.				
3	Bitumen production is forecast to commence in 2023.				
4	The reference prices for heavy oil per barrel (Western Canada Select "WCS" 20.5 API in Canadian dollars) are \$87.81 for 2023, \$74.99 for 2024, \$76.49 for 2025, \$78.02 for 2026, \$79.58 for 2027, \$81.18 for 2028, \$82.80 for 2029 and increase at 2% per year thereafter.				
5	Bitumen revenue per barrel for these resources is \$23.31 less than the associated WCS reference price in 2023 and the differential increases approximately 1.5% per year.				
6	The reference prices for natural gas (AECO-C Spot price per MMBTU in Canadian dollars) are \$4.29 for 2023, \$3.02 for 2024, \$3.08 for 2025, \$3.14 for 2026, \$3.21 for 2027, \$3.27 for 2028, \$3.34 for 2029 and increase at 2% per year thereafter.				
7	Future development costs (including inflation of 0% per annum for 2023 and 2% per annum thereafter) for Contingent Resources which have been deducted in calculating the before tax NPV: ▪ Unrisky Low Estimate – CAD \$3,444 million with the drilling of 358 gross well pairs and building facilities ▪ Unrisky Best Estimate – CAD \$3,567 million with the drilling of 358 gross well pairs and building facilities ▪ Unrisky High Estimate – CAD \$3,765 million with the drilling of 358 gross well pairs and building facilities				
8	The values disclosed may not represent fair market value.				
9	There is uncertainty that it will be commercially viable to produce any portion of the resources.				

Sawn Lake Oil Sands Project
Summary of Net Present Values as of March 31, 2022
Contingent Resources as provided by Sproule
Pan Orient 71.8% Interest in Andora (CAD \$ million)

Net Present Values Before Tax (Risky)	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>20%</u>
Contingent - Low Estimate "1C"	3,497	875	300	125	58
Contingent - Best Estimate "2C"	4,485	1,090	374	160	78
Contingent - High Estimate "3C"	6,297	1,369	445	186	90
Net Present Values After Tax (Risky)	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>20%</u>
Contingent - Low Estimate "1C"	2,675	665	224	91	40
Contingent - Best Estimate "2C"	3,438	830	282	118	56
Contingent - High Estimate "3C"	4,834	1,046	337	139	66
Net Present Values Before Tax (Unrisked)	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>20%</u>
Contingent - Low Estimate "1C"	4,112	1,029	352	146	68
Contingent - Best Estimate "2C"	5,275	1,281	439	188	91
Contingent - High Estimate "3C"	7,406	1,609	522	218	106
Net Present Values After Tax (Unrisked)	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>20%</u>
Contingent - Low Estimate "1C"	3,144	780	262	106	47
Contingent - Best Estimate "2C"	4,041	975	330	138	65
Contingent - High Estimate "3C"	5,683	1,229	394	162	77
1	Results represent Pan Orient's 71.8% interest in Andora.				

- 2 For risked resources and values, the evaluation assigned an 85% chance of development for Sawn Lake.
- 3 Resources assessed at forecast crude oil reference prices and costs.
- 4 Bitumen production is forecast to commence in 2023.
- 5 The reference prices for heavy oil per barrel (Western Canada Select "WCS" 20.5 API in Canadian dollars) are \$87.81 for 2023, \$74.99 for 2024, \$76.49 for 2025, \$78.02 for 2026, \$79.58 for 2027, \$81.18 for 2028, \$82.80 for 2029 and increase at 2% per year thereafter.
- 6 Bitumen revenue per barrel for these resources is \$23.31 less than the associated WCS reference price in 2023 and the differential increases approximately 1.5% per year.
- 7 The reference prices for natural gas (AECO-C Spot price per MMBTU in Canadian dollars) are \$4.29 for 2023, \$3.02 for 2024, \$3.08 for 2025, \$3.14 for 2026, \$3.21 for 2027, \$3.27 for 2028, \$3.34 for 2029 and increase at 2% per year thereafter.
- 8 Future development costs (including inflation of 0% per annum for 2023 and 2% per annum thereafter) for Contingent Resources which have been deducted in calculating the before tax NPV:
 - Unrisked Low Estimate – CAD \$2,472 million with the drilling of 358 gross well pairs and building facilities
 - Unrisked Best Estimate – CAD \$2,561 million with the drilling of 358 gross well pairs and building facilities
 - Unrisked High Estimate – CAD \$2,703 million with the drilling of 358 gross well pairs and building facilities
- 9 The values disclosed may not represent fair market value.
- 10 There is uncertainty that it will be commercially viable to produce any portion of the resources.

Item 6B.3 Forward Contracts

There are no forward contracts, directly or indirectly, under which it may be precluded from fully realizing future market prices for oil or gas at Sawn Lake, Alberta.

Item 6B.4 Additional Information Concerning Abandonment and Reclamation Costs

Estimated abandonment and reclamation costs as at December 31, 2021 were based on internal estimates timing of costs required to abandon and reclaim Andora surface leases, wells and facilities in accordance with Canadian regulations. The December 31, 2021 estimate for abandonment and reclamation of surface leases, facilities and 6.6 net wells assumes work done in 2040 and the estimated cost associated with the Sawn Lake project in the Sawn Lake central block is based on a third party assessment of prepared in 2021.

Canada Abandonment & Reclamation Costs	Net Number of Wells	Undiscounted (\$ millions)	Discounted at 10% (\$ millions)
	6.6	1.7	0.3

Andora does not expect to incur any abandonment and reclamation costs in Canada within the next three fiscal years.

The Andora December 2021 Resources Report has included a deduction from future net revenue for estimated abandonment costs for all wells with contingent resources assigned, including the SAGD wellpair drilled in 2013. Estimated risked undiscounted abandonment costs in 2042 and onwards for Andora is \$106.5 million in the Low Estimate, \$108.2 million in the Best Estimate, and \$110.4 million in the High Estimate.

Estimated abandonment and reclamation costs as at March 31, 2022 were based on internal estimates timing of costs required to abandon and reclaim Andora surface leases, wells and facilities in accordance with Canadian regulations. The March 31, 2022 estimate for abandonment and reclamation of surface leases, facilities and 8.4 net wells assumes work done in 2040 and the estimated cost associated with the Sawn Lake project in the Sawn Lake central block is based on a third party assessment of prepared in 2021.

Canada Abandonment & Reclamation Costs	Net Number of Wells	Undiscounted (\$ millions)	Discounted at 10% (\$ millions)
	8.4	2.4	0.4

The Andora March 2022 Resources Report has included a deduction from future net revenue for estimated abandonment costs for all wells with contingent resources assigned, including the SAGD wellpair drilled in 2013. Estimated risked undiscounted abandonment costs in 2042 and onwards for Andora is \$139.7 million in the Low Estimate, \$140.5 million in the Best Estimate, and \$144.3 million in the High Estimate.

Andora does not expect to incur any abandonment and reclamation costs in Canada within the next three fiscal years.

Item 6B.5 Tax Horizon

Given that the Sawn Lake SAGD oil sands project is in a very early stage of development, it is difficult to estimate when taxes for Andora may become payable. Income earned in Canada by Andora after commercial development is not expected to attract taxes until Andora utilizes its accumulated tax pools and loss-carry forwards. Based on anticipated capital spending, which augments the tax pools, Andora does not expect to pay Canadian income taxes during the next two years. This estimate will be impacted by, among other factors, timing of commercial development, crude oil production levels, construction costs, commodity prices, operating costs, and interest rates.

Item 6B.6 Costs Incurred

There were no capital expenditures in Canada for the year ended December 31, 2021 by Andora for exploration and development activities.

Item 6B.7 Exploration and Development Activities for the Year Ended 2021

During 2021 Andora maintained the SAGD project facility and wells and conducted minimal work towards a potential commercial expansion at the Sawn Lake SAGD project (in which Andora is the operator and had a 50% working interest at December 31, 2021). During 2021, no operating expenses or G&A were capitalized.

Item 6B.8 Production Estimates for 2022

Andora does not anticipate any production of bitumen from the Sawn Lake project in 2022.

Item 6B.9 Production History for the Year Ended 2021

Andora had no producing wells at December 31, 2021 and did not have any production of crude oil, natural gas, or natural gas liquids for the year ended December 31, 2021.

See "Risk Factors"

OTHER OIL AND GAS INFORMATION – INDONESIA

PART 6C OTHER OIL AND GAS INFORMATION – INDONESIA

Item 6C.1 Oil and Gas Properties and Wells

East Jabung PSC (expired 2020)

The undeveloped interests at the East Jabung PSC, where Pan Orient held a 49% non-operated working interest, expired in January 2020 and the operator is continuing to complete the final steps to be taken for formal approval of the expiry by the GOI, including reclamation requirements.

Batu Gajah PSC (expired 2017)

The Batu Gajah PSC, where Pan Orient had held a 77% operated working interest with a 23% carried interest held by third parties, expired January 15, 2017 and Pan Orient 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 Pan Orient in Indonesia were reported in 2020 as discontinued operations in the Pan Orient financial statements.

Item 6C.2 Properties With No Attributed Reserves

At December 31, 2021 each of the East Jabung PSC and the Batu Gajah PSC had expired and there were no reserves assigned to any Indonesia PSCs.

Onshore Indonesia Interests December 31, 2021 (Notes 1 & 3)

PSC (and year awarded)	Notes		Gross acres without Attributed Reserves (gross)	Interests	Net acres without Attributed Reserves (net)
Batu Gajah PSC (expired 2017)	Notes 1 & 2		-	-	-
East Jabung PSC (expired 2020)	Notes 3 & 4		-	-	-
Note 1	The Batu Gajah PSC expired January 15, 2017 and Pan Orient is awaiting final approval from the GOI for the termination of the PSC and requirements for final well abandonment and site reclamation work.				
Note 2	Pan Orient had held a 77% operated working interest in Batu Gajah through a wholly owned subsidiary with a 23% carried interest held by third parties. For capital expenditures and operating expenses at the Batu Gajah PSC, Pan Orient pays its proportionate working interest share plus and an additional amount for a joint venture partner's carried interest.				
Note 3	East Jabung PSC – The Operator of the East Jabung PSC provided notice to the GOI in January 2020 of withdrawal from the East Jabung PSC. The East Jabung PSC expired in January 2020 and the operator is continuing to complete final steps to be taken for formal approval of the expiry by the GOI, including reclamation requirements.				
Note 4	Pan Orient held a 49% non-operated interest in the East Jabung through a wholly owned subsidiary.				

**Form 51-101F2 Report on Reserves Data by Independent Qualified Reserves
Evaluator – Thailand**

To the Board of Directors of Pan Orient Energy (Siam) Ltd. (the "Company"):

1. We have evaluated the Company's reserves data as at December 31, 2021. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2021, estimated using forecast prices and costs.
2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.
3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the "COGE Handbook") maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).
4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.
5. The following table shows the net present value of future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated for the year ended December 31, 2021, and identifies the respective portions thereof that we have audited, evaluated and reviewed and reported on to the Company's management and Board of Directors:

Independent Qualified Reserves Evaluator or Auditor	Effective Date	Location of Reserves (Country)	Net Present Value of Future Net Revenue Before income taxes (10% discount rate) CAD \$ thousands			
			Audited	Evaluated	Reviewed	Total
Sproule	December 31, 2021	Thailand				
Total			Nil	213,365	Nil	213,365

6. In our opinion, the reserves data evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.
7. We have no responsibility to update our report referred to in paragraph 5 for events and circumstances occurring after the effective date of our report entitled "Evaluation of the P&NG Reserves of POES in Concession L53, Thailand (As of December 31, 2021)".
8. Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

Sproule International Limited
Calgary, Alberta
February 14, 2022

(signed) *Meghan Klein*, P.Eng.
Senior Manager, Engineering

(signed) *Scott Whitman Pennell*, P.Eng.
Chief Operating Officer

(signed) *Alec Kovaltchouk*, P.Geo.
VP, Geoscience

Form 51-101F3 Report of Management and Directors on Reserves Data and Other Information

Management of Pan Orient Energy Corp. (the "Company") are responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data.

Independent qualified reserves evaluator, Sproule International Limited, has evaluated the Company's reserves data. The report of the independent qualified reserves evaluator will be filed with securities regulatory authorities concurrently with this report.

The reserves committee of the board of directors of the Company has:

- a) reviewed the Company's procedures for providing information to the independent qualified reserves evaluator;
- b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and
- c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The reserves committee of the board of directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has, on the recommendation of the reserves committee, approved:

- a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;
- b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator on the reserves data; and
- c) the content and filing of this report.

Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

(signed) "*Jeff Chisholm*"
Jeff Chisholm
President and Chief Executive Officer
Pan Orient Energy Corp.

(signed) "*Gerald Macey*"
Gerald Macey
Director
Pan Orient Energy Corp.

(signed) "*William Ostlund*"
William Ostlund
Vice-President, Finance and Chief Financial Officer
Pan Orient Energy Corp.

(signed) "*Cameron Taylor*"
Cameron Taylor
Director
Pan Orient Energy Corp.

April 28, 2022

Schedule 2 – Pan Orient Annual Financial Statements



PAN ORIENT ENERGY CORP.

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**



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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Pan Orient Energy Corp.

Opinion

We have audited the consolidated financial statements of Pan Orient Energy Corp. (the "Company"), which comprise:

- the consolidated statements of financial position as at December 31, 2019 and December 31, 2018
- the consolidated statements of operations and comprehensive income (loss) for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies.

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019 and December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

The engagement partner on the audit resulting in this auditors' report is David Yung.

A handwritten signature in black ink that reads 'KPMG LLP'.

Chartered Professional Accountants

Calgary, Canada

March 10, 2020

Pan Orient Energy Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars, unless otherwise noted)

	December 31 2019	December 31 2018
(\$000s)		
Assets		
Current		
Cash and cash equivalents	24,767	31,662
Accounts receivable	790	4,043
	25,557	35,705
Deposits	604	593
Investment in Joint Venture (note 5)	34,127	34,504
Right-of-use assets (note 6)	122	-
Property, plant and equipment (note 7)	395	433
Exploration and evaluation (note 8)	85,851	102,482
Total assets	146,656	173,717
Liabilities		
Current		
Accounts payable and accrued liabilities	3,343	2,876
Lease liabilities (note 9)	124	-
Decommissioning provision (note 10)	536	283
	4,003	3,159
Deferred tax liabilities (note 11)	5,574	6,699
Decommissioning provision (note 10)	1,679	1,895
Total liabilities	11,256	11,753
Shareholders' equity		
Share capital (note 12)	91,131	91,851
Contributed surplus	27,923	26,965
Non-controlling interest (note 16)	16,985	16,808
Accumulated other comprehensive income	2,903	4,578
Retained earnings (Deficit)	(3,542)	21,762
Total shareholders' equity	135,400	161,964
Total liabilities and shareholders' equity	146,656	173,717

Segmented information (note 18)

Commitments (note 19)

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board of Directors:

(signed "Richard Alexander")

 Director

(signed "Gerald Macey")

 Director

Pan Orient Energy Corp.
Consolidated Statements of Operations and Comprehensive Income (Loss)
(Expressed in Canadian dollars, unless otherwise noted)

	Year Ended December 31	
(\$000s, except per share amounts)	2019	2018
Other income		
Income from investment in Joint Venture (note 5)	4,890	114
Expenses		
Amortization and depreciation (notes 6 & 7)	152	41
Recovery of decommissioning expense	(14)	-
General and administrative	2,628	2,246
Finance income	(397)	(494)
Stock-based compensation	815	641
Impairment (note 8)	27,001	-
Foreign exchange loss (gain)	957	(2,049)
	31,142	385
Loss before taxes and non-controlling interest	(26,252)	(271)
Taxes (note 11)		
Deferred income tax recovery	(1,125)	(125)
Net loss	(25,127)	(146)
Other comprehensive income (loss)		
Foreign exchange income (loss) on translation of foreign operations	(906)	1,078
Foreign exchange gain on translation of Joint Venture (note 5)	838	2,262
Total other comprehensive income (loss)	(68)	3,340
Total comprehensive income (loss)	(25,195)	3,194
Net income (loss) attributable to:		
Common shareholders	(25,304)	(40)
Non-controlling interest (note 16)	177	(106)
Net loss	(25,127)	(146)
Total comprehensive income (loss) attributable to:		
Common shareholders	(25,372)	3,300
Non-controlling interest (note 16)	177	(106)
Total comprehensive income (loss)	(25,195)	3,194
Net loss per share attributable to common shareholders (note 12)		
Basic and diluted	\$ (0.46)	\$ (0.00)

See accompanying notes to the consolidated financial statements.

Pan Orient Energy Corp.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars, unless otherwise noted)

(\$000s)	Share Capital	Contributed Surplus	NCI	AOCI	Retained Earnings (Deficit)	Total
Balance as at December 31, 2017	91,851	26,307	16,914	1,238	21,802	158,112
Net loss	-	-	(106)	-	(40)	(146)
Stock-based compensation expense	-	641	-	-	-	641
Capitalized stock-based compensation	-	17	-	-	-	17
Other comprehensive income	-	-	-	3,340	-	3,340
Balance as at December 31, 2018	91,851	26,965	16,808	4,578	21,762	161,964
Balance as at December 31, 2018	91,851	26,965	16,808	4,578	21,762	161,964
Net income	-	-	177	-	(25,304)	(25,127)
Stock-based compensation expense	-	815	-	-	-	815
Options exercised	222	-	-	-	-	222
Transfer from contributed surplus	153	(153)	-	-	-	-
Normal course issuer bid	(1,095)	296	-	-	-	(799)
Other comprehensive loss	-	-	-	(68)	-	(68)
AOCI on impaired assets (note 8)	-	-	-	(1,607)	-	(1,607)
Balance as at December 31, 2019	91,131	27,923	16,985	2,903	(3,542)	135,400

See accompanying notes to the consolidated financial statements.

Pan Orient Energy Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars, unless otherwise noted)

	Year Ended December 31	
(\$000s)	2019	2018
Cash Provided From (Used in)		
Operating Activities		
Net loss	(25,127)	(146)
Adjustments for non-cash items:		
Deferred income tax recovery	(1,125)	(125)
Amortization and depreciation	152	41
Stock-based compensation	815	641
Accretion	62	49
Income from investment in Joint Venture (note 5)	(4,890)	(114)
Impairment (note 8)	27,001	-
Recovery of decommissioning expense	(14)	-
Unrealized foreign exchange loss (gain)	1,008	(2,047)
Changes in non-cash working capital	(436)	(706)
Cash flow used in operating activities	(2,554)	(2,407)
Investing Activities		
Exploration and evaluation	(12,833)	(4,256)
Dispositions of exploration and evaluation assets	-	133
Dividend from investment in joint venture (note 5)	6,624	-
Changes in non-cash working capital	3,626	(1,377)
Cash flow used in investing activities	(2,583)	(5,500)
Financing Activities		
Issuance of common shares	222	-
Normal course issuer bid	(799)	-
Finance lease payments	(130)	-
Cash flow used in financing activities	(707)	-
Change in cash and cash equivalents	(5,844)	(7,907)
Effect of foreign exchange on cash and cash equivalents	(1,051)	1,907
Cash and cash equivalents, beginning of year	31,662	37,662
Cash and cash equivalents, end of year	24,767	31,662

See accompanying notes to the consolidated financial statements.

1) CORPORATE INFORMATION

Pan Orient Energy Corp. ("Pan Orient" or the "Company") is an Alberta, Canada corporation with shares listed on the TSX Venture Exchange ("TSX-V"). The records office and principal address is located at 1505, 505 – 3rd Street S.W., Calgary, Alberta, T2P 3E6.

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.

2) BASIS OF PRESENTATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The consolidated financial statements were approved by the Company's Board of Directors on March 10, 2020.

Use of Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates, assumptions, and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the dates of the statements of financial position as well as the reported amounts of revenues, expenses, and cash flows during the periods presented. Such estimates relate primarily to unsettled transactions and events as of the dates of the financial statements. Actual results could differ materially from estimated amounts.

Amounts recorded for depletion and depreciation and amounts used for property, plant and equipment and exploration and evaluation cost impairment calculations are based on a number of factors including estimates of oil and natural gas reserves and future costs required to develop those reserves. To test impairment, costs are allocated into cash generating units ("CGUs") based on their ability to generate largely independent cash flows. The determination of CGUs is subject to judgment. The transfer of exploration and evaluation assets to property, plant and equipment is based on management's judgment of technical feasibility and commercial viability.

Stock-based compensation is subject to the estimation of what the ultimate payout will be using pricing models such as Black-Scholes which is based on significant assumptions such as expected volatility, dividend yield and expected term.

Amounts recorded for decommissioning provision and the related accretion expense requires the use of estimates with respect to the amount and timing of abandonment costs, inflation and interest rates.

The provision for income taxes is based on judgments in applying income tax law and estimates on the applicable tax rates, timing, likelihood and reversal of temporary differences between the accounting and tax bases of assets and liabilities. These estimates are subject to measurement uncertainty and changes in these estimates could materially impact the financial statements of future periods.

3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and the accounts of its subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when an entity is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. All significant intercompany transactions and balances have been eliminated. Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from the Company's equity. Non-controlling interest consists of the non-controlling interest at the date of the original business combination plus the non-controlling interest's share of changes in equity since the date of acquisition. All of the Company's material subsidiaries are wholly owned except for Andora, of which Pan Orient owns 71.8% of the outstanding common shares. The consolidated financial statements include a non-controlling interest representing 28.2% of Andora's assets and liabilities not owned by Pan Orient. Accounting policies are applied consistently throughout all consolidated entities and the reporting dates of the Company and its subsidiaries are coterminous, except as disclosed in note 5.

(b) Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognized at their fair values at the acquisition date.

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognized or at the fair value of the non-controlling interest. Non-controlling interest is presented within equity and when there is a loss of control, a gain or loss is recognized on the sold and retained interests. Increases or decreases in the Company's ownership interest while retaining control is a capital transaction.

(c) Joint Arrangements

A joint arrangement represents an arrangement where two or more parties hold joint control. Joint control is deemed to exist where decisions regarding relevant activities of the arrangement require the unanimous consent of those parties sharing control.

A joint venture is a joint arrangement in which each venturer holds the rights to the net assets of the arrangement. Interests in joint ventures are accounted for using the equity method of accounting.

A joint operation is a joint arrangement in which each venturer holds the rights to the assets and obligations of the arrangement. Interests in joint operations are accounted for by recognizing the Company's share of the assets, liabilities, revenue and expenses.

(d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and short-term investments with an original maturity date of three months or less.

(e) Exploration and Evaluation ("E&E")

Pre-exploration and pre-licensing costs associated with the investigating, bidding and acquisition of petroleum properties are expensed prior to obtaining a petroleum lease or concession.

Costs incurred prior to establishing commercial viability and technical feasibility, such as land and lease acquisition costs, and geological and geophysical costs, are initially classified as E&E assets. The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable based on several factors including the assignment of proven and probable reserves. Upon determination of technical feasibility and commercial viability, E&E assets attributable to those reserves are first tested for impairment and then reclassified from E&E assets to property, plant and equipment.

(f) Property, Plant and Equipment ("PP&E")

Unless initially classified as E&E assets, all costs related to the acquisition, exploration and development of petroleum and natural gas properties are capitalized and measured at cost less accumulated depletion and depreciation and accumulated impairment losses. These costs include land and lease acquisition costs, geological and geophysical costs, costs of drilling and equipping productive and non-productive wells, decommissioning costs, and carrying costs.

Petroleum and natural gas assets are accumulated in components, which generally are fields or groups of fields and then aggregated into CGUs. Depletion is provided on costs accumulated using the unit-of production method based on an independent engineering estimate of the Company's share of proved plus probable reserves, before royalties. Included in the depletion base are estimated future costs to be incurred in developing proved and probable reserves. Estimated salvage values are excluded from the depletion base.

Gains and losses on disposal of an item of property, plant and equipment, including oil and natural gas interests, are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized within profit or loss.

Cost incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts, including major inspection, of property, plant and equipment are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. The carrying amount of any replaced or sold component is derecognized. Directly attributable expenses incurred for major capital projects and site preparation are capitalized until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognized as a provision. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit and loss as incurred.

(g) Impairment of Assets

An impairment test is performed whenever events and circumstances indicate that the carrying value of the asset or CGU may exceed the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use. E&E assets are allocated to the CGU or groups of CGUs to which they relate for purposes of impairment testing. If there is indication of an impairment loss, the costs carried on the statement of financial position in excess of the recoverable amount are charged to the statement of operations.

Impairment losses from prior periods are assessed at each reporting date for indications that the impairment loss no longer exists or has decreased. Impairment losses can be reversed if there is a change in the estimates used to determine the recoverable amount. Reversal of impairment losses cannot exceed the carrying value of the asset prior to impairment less any depreciation and depletion that would have been taken if no impairment was recognized.

(h) Leases

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option the Company is reasonably certain to exercise, lease payment in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payment arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(i) Decommissioning Provision

The Company recognizes a liability related to statutory, contractual or other legal obligations associated with the retirement of assets, when a reasonable estimate of the provision can be determined. A corresponding increase to the carrying amount of the related asset is recorded. The liability is increased as accretion is recognized over time through charges to accretion, which is included in finance costs. The costs capitalized to the related assets are amortized to earnings in a manner consistent with the depletion and depreciation of the underlying assets. Revisions to the estimated timing of cash flows, inflation rates, discount rates or to the original estimated undiscounted costs also result in an increase or decrease to the obligation. Actual costs incurred upon settlement of the retirement obligation are charged against the obligation to the extent of the liability recorded.

(j) Revenue Recognition

Revenue generated within the joint venture is recognized when the performance obligations are satisfied and revenue can be reliably measured. Revenue is measured at the consideration specified in the contracts and represents amounts receivable for goods or services provided in the normal course of business, net of discounts, customs duties and sales taxes. Oil sales within the joint venture sold in Thailand are under long term floating price contracts. Performance obligations associated with the sale of crude oil are satisfied at the point in the time when the products are delivered and title passes to the customer.

(k) Stock-Based Compensation

The Company accounts for its stock-based compensation using the fair value method of accounting for stock options granted to directors and employees using the Black-Scholes option-pricing model. Stock-based compensation is measured at fair value at the grant date and expensed over the vesting period with a corresponding increase to contributed surplus. Consideration paid upon the exercise of stock options, together with corresponding amounts previously recognized in contributed surplus, is recorded as an increase to share capital. The amount recognized as expense is adjusted for an estimated forfeiture rate for options that will not vest, which is adjusted as actual forfeitures occur, until the shares are fully vested.

(l) Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method, deferred income tax assets or liabilities are recorded to reflect the difference between the accounting and tax base of assets and liabilities, and income tax loss carry forwards. Deferred income taxes are measured using tax rates that are expected to apply to the period when the deferred tax asset is realized or deferred tax liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period. The effect of a change in income tax rate is recognized in income in the period that the change occurs.

Deferred income tax assets are recognized for deductible temporary differences to the extent it is probable that future taxable profit will be available against which the deferred tax assets can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow the assets to be recovered. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination.

The Company offsets deferred tax assets and deferred tax liabilities relating to the same taxable entity. The Company may also offset deferred tax assets and deferred tax liabilities relating to different taxable entities, where the amounts relate to income taxes levied by the same taxation authority and the entities intend to realize the assets and settle the liabilities simultaneously.

(m) Per Share Amounts

Basic per share information is calculated on the basis of the weighted average number of common shares outstanding during the period. Diluted per share information is calculated using the treasury stock method which assumes that any proceeds received by the Company upon the exercise of in-the-money stock options, plus unamortized stock compensation costs, would be used to buy back common shares at the average market price for the period.

(n) Foreign Currency

The Company's reporting currency is the Canadian dollar and its subsidiaries' functional currencies are the Canadian dollar, the Thai baht and the U.S. dollar.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Canadian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Canadian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income. When a foreign operation is disposed of, or deemed to be disposed of, the relevant amount in AOCI (in the cumulative translation account) is transferred to profit or loss as part of the gain or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income in the cumulative translation account.

(o) Financial Instruments

All financial assets, liabilities and financial derivatives are initially recognized in the statement of financial position at fair value and must be classified as one of the following three categories:

- Amortized Cost: Includes assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest;
- Fair Value through Other Comprehensive Income ("FVOCI"): Includes assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, where its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest; or
- Fair Value through Profit and Loss ("FVTPL"): Includes assets that do not meet the criteria for amortized cost or FVOCI and are measured at fair value through profit or loss. This includes all derivative financial assets.

The Company has classified cash and cash equivalents, accounts receivable, deposits and accounts payable and accrued liabilities as amortized cost.

(p) Segmented Information

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographic segment), which is subject to risks and returns that are different from those of other segments. The Company has three reportable segments which are comprised of oil and gas exploration, development and production activities within Thailand, Indonesia and Canada.

4) ADOPTION OF NEW AND AMENDED ACCOUNTING STANDARDS

IFRS 16 – Leases

IFRS 16 “Leases” is effective for periods ending on or after January 1, 2019. This standard introduces a single recognition and measurement model for lessees, which requires recognition of lease assets and lease obligations on the statement of financial position. The Company adopted this standard using the modified retrospective approach. Accordingly, comparative information in the Company’s financial statements is not restated. The Company selected to not recognize leases whose term ends within 12 months of initial application, as well as not recognize leases which assets are considered to be a low dollar value. Lease payments associated with these leases are recognized as an expense as incurred over the lease term. The Company’s Thailand joint venture adopted this standard and the effect on adoption and subsequent measurements are included in the profit or loss from investment in joint venture (note 5).

On adoption, lease liabilities were measured at the present value of the remaining lease payments discounted using the Company’s incremental borrowing rate of 8% on January 1, 2019. Right-of-use assets were measured at an amount equal to the lease liability.

The impacts of the adoption of IFRS 16 as at January 1, 2019 are as follows:

Consolidated statement of financial position adjustments

(\$000s)	As reported as at December 31, 2018	Effect on adoption	Restated balance as at January 1, 2019
Right-of-use assets	-	233	233
Lease liabilities – current portion	-	(119)	(119)
Lease liabilities – non-current portion	-	(114)	(114)
Total	-	-	-

5) INVESTMENT IN JOINT VENTURE

The Company holds a 50.01% interest in Pan Orient Energy (Siam) Ltd., which is considered a Joint Venture under IFRS and is accounted for using the equity method. Initial recognition of the investment in Joint Venture was recorded at fair value. The carrying amount is subsequently increased or decreased to recognize the Company's share of the profit or loss from the joint venture. Distributions received from the joint venture reduce the carrying amount of the investment whereas funding to the joint venture increase the carrying amount. The Company's profit or loss includes its share of the joint venture's profit or loss and the Company's other comprehensive income includes its share of the joint venture's other comprehensive income or loss. The carrying amount of the Company's Investment in Joint Venture is as follows:

(\$000s)	December 31	
	2019	2018
Investment in Joint Venture, beginning of year	34,504	32,185
Change in amounts due from Joint Venture	519	(159)
Net income from Joint Venture, after tax	4,890	114
Dividend paid	(6,624)	-
Foreign currency translation	838	2,364
Investment in Joint Venture, end of year	34,127	34,504

Pan Orient Energy (Siam) Ltd. ⁽¹⁾		
Summarized Financial Information		
(\$000s)	December 31	
	2019	2018
Current assets	25,899	15,562
Non-current assets	69,424	65,497
Current liabilities	(6,140)	(3,645)
Non-current liabilities	(30,713)	(19,492)
Net assets	58,470	57,922

Pan Orient's Investment in Joint Venture

Pan Orient's 50.01% share of net assets of Pan Orient Energy (Siam) Ltd.	29,238	28,965
Fair value adjustment on initial recognition	8,924	8,924
Amortization of fair value adjustment on initial recognition	(2,761)	(1,592)
Change in amounts due from Joint Venture, since initial recognition	(1,274)	(1,793)
Investment in Joint Venture	34,127	34,504

(1) Represents 100% of net assets of Pan Orient Energy (Siam) Ltd. and the Company has 50.01% equity interest in Pan Orient Energy (Siam) Ltd.

Pan Orient Energy Corp.
Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise noted)

The Company's share of income or loss from the Joint Venture is as follows:

Pan Orient Energy (Siam) Ltd. ⁽¹⁾ Summarized Statement of Comprehensive Income (\$000s)	Year Ended December 31	
	2019	2018
Oil revenue	57,758	15,452
Royalties	(3,005)	(758)
Interest income	86	73
Total net revenue	54,839	14,767
Production and operating	4,770	2,471
Transportation	1,868	345
Depletion, depreciation and amortization	18,049	7,790
General and administrative	1,931	1,705
Impairment (recovery) of exploration and evaluation assets	(19)	346
Foreign exchange loss (gain)	(133)	2
Total expenses	26,466	12,659
Income before income taxes	28,373	2,108
Current income tax expense	6,549	1
Deferred income tax expense	9,706	888
Net income	12,118	1,219
Other comprehensive income	1,677	4,727
Total comprehensive income	13,795	5,946
Pan Orient's share of income from Joint Venture under equity method, (50.01% net to Pan Orient)		
Pan Orient's share of net income	6,059	610
Amortization of fair value adjustment	(1,169)	(496)
Net income from Joint Venture	4,890	114

(1) Represents 100% of comprehensive income or loss of Pan Orient Energy (Siam) Ltd. and the Company has 50.01% equity interest in Pan Orient Energy (Siam) Ltd.

6) RIGHT-OF-USE ASSETS

(\$000s)	Office lease	Equipment Rentals	Total
Initial recognition, January 1, 2019	111	122	233
Amortization	(71)	(43)	(114)
Foreign currency translation	1	2	3
At December 31, 2019	41	81	122

7) PROPERTY, PLANT AND EQUIPMENT

A reconciliation of the carrying amount of property, plant and equipment as at December 31, 2019 is set out below.

(\$000s)	Indonesia	Canada	Total
Cost			
At December 31, 2018	308	1,353	1,661
At December 31, 2019	308	1,353	1,661
Accumulated depletion, depreciation and amortization			
At December 31, 2018	(308)	(920)	(1,228)
Amortization and depreciation	-	(38)	(38)
At December 31, 2019	(308)	(958)	(1,266)
Net book value			
At December 31, 2018	-	433	433
At December 31, 2019	-	395	395

8) EXPLORATION AND EVALUATION

A reconciliation of the carrying amount of exploration and evaluation ("E&E") assets as at December 31, 2019 is set out below.

(\$000s)	Indonesia	Canada	Total
At December 31, 2017	12,591	84,504	97,095
Additions	3,359	914	4,273
Dispositions	-	(133)	(133)
Changes in decommissioning costs	(8)	23	15
Foreign currency translation	1,232	-	1,232
At December 31, 2018	17,174	85,308	102,482
Additions	12,228	605	12,833
Impairment	(28,608)	-	(28,608)
Changes in decommissioning costs	91	(62)	29
Foreign currency translation	(885)	-	(885)
At December 31, 2019	-	85,851	85,851

During the year ended December 31, 2019, general and administrative costs totaling \$0.6 million (December 31, 2018 – \$0.8 million) directly related to exploration and evaluation activities have been capitalized as E&E assets.

As at December 31, 2019 Andora's Sawn Lake steam assisted gravity drainage ("SAGD") demonstration project has not yet proven that it is commercially viable and all related costs and revenues are being capitalized as E&E assets until commercial viability is achieved. Commercial viability is determined based on several factors including the assignment of proven and probable reserves. Upon being determined commercially viable the related E&E assets will be tested for impairment and reclassified to property, plant and equipment where they will be depleted.

Recoverability of the capitalized costs is dependent on successfully completing development of the properties. With respect to the Canadian properties, recoverability is also dependent on determining the technical feasibility of the project. Capitalized costs incurred to date do not necessarily represent present or future values.

Impairment

Indonesia – East Jabung Production Sharing Contract ("PSC")

Pursuant to a June 1, 2015 farmout agreement, the Company transferred a 51% direct working interest and operatorship of the East Jabung PSC. The farminee committed to funding US\$10.2 million towards the first and second exploration wells and a contingent commitment to fund the first US\$5.1 million towards an appraisal well, if justified. The drilling of the Ayu-1X and Elok-1X exploration wells in 2017 qualified for the two wells under the firm 3 year exploration work program. The original November 21, 2017 expiry date of the East Jabung PSC was extended by the Government of Indonesia to January 20, 2019. On January 11, 2019 the East Jabung PSC joint venture received approval for a four year exploration extension period with

an exploration area of 1,245.56 square kilometers, where the joint venture has the option of exiting or continuing the PSC on an annual basis. The Anggun-1X well was drilled unsuccessfully in the fourth quarter of 2019. In January 2020 the PSC joint venture provided notice of the Government of Indonesia of withdrawal from the East Jabung PSC. As a result, the Company recognized the following impairment expense related to the East Jabung PSC in 2019.

The East Jabung PSC utilizes US dollars as its functional and presentation currency. The strengthening of the US dollar compared to the Canadian dollar has resulted in a foreign currency translation gain included in Accumulated Other Comprehensive Income. Given no future exploration plans in East Jabung and the expiry of the East Jabung PSC in January 2020, the Company has reclassified the cumulative amount of exchange differences from Accumulated Other Comprehensive Income to profit or loss through the impairment expense recognized on the East Jabung PSC.

(\$000s)	Total
Exploration and Evaluation assets – impairment of East Jabung PSC	28,608
Accumulated Other Comprehensive Income – foreign currency translation of East Jabung PSC	(1,607)
Impairment expense	27,001

9) LEASE LIABILITIES

(\$000s)	Total
Initial recognition, January 1, 2019	233
Lease payments	(130)
Accretion	20
Foreign currency translation	1
At December 31, 2019	124
Less current portion	(124)
Non-current portion	-

Lease liabilities were measured at the present value of the remaining lease payments discounted using an incremental borrowing rate of 8%.

10) DECOMMISSIONING PROVISION

A reconciliation of the Company's decommissioning provision at December 31, 2019 is set out below.

(\$000s)	Indonesia	Canada	Total
At December 31, 2017	426	1,649	2,075
Revisions to obligations	(8)	23	15
Accretion	10	39	49
Foreign currency translation	39	-	39
At December 31, 2018	467	1,711	2,178
Obligation incurred	105	-	105
Revisions to obligations	(28)	(62)	(90)
Accretion	12	30	42
Foreign currency translation	(20)	-	(20)
At December 31, 2019	536	1,679	2,215
Less current portion	(536)	-	(536)
Non-current portion	-	1,679	1,679

The decommissioning provision is based on the Company's net ownership of wells and facilities in Indonesia and Canada, management's estimates of costs to abandon and reclaim those wells and facilities and the potential future timing of the costs to be incurred. Total undiscounted cash flows, escalated at 1.34% for inflation (December 31, 2018 – 1.94%), required to settle the Company's decommissioning provision are estimated to be \$3.2 million at December 31, 2019 (December 31, 2018 – \$3.6 million). Payments to settle the provision will be made over the operating lives of the underlying assets and are estimated to be incurred between 2020 and 2050. Estimated costs have been discounted at the risk-free interest rate in the jurisdiction in which the expenditure is expected to be incurred which averaged at 1.75% at December 31, 2019 (December 31, 2018 – 2.23%).

11) TAXES

A reconciliation of income taxes calculated at the statutory income tax rate to the income tax recovery included in the consolidated statement of operations is as follows:

(\$000s)	Year Ended December 31	
	2019	2018
Loss before taxes and non-controlling interest	(26,252)	(271)
Statutory income tax rate	26.5%	27%
Expected income recovery at statutory rate	(6,957)	(73)
Increase (decrease) resulting from:		
Income taxes in jurisdictions with different rates	134	62
Impact on income tax rate adjustment on deferred taxes ⁽¹⁾	(890)	-
Non-deductible impairment (note 8)	7,155	-
Change in unrecognized deferred tax assets	495	(229)
Non-deductible stock-based compensation	216	173
Non-taxable equity income from investment in joint venture	(1,296)	(31)
Other	18	(27)
Income tax recovery	(1,125)	(125)

(1) Alberta decreased corporate income tax rates effective July 1, 2019 by 1% in 2019, and an additional 1% in each of 2020, 2021 and 2022.

The components of the Company's net deferred tax liabilities arising from temporary differences and loss carry-forwards are as follows. The tax losses expire from 2026 to 2039.

(\$000s)	Balance at December 31, 2017	Deferred tax expense (recovery)	OCI	Balance at December 31, 2018
Petroleum and natural gas properties	14,599	482	-	15,081
Investment in joint venture	-	(102)	102	-
Non-capital and capital losses	(7,432)	(488)	-	(7,920)
Decommissioning provision	(445)	(17)	-	(462)
Net deferred tax liability	6,722	(125)	102	6,699

(\$000s)	Balance at December 31, 2018	Deferred tax expense (recovery)	Balance at December 31, 2019
Petroleum and natural gas properties	15,081	(2,126)	12,955
Non-capital and capital losses	(7,920)	923	(6,997)
Decommissioning provision	(462)	78	(384)
Net deferred tax liability	6,699	(1,125)	5,574

The following table provides details of deductible temporary differences for which no deferred tax asset has been recognized:

(\$000s)	December 31 2019	December 31 2018
Non-capital and capital losses	74,454	62,917
Petroleum and natural gas properties	-	677
Total	74,454	63,594

12) SHARE CAPITAL

(a) Authorized

Unlimited Common Voting Shares
 Unlimited Preferred Shares

(b) Issued and Outstanding Class A Common Shares

Common Shares	Shares Issued	Shares Outstanding	Amount (\$000s)
Balance as at December 31, 2018 and 2017	54,900,407	54,900,407	\$ 91,851
Issuance of common shares	250,000	250,000	222
Transfer from contributed surplus for options exercised	-	-	153
Shares purchased under normal course issuer bid	-	(654,400)	(1,095)
Shares cancelled	(454,400)	-	-
Balance as at December 31, 2019	54,696,007	54,496,007	\$ 91,131

In May 2019, the Company renewed its normal course issuer bid through the TSX-V to continue the ability to purchase its common shares. Under the terms of the bid, Pan Orient is authorized to purchase, for cancellation, up to 4,504,064 of its common shares (10% of the public float), subject to a maximum of 1,098,008 common shares (2% of the 54,900,407 issued and outstanding common shares) during any 30 day period. The ability to purchase common shares under the bid commenced on May 16, 2019 and ends one year after commencement or on the earlier date on which Pan Orient has either acquired the maximum number of common shares specified above or otherwise decided not to make any further purchases.

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

(c) Options to Purchase Common Shares

	Number of Options ⁽¹⁾	Weighted Average Exercise Price (\$)
Options outstanding at December 31, 2017	3,431,000	1.42
Granted	1,560,000	1.09
Expired	(1,001,000)	1.52
Options outstanding at December 31, 2018	3,990,000	1.26
Granted	1,375,000	1.90
Exercised	(250,000)	0.89
Options outstanding at December 31, 2019	5,115,000	1.45

(1) These options are held by directors, senior management, employees and consultant of the Company.

Options Outstanding at December 31, 2019				Options Exercisable at December 31, 2019		
Exercise Price (\$)	Number of Options	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)
1.09	1,560,000	1.09	3.11	1,040,000	1.09	3.11
1.43	2,180,000	1.43	0.10	2,180,000	1.43	0.10
1.90	1,375,000	1.90	4.22	458,337	1.90	4.22
1.09 – 1.90	5,115,000	1.45	2.12	3,678,337	1.39	1.46

(d) Stock-based Compensation

The fair value of the stock options granted has been estimated on the grant dates using the Black-Scholes option pricing model. Weighted average assumptions and resultant fair values for stock options granted during the years ended December 31, 2019 and 2018 are as follows:

	Year Ended December 31	
	2019	2018
Risk free interest rate (%)	2	2
Expected lives (years)	5	5
Expected volatility (%)	55	56
Dividend per share (%)	-	-
Forfeiture rate (%)	11	12
Weighted average fair value, per option	\$ 0.92	\$ 0.54

(e) Andora Energy Corporation

i) Issued and Outstanding Class A Common Shares

As at December 31, 2019 Andora had 100.1 million (December 31, 2018 – 100.1 million) common shares issued and outstanding of which Pan Orient held 71.8% (December 31, 2018 – 71.8%).

ii) Options to Purchase Common Shares of Andora

	Number of options	Exercise price (\$)
Balance as at December 31, 2018 and 2019	9,500,000	0.15

Options Outstanding at December 31, 2019				Options Exercisable at December 31, 2019		
Exercise Price (\$)	Number of Options	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)
0.15	9,500,000	0.15	0.84	9,500,000	0.15	0.84

iii) Convertible Credit Facility

Andora entered into a convertible loan agreement with Pan Orient on January 30, 2018 whereby Andora can draw up to \$2 million against a revolving credit facility. The loan bears interest at HSBC Canada prime rate for commercial loans in Canadian dollars plus three percent, per annum. Any principal drawn against the credit facility, including accrued interest (collectively, "outstanding amount"), is repayable upon demand or by December 31, 2022, whichever is earlier. Security for repayment of any outstanding amount is provided by a general security agreement creating a first fixed charge over all of Andora's property, subject to certain permitted encumbrances. Pan Orient has the option under the loan agreement to convert the outstanding amount, or a portion thereof, into Andora's common shares at a price of \$0.15 per share. As of December 31, 2019, Andora had drawn \$2.0 million (December 31, 2018 - \$1.0 million) against the credit facility. Subsequent to year end, the Company increased the revolving credit facility limit by \$500,000 under the same terms and conditions as the existing credit facility. As of the approval date of these financial statements, Andora has not drawn against the \$500,000.

(f) Earnings per Share Attributable to Common Shareholders

A reconciliation of the weighted average number of common shares used to calculate diluted net income (loss) per share is as follows:

	Year Ended December 31	
	2019	2018
Weighted average common shares – basic and diluted	54,957,877	54,900,407
Net loss attributable to common shareholders (\$000s)	(25,304)	(40)
Net loss per share, basic and diluted	\$ (0.46)	\$ (0.00)

Options were not included in the computation of weighted average diluted common shares because they were anti-dilutive.

13) CAPITAL MANAGEMENT

The Company's capital consists of the following:

	December 31	
(\$000s)	2019	2018
Working capital and non-current deposits	22,158	33,139
Share capital	91,131	91,851

Pan Orient's primary objective for managing its capital structure is to maintain financial capacity for the purpose of sustaining future development of its businesses and maintaining investor, creditor and market confidence.

The Company considers its capital structure to include share capital and working capital plus non-current deposits. Management is continually monitoring changes in economic conditions and the risk characteristics of the underlying petroleum and natural gas industry. The Company currently has sufficient cash on hand to carry out its planned activities. However, in the event that adjustments to the capital structure are necessary, the Company may consider issuing additional equity, raising debt or revising its capital investment programs.

Pan Orient's share capital is not subject to any external restrictions. Since the date of incorporation the Company has not paid or declared any dividends other than a \$0.75 per common share special distribution in 2012, and a \$0.40 per common share special distribution in 2016. There were no changes to the Company's approach to capital management during the year.

14) FINANCIAL INSTRUMENTS

Overview

The nature of Pan Orient's operations exposes the Company to credit risk, liquidity risk and market risk. Changes in commodity prices, foreign exchange rates and interest rates may have a material effect on cash flows, net income and comprehensive income. This note provides information about the Company's exposure to each of the above risks as well as the Company's objectives, policies and processes for measuring and managing these risks.

Pan Orient's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and to monitor market conditions and the Company's activities. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management.

Fair Value

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, deposits, accounts payable and accrued liabilities, and taxes receivable. Due to the short term nature of the Company's financial instruments the fair value approximates the carrying value.

Credit Risk

Credit risk is the risk of financial loss to the Company if counterparties do not fulfill their contractual obligations. The most significant exposure to this risk is relative to the sale of oil production; all of the Company's production is sold to a refinery owned by the Thai National Oil Company. Pan Orient is paid for its production on a monthly basis, typically within a week of the end of the month. The Company has assessed the risk of non-collection from the Thai government as minimal.

Cash and cash equivalents consist of cash bank balances and short-term deposits maturing in less than 90 days. The Company's short-term investments currently consist of bankers' acceptances and term deposits. It is not the Company's policy to utilize complex, higher-risk investment vehicles.

The carrying amount of accounts receivable and cash and cash equivalents represents the maximum credit exposure. The Company did not write-off any receivables during the years ended December 31, 2019 or 2018.

As at December 31, 2019 and 2018 there were no significant amounts past due or impaired.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its work commitments and other financial obligations as they come due. Pan Orient's approach to managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking harm to the Company's reputation.

The Company's liquidity is dependent upon its existing cash position and its operating cash flows. To forecast and monitor liquidity, the Company prepares annual operating and capital expenditure budgets in each country which are monitored and updated as considered necessary. Working capital at December 31, 2019 is \$21.6 million.

The Company's only reported financial liabilities at December 31, 2019 are accounts payable and accrued liabilities, current portion of lease liabilities and decommissioning provision totaling \$4.0 million which will mature within one year.

The Company's work commitments in Andora are expected to be funded through Andora's cash balances and drawing on the credit facility provided by the Company (note 12 (e)).

Market Risk

Market risk is the risk that changes in foreign exchange rates, commodity prices and interest rates will affect the Company's cash flows, net income and comprehensive income. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

Commodity Price Risk

Changes in commodity prices may significantly impact the results of the Company's operations and cash generated from operating activities. Crude oil prices are impacted by world economic and political events that dictate the levels of supply and demand. The Company did not have any commodity price contracts in place as at or during the years ended December 31, 2019 or 2018.

Interest Rate Risk

The Company is exposed to interest rate risk on its cash and cash equivalents. Changes in interest rates could impact the Company's cash flows, and net loss and comprehensive income (loss). A 1% change in the interest rate would impact net loss before tax by approximately \$0.2 million (2018 - \$0.3 million) based on the cash balances at year end.

Foreign Currency Exchange Rate Risk

Foreign currency exchange rate risk is the risk that future cash flows, net income (loss) and comprehensive income (loss) will fluctuate as a result of changes in foreign exchange rates. All of the Company's petroleum sales, which are solely derived from our investment in joint venture, are denominated in Thai baht based on a USD oil price, and all operational and capital activities related to the Thailand properties are transacted in either Thai baht or the U.S. dollar. In addition, the underlying market prices in Thailand for petroleum are impacted by changes in the exchange rate between the Thai baht and the U.S. dollar. The work commitments in Indonesia are expected to be carried out in U.S. dollars.

Changes in foreign exchange rates between the Canadian dollar and the U.S. dollar and Thai baht can affect net income (loss) and other comprehensive income (loss) as a portion of the Company's operations use the U.S. dollar or Thai baht as

Pan Orient Energy Corp.
Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise noted)

their functional currency. The Company's reporting currency is the Canadian dollar and its subsidiaries' functional currencies are the Canadian dollar, the Thai baht and USD. Changes in foreign exchange rates between the Canadian dollar and the U.S. dollar and Thai baht can affect earnings.

As at December 31 the following financial instruments were denominated in currencies other than the Canadian dollar:

	December 31, 2019		December 31, 2018	
	US dollar (\$000s)	Indonesia Rupiah (000s)	US dollar (\$000s)	Indonesia Rupiah (000s)
Cash and cash equivalents	12,939	12,065	19,143	845,130
Accounts receivable	9	-	12	39,352,266
Deposits	15	214,226	24	-
Accounts payable and accrued liabilities	(2,219)	(2,641,456)	(1,402)	(7,377,201)
Net exposure in foreign currency	10,744	(2,415,165)	17,777	32,820,195
Net exposure in Canadian dollars ⁽¹⁾ (\$000s)	13,941	(228)	24,253	3,105

(1) Translated at December 31, 2019 and 2018 exchange rates.

Based on financial instruments held at December 31, 2019 and 2018, fluctuations in the exchange rates as indicated below would have the following estimated effect on net income (loss) and other comprehensive income (loss):

	December 31	
(\$000s)	2019	2018
Effect of 1% increase in USD to CAD exchange rate:		
Pre-tax net income	168	259
Other comprehensive loss	(28)	(16)
Effect of 1% increase in Rupiah to CAD exchange rate:		
Pre-tax net income (loss)	-	-
Other comprehensive income (loss)	(2)	31

15) SUBSIDIARIES

As at December 31, 2019 the Company had the following material subsidiaries:

Material Subsidiaries	Nature and Primary Place of Business	Ownership
Canadian Segment		
Andora Energy Corporation	Operator of and holds a 50% interest in the Sawm Lake SAGD Demonstration Project located in Northern Alberta.	71.8%
Thailand Segment		
Pan Orient Energy (Siam) Ltd. (Reported as investment in joint venture)	Operator of and holds a 100% interest in Concession L53/48.	50.01%
Indonesian Segment		
Pan Orient Energy East Jabung Pte. Ltd.	Non-operator and holds a 49% interest in the East Jabung production sharing contract onshore South Sumatra. (See note 8)	100.0%

16) NON-CONTROLLING INTERESTS

The following subsidiary has material non-controlling interests ("NCI"):

Name	Ownership interest held by NCI at December 31	
	2019	2018
Andora Energy Corporation ("Andora")	28.2%	28.2%

The following is summarized financial information for Andora before any intercompany eliminations:

(\$000s)	Year Ended December 31	
	2019	2018
Interest revenue	11	9
Total comprehensive income (loss)	628	(375)
<i>Total comprehensive income (loss) attributable to non-controlling interests</i>	177	(106)
Current assets	334	233
Non-current assets	84,863	84,377
Current liabilities	(1,999)	(1,030)
Non-current liabilities	(7,292)	(8,367)
Net assets	75,906	75,213
<i>Net assets attributable to non-controlling interests</i>	21,426	21,230
<i>Changes in equity and other items impacting NCI</i>	(4,441)	(4,422)
<i>Non-controlling interest</i>	16,985	16,808
Cash flows used in operating activities	(282)	(286)
Cash flows used in investing activities	(650)	(670)
Cash flows from financing activities	1,000	972
Net increase in cash and cash equivalents	68	16

The Company recognized the non-controlling interest in Andora as the NCI's share of net assets at the acquisition date with the NCI's share of income or loss recognized in subsequent periods. Transactions impacting the equity of Andora, such as stock based compensation and contributed surplus, have resulted in a difference between the proportionate share of Andora's net assets and the Non-controlling Interest recognized in Pan Orient's consolidated statement of financial position.

17) RELATED PARTY DISCLOSURES

Compensation for key management personnel in Canada, Indonesia and Thailand Joint Venture, being the officers and directors, is as follows:

(\$000s)	Year Ended December 31	
	2019	2018
Short-term benefits ⁽¹⁾⁽²⁾	1,196	1,314
Stock-based compensation ⁽²⁾	720	599
Total	1,916	1,913

(1) Includes salaries, benefits, directors fees and the Company's share of key management compensation recorded in the income or loss in Thailand Joint Venture investment.

(2) Before capitalization to exploration and development activities.

The Company's consolidated statement of operations is prepared primarily by nature of expenses, with the exception of employee compensation costs which are included in general and administrative costs and stock-based compensation. The following table details the amount of employee compensation costs included in general and administrative expenses in the statement of operations:

(\$000s)	Year Ended December 31	
	2019	2018
General and administrative expense	1,215	710
Stock-based compensation expense	815	641
Total employee compensation costs	2,030	1,351

Pan Orient Energy Corp.
Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise noted)

18) SEGMENTED INFORMATION

The Company operates in three countries and each country is considered a reportable segment. The three segments consist of: 1) interest in joint venture in partially developed conventional petroleum and natural gas properties in Thailand; 2) undeveloped petroleum and natural gas properties in Indonesia; and 3) an undeveloped heavy oil property in Canada. The following table provides information for each geographical segment for the years ended December 31:

As at: (\$000s)	December 31, 2019			December 31, 2018		
	Thailand	Indonesia	Canada	Thailand	Indonesia	Canada
Property, plant and equipment	-	-	395	-	-	433
Exploration and evaluation	-	-	85,851	-	17,174	85,308
Other assets	34,127	177	26,106	34,516	4,071	32,215
Total assets	34,127	177	112,352	34,516	21,245	117,956
						173,717
Year Ended: (\$000s)	December 31, 2019			December 31, 2018		
	Thailand	Indonesia	Canada	Thailand	Indonesia	Canada
Income from joint venture	4,890	-	-	114	-	-
Amortization and depreciation	-	95	57	-	-	41
Recovery of decommissioning expense	-	(14)	-	-	-	-
General and administrative	41	470	2,117	32	266	1,948
Finance income	-	-	(397)	-	-	(494)
Stock based compensation	-	-	815	-	-	641
Impairment	-	27,001	-	-	-	-
Foreign exchange loss (gain)	-	(50)	1,007	-	18	(2,067)
Total expenses	41	27,502	3,599	32	284	69
Deferred income tax recovery	-	-	(1,125)	-	-	(125)
Net income (loss) attributable to:						
Common shareholders	4,849	(27,502)	(2,651)	82	(284)	162
Non-controlling interest	-	-	177	-	-	(106)
Total net income (loss)	4,849	(27,502)	(2,474)	82	(284)	56
Capital expenditures ⁽¹⁾	-	12,229	604	-	3,359	897
						4,256

(1) Capital expenditures excluded decommissioning costs, the impact of changes in foreign exchange and capitalized stock-based compensation expense.

19) COMMITMENTS

As at December 31, 2019 the Company's estimated outstanding capital commitments are as follows:

Estimated Net Financial Commitment ⁽¹⁾			
Country and Concession Name	Remaining Work Program Commitment	Obligation Ending	CAD ⁽³⁾ (\$000s)
Thailand Joint Venture			
Concession L53	▪ Surface reservation fee ⁽²⁾	January 2021	-
Total Thailand			-
Canadian Heavy Oil Sands – Andora Energy Corporation			
Sawn Lake, Alberta	▪ Natural gas pipeline tariff	April 1, 2022 to March 31, 2030	719
Total Canada			719
			719

(1) Actual expenditures required to carry out these commitments may be significantly different from the estimates. The Company intends to fund commitments through expected cash flows from Thailand and the Company's existing working capital.

(2) The original nine year exploration period for Concession L53 expired on January 7, 2016. The Government of Thailand has approved a "reserved area" within Concession L53 for up to five years, with the payment of a surface reservation fee of \$0.8 million, for each year Pan Orient Energy (Siam) Ltd. elects to retain the reserved area. Pan Orient Energy (Siam) Ltd. is entitled to receive a refund of the surface reservation fee for a particular year in an amount equal to the petroleum exploration expenditures spent in that year within the reserved area up to the reservation fee paid. Pan Orient Energy (Siam) Ltd. intends to spend at least the full amount each year the reserved area is renewed and, therefore, it is expected that the annual reservation fee will be fully refunded. During 2020, Pan Orient Energy (Siam) Ltd. paid the fifth and final year deposit for the remaining portion of the "reserved area" and is expected to receive the refund from the fourth year deposit. On January 7, 2021 the "reserved area" exploration lands will expire and only exploration and development lands within the production license areas will remain (with a 20 year primary term to January 7, 2026 plus an additional 10 year renewal period that can be applied for).

(3) Translated at December 31, 2019 exchange rates from the source currency in which the commitments were denominated in.



PAN ORIENT ENERGY CORP.

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



PAN ORIENT ENERGY CORP.

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Pan Orient Energy Corp.

Opinion

We have audited the consolidated financial statements of Pan Orient Energy Corp. (the "Entity"), which comprise:

- the consolidated statements of financial position as at December 31, 2020 and 2019
- the consolidated statements of operations and comprehensive loss for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

The engagement partner on the audit resulting in this auditors' report is Shane Doig.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada

March 16, 2021

Pan Orient Energy Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars, unless otherwise noted)

	December 31 2020	December 31 2019
(\$000s)		
Assets		
Current		
Cash and cash equivalents	26,412	24,767
Accounts receivable	411	790
	26,823	25,557
Deposits	609	604
Investment in Joint Venture (note 4)	28,329	34,127
Right-of-use assets	19	122
Equipment and other (note 6)	453	395
Exploration and evaluation (note 7)	-	85,851
Total assets	56,233	146,656
Liabilities		
Current		
Accounts payable and accrued liabilities	3,352	3,343
Lease liabilities	20	124
Decommissioning provision (note 8)	483	536
	3,855	4,003
Other liabilities	70	-
Deferred tax liabilities (note 9)	-	5,574
Decommissioning provision (note 8)	2,011	1,679
Total liabilities	5,936	11,256
Shareholders' equity		
Share capital (note 10)	85,583	91,131
Contributed surplus	31,089	27,923
Non-controlling interest (note 14)	(5,470)	16,985
Accumulated other comprehensive income	2,268	2,903
Deficit	(63,173)	(3,542)
Total shareholders' equity	50,297	135,400
Total liabilities and shareholders' equity	56,233	146,656

Commitments (note 16)

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board of Directors:

(signed "Richard Alexander")

 Director

(signed "Gerald Macey")

 Director

Pan Orient Energy Corp.
Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars, unless otherwise noted)

	Year Ended December 31	
(\$000s, except per share amounts)	2020	2019
Income from investment in Joint Venture (note 4)	1,906	4,890
Expenses (Income)		
General and administrative	2,120	2,158
Operating expense (note 7)	210	-
Stock-based compensation	651	815
Amortization and depreciation (note 6)	52	57
Decommissioning expense	359	-
Impairment (note 7)	85,799	-
Finance income	(219)	(397)
Foreign exchange loss	867	1,007
	89,839	3,640
Income (loss) before taxes and non-controlling interest	(87,933)	1,250
Taxes (note 9)		
Deferred income tax recovery	(5,574)	(1,125)
Net income (loss) from continuing operations	(82,359)	2,375
Net income (loss) from discontinued operations (note 5)	273	(27,502)
Net loss	(82,086)	(25,127)
Other comprehensive income (loss)		
Foreign exchange loss on translation of foreign operations	-	(906)
Foreign exchange gain (loss) on translation of Joint Venture (note 4)	(635)	838
Total other comprehensive loss	(635)	(68)
Total comprehensive loss	(82,721)	(25,195)
Net income (loss) attributable to:		
Common shareholders	(59,631)	(25,304)
Non-controlling interest (note 14)	(22,455)	177
Net loss	(82,086)	(25,127)
Total comprehensive income (loss) attributable to:		
Common shareholders	(60,266)	(25,372)
Non-controlling interest (note 14)	(22,455)	177
Total comprehensive loss	(82,721)	(25,195)
Net income (loss) per share attributable to common shareholders (note 10)		
Basic and diluted – continuing operations	\$ (1.13)	\$ 0.04
Basic and diluted – net loss attributed to common shareholders	\$ (1.13)	\$ (0.46)

See accompanying notes to the consolidated financial statements.

Pan Orient Energy Corp.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars, unless otherwise noted)

(\$000s)	Share Capital	Contributed Surplus	NCI	AOCI	Retained Earnings (Deficit)	Total
Balance as at December 31, 2018	91,851	26,965	16,808	4,578	21,762	161,964
Net income	-	-	177	-	(25,304)	(25,127)
Stock-based compensation expense	-	815	-	-	-	815
Option exercised	222	-	-	-	-	222
Transfer from contributed surplus	153	(153)	-	-	-	-
Normal course issuer bid	(1,095)	296	-	-	-	(799)
Other comprehensive loss	-	-	-	(68)	-	(68)
AOCI on impaired assets	-	-	-	(1,607)	-	(1,607)
Balance as at December 31, 2019	91,131	27,923	16,985	2,903	(3,542)	135,400
Balance as at December 31, 2019	91,131	27,923	16,985	2,903	(3,542)	135,400
Net loss	-	-	(22,455)	-	(59,631)	(82,086)
Stock-based compensation expense	-	268	-	-	-	268
Normal course issuer bid	(4,603)	2,898	-	-	-	(1,705)
Provision for repurchase of common shares (note 10)	(945)	-	-	-	-	(945)
Other comprehensive loss	-	-	-	(635)	-	(635)
Balance as at December 31, 2020	85,583	31,089	(5,470)	2,268	(63,173)	50,297

See accompanying notes to the consolidated financial statements.

Pan Orient Energy Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars, unless otherwise noted)

	Year Ended December 31	
(\$000s)	2020	2019
Cash Provided From (Used in)		
Operating Activities		
Net income (loss) from continuing operations	(82,359)	2,375
Adjustments for non-cash items:		
Deferred income tax recovery	(5,574)	(1,125)
Amortization and depreciation	52	57
Stock-based compensation (non-cash portion)	268	815
Accretion	21	33
Income from investment in Joint Venture (note 4)	(1,906)	(4,890)
Impairment (note 7)	85,799	-
Decommissioning expense	359	-
Unrealized foreign exchange loss	869	1,008
Changes in non-cash working capital	529	35
Cash flow used in operating activities	(1,942)	(1,692)
Investing Activities		
Property, plant and equipment	(2)	-
Exploration and evaluation	(83)	(605)
Dividend from investment in joint venture (note 4)	7,112	6,624
Changes in non-cash working capital	(43)	(993)
Cash flow from investing activities	6,984	5,026
Financing Activities		
Issuance of common shares	-	222
Normal course issuer bid	(1,705)	(799)
Finance lease payments	(28)	(8)
Cash flow used in financing activities	(1,733)	(585)
Change in cash and cash equivalents from continuing operations	3,309	2,749
Change in cash and cash equivalents from discontinued operations (note 5)	(795)	(8,593)
Effect of foreign exchange on cash and cash equivalents	(869)	(1,051)
Cash and cash equivalents, beginning of year	24,767	31,662
Cash and cash equivalents, end of year	26,412	24,767

See accompanying notes to the consolidated financial statements.

1) CORPORATE INFORMATION

Pan Orient Energy Corp. ("Pan Orient" or the "Company") is an Alberta, Canada corporation with shares listed on the TSX Venture Exchange ("TSX-V"). The records office and principal address is located at 1505, 505 – 3rd Street S.W., Calgary, Alberta, T2P 3E6.

Pan Orient is an oil and natural gas company based in Calgary, Alberta with 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 (note 6).

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 and effective January 1, 2020, operations are considered discontinued operations for accounting purposes (note 5).

2) BASIS OF PRESENTATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The consolidated financial statements were approved by the Company's Board of Directors on March 16, 2021.

Use of Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates, assumptions, and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the dates of the statements of financial position as well as the reported amounts of revenues, expenses, and cash flows during the periods presented. Such estimates relate primarily to unsettled transactions and events as of the dates of the financial statements. Actual results could differ materially from estimated amounts.

Amounts recorded for depletion and depreciation and amounts used for property, plant and equipment and exploration and evaluation cost impairment calculations are based on a number of factors including estimates of oil and natural gas reserves and future costs required to develop those reserves. To test impairment, costs are allocated into cash generating units ("CGUs") based on their ability to generate largely independent cash flows. The determination of CGUs is subject to judgment. The transfer of exploration and evaluation assets to property, plant and equipment is based on management's judgment of technical feasibility and commercial viability.

Stock-based compensation is subject to the estimation of what the ultimate payout will be using pricing models such as Black-Scholes which is based on significant assumptions such as expected volatility, dividend yield and expected term.

Amounts recorded for decommissioning provision and the related accretion expense requires the use of estimates with respect to the amount and timing of abandonment costs, inflation and interest rates.

The provision for income taxes is based on judgments in applying income tax law and estimates on the applicable tax rates, timing, likelihood and reversal of temporary differences between the accounting and tax bases of assets and liabilities. These estimates are subject to measurement uncertainty and changes in these estimates could materially impact the financial statements of future periods.

In early March 2020, the World Health Organization declared the COVID-19 coronavirus outbreak to be a pandemic. Responses to the spread of COVID-19 have resulted in significant disruption to business operations and a significant increase in economic uncertainty, with more volatile commodity prices and currency exchange rates, and a marked decline in long-term interest rates. These events are resulting in a challenging economic climate in which it is difficult to reliably estimate the length or severity of these developments and their financial impact. The results of the potential economic downturn and any potential resulting direct and indirect impact to the Company has been considered in management's estimate described above at the period end; however there could be a further prospective material impact in future period.

3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and the accounts of its subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when an entity is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. All significant intercompany transactions and balances have been eliminated. Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from the Company's equity. Non-controlling interest consists of the non-controlling interest at the date of the original business combination plus the non-controlling interest's share of changes in equity since the date of acquisition. All of the Company's material subsidiaries are wholly owned except for Andora, of which Pan Orient owns 71.8% of the outstanding common shares. The consolidated financial statements include a non-controlling interest representing 28.2% of Andora's assets and liabilities not owned by Pan Orient. Accounting policies are applied consistently throughout all consolidated entities and the reporting dates of the Company and its subsidiaries are coterminous.

(b) Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognized at their fair values at the acquisition date.

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognized or at the fair value of the non-controlling interest. Non-controlling interest is presented within equity and when there is a loss of control, a gain or loss is recognized on the sold and retained interests. Increases or decreases in the Company's ownership interest while retaining control is a capital transaction.

(c) Joint Arrangements

A joint arrangement represents an arrangement where two or more parties hold joint control. Joint control is deemed to exist where decisions regarding relevant activities of the arrangement require the unanimous consent of those parties sharing control.

A joint venture is a joint arrangement in which each venturer holds the rights to the net assets of the arrangement. Interests in joint ventures are accounted for using the equity method of accounting.

A joint operation is a joint arrangement in which each venturer holds the rights to the assets and obligations of the arrangement. Interests in joint operations are accounted for by recognizing the Company's share of the assets, liabilities, revenue and expenses.

(d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and short-term investments with an original maturity date of three months or less.

(e) Exploration and Evaluation ("E&E")

Pre-exploration and pre-licensing costs associated with the investigating, bidding and acquisition of petroleum properties are expensed prior to obtaining a petroleum lease or concession.

Costs incurred prior to establishing commercial viability and technical feasibility, such as land and lease acquisition costs, and geological and geophysical costs, are initially classified as E&E assets. The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable based on several factors including the assignment of proven and probable reserves. Upon determination of technical feasibility and commercial viability, E&E assets attributable to those reserves are first tested for impairment and then reclassified from E&E assets to property, plant and equipment.

(f) Property, Plant and Equipment (“PP&E”)

Unless initially classified as E&E assets, all costs related to the acquisition, exploration and development of petroleum and natural gas properties are capitalized and measured at cost less accumulated depletion and depreciation and accumulated impairment losses. These costs include land and lease acquisition costs, geological and geophysical costs, costs of drilling and equipping productive and non-productive wells, decommissioning costs, and carrying costs.

Petroleum and natural gas assets are accumulated in components, which generally are fields or groups of fields and then aggregated into CGUs. Depletion is provided on costs accumulated using the unit-of production method based on an independent engineering estimate of the Company's share of proved plus probable reserves, before royalties. Included in the depletion base are estimated future costs to be incurred in developing proved and probable reserves. Estimated salvage values are excluded from the depletion base.

Gains and losses on disposal of an item of property, plant and equipment, including oil and natural gas interests, are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized within profit or loss.

Cost incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts, including major inspection, of property, plant and equipment are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. The carrying amount of any replaced or sold component is derecognized. Directly attributable expenses incurred for major capital projects and site preparation are capitalized until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognized as a provision. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit and loss as incurred.

(g) Impairment of Assets

An impairment test is performed whenever events and circumstances indicate that the carrying value of the asset or CGU may exceed the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use. E&E assets are allocated to the CGU or groups of CGUs to which they relate for purposes of impairment testing. If there is indication of an impairment loss, the costs carried on the statement of financial position in excess of the recoverable amount are charged to the statement of operations.

Impairment losses from prior periods are assessed at each reporting date for indications that the impairment loss no longer exists or has decreased. Impairment losses can be reversed if there is a change in the estimates used to determine the recoverable amount. Reversal of impairment losses cannot exceed the carrying value of the asset prior to impairment less any depreciation and depletion that would have been taken if no impairment was recognized.

(h) Leases

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option the Company is reasonably certain to exercise, lease payment in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payment arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(i) Decommissioning Provision

The Company recognizes a liability related to statutory, contractual or other legal obligations associated with the retirement of assets, when a reasonable estimate of the provision can be determined. A corresponding increase to the carrying amount of the related asset is recorded. The liability is increased as accretion is recognized over time through charges to accretion, which is included in finance costs. The costs capitalized to the related assets are amortized to earnings in a manner consistent with the depletion and depreciation of the underlying assets. Revisions to the estimated timing of cash flows, inflation rates, discount rates or to the original estimated undiscounted costs also result in an increase or decrease to the obligation. Actual costs incurred upon settlement of the retirement obligation are charged against the obligation to the extent of the liability recorded.

(j) Revenue Recognition

Revenue generated within the joint venture is recognized when the performance obligations are satisfied and revenue can be reliably measured. Revenue is measured at the consideration specified in the contracts and represents amounts receivable for goods or services provided in the normal course of business, net of discounts, customs duties and sales taxes. Oil sales within the joint venture sold in Thailand are under long term floating price contracts. Performance obligations associated with the sale of crude oil are satisfied at the point in the time when the products are delivered and title passes to the customer.

(k) Stock-Based Compensation

The Company accounts for its stock-based compensation using the fair value method of accounting for stock options granted to directors and employees using the Black-Scholes option-pricing model and based on the grant date fair value of the shares for restricted share units. Stock-based compensation associated with options is measured at fair value at the grant date and expensed over the vesting period with a corresponding increase to contributed surplus. Consideration paid upon the exercise of stock options, together with corresponding amounts previously recognized in contributed surplus, is recorded as an increase to share capital. Stock-based compensation for restricted share units is accounted for as a liability award as the awards are settled in cash. Compensation cost is recognized over the vesting period with the offset included in accounts payable. The amount recognized as expense is adjusted for an estimated forfeiture rate for options and restricted share units that will not vest, which is adjusted as actual forfeitures occur, until the shares are fully vested.

(l) Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method, deferred income tax assets or liabilities are recorded to reflect the difference between the accounting and tax base of assets and liabilities, and income tax loss carry forwards. Deferred income taxes are measured using tax rates that are expected to apply to the period when the deferred tax asset is realized or deferred tax liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period. The effect of a change in income tax rate is recognized in income in the period that the change occurs.

Deferred income tax assets are recognized for deductible temporary differences to the extent it is probable that future taxable profit will be available against which the deferred tax assets can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow the assets to be recovered. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination.

The Company offsets deferred tax assets and deferred tax liabilities relating to the same taxable entity. The Company may also offset deferred tax assets and deferred tax liabilities relating to different taxable entities, where the amounts relate to income taxes levied by the same taxation authority and the entities intend to realize the assets and settle the liabilities simultaneously.

(m) Per Share Amounts

Basic per share information is calculated on the basis of the weighted average number of common shares outstanding during the period. Diluted per share information is calculated using the treasury stock method which assumes that any proceeds received by the Company upon the exercise of in-the-money stock options, plus unamortized stock compensation costs, would be used to buy back common shares at the average market price for the period.

(n) Foreign Currency

The Company's reporting currency is the Canadian dollar and its subsidiaries' functional currencies are the Canadian dollar, the Thai baht and the U.S. dollar.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Canadian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Canadian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income. When a foreign operation is disposed of, or deemed to be disposed of, the relevant amount in AOCI (in the cumulative translation account) is transferred to profit or loss as part of the gain or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income in the cumulative translation account.

(o) Financial Instruments

All financial assets, liabilities and financial derivatives are initially recognized in the statement of financial position at fair value and must be classified as one of the following three categories:

- Amortized Cost: Includes assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest;
- Fair Value through Other Comprehensive Income ("FVOCI"): Includes assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, where its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest; or
- Fair Value through Profit and Loss ("FVTPL"): Includes assets that do not meet the criteria for amortized cost or FVOCI and are measured at fair value through profit or loss. This includes all derivative financial assets.

The Company has classified cash and cash equivalents, accounts receivable, deposits and accounts payable and accrued liabilities as amortized cost.

4) INVESTMENT IN JOINT VENTURE

The Company holds a 50.01% interest in Pan Orient Energy (Siam) Ltd., which is considered a Joint Venture under IFRS and is accounted for using the equity method. Initial recognition of the investment in Joint Venture was recorded at fair value. The carrying amount is subsequently increased or decreased to recognize the Company's share of the profit or loss from the joint venture. Distributions received from the joint venture reduce the carrying amount of the investment whereas funding to the joint venture increase the carrying amount. The Company's profit or loss includes its share of the joint venture's profit or loss and the Company's other comprehensive income includes its share of the joint venture's other comprehensive income or loss. The carrying amount of the Company's Investment in Joint Venture is as follows:

(\$000s)	December 31	
	2020	2019
Investment in Joint Venture, beginning of year	34,127	34,504
Change in amounts due from Joint Venture	43	519
Net income from Joint Venture, after tax	1,906	4,890
Dividend paid	(7,112)	(6,624)
Foreign currency translation	(635)	838
Investment in Joint Venture, end of year	28,329	34,127

Pan Orient Energy (Siam) Ltd. ⁽¹⁾		
Summarized Financial Information		
(\$000s)		
	December 31	2019
	2020	
Current assets	18,787	25,899
Non-current assets	71,601	69,424
Current liabilities	(9,904)	(6,140)
Non-current liabilities	(31,323)	(30,713)
Net assets	49,161	58,470

Pan Orient's Investment in Joint Venture		
Pan Orient's 50.01% share of net assets of Pan Orient Energy (Siam) Ltd.	24,583	29,238
Fair value adjustment on initial recognition	8,924	8,924
Amortization of fair value adjustment on initial recognition	(3,947)	(2,761)
Change in amounts due from Joint Venture, since initial recognition	(1,231)	(1,274)
Investment in Joint Venture	28,329	34,127

(1) Represents 100% of net assets of Pan Orient Energy (Siam) Ltd. and the Company has 50.01% equity interest in Pan Orient Energy (Siam) Ltd.

The Company's share of income or loss from the Joint Venture is as follows:

Pan Orient Energy (Siam) Ltd. ⁽¹⁾ Summarized Statement of Comprehensive Income (\$000s)	Year Ended December 31	
	2020	2019
Oil revenue	48,106	57,758
Royalties	(2,503)	(3,005)
Interest income	13	86
Total net revenue	45,616	54,839
Production and operating	6,846	4,770
Transportation	2,009	1,868
Depletion, depreciation and amortization	18,554	18,049
General and administrative	1,945	1,931
Recovery of exploration expense	-	(19)
Foreign exchange gain	(95)	(133)
Total expenses	29,259	26,466
Income before income taxes	16,357	28,373
Current income tax expense	9,994	6,549
Deferred income tax expense	182	9,706
Net income	6,181	12,118
Other comprehensive income (loss)	(1,269)	1,677
Total comprehensive income	4,912	13,795
Pan Orient's share of income from Joint Venture under equity method, (50.01% net to Pan Orient)		
Pan Orient's share of net income	3,092	6,059
Amortization of fair value adjustment	(1,186)	(1,169)
Net income from Joint Venture	1,906	4,890

(1) Represents 100% of comprehensive income or loss of Pan Orient Energy (Siam) Ltd. and the Company has 50.01% equity interest in Pan Orient Energy (Siam) Ltd.

5) DISCONTINUED OPERATIONS

The undeveloped onshore interests in Indonesian East Jabung 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 and the office in Jakarta was closed on March 31, 2020. The operation in Indonesia for accounting purposes effective January 1, 2020 is considered a discontinued operation under "IFRS 5 – Non-current assets held for sale and discontinued operations".

The following tables summarized financial information related to discontinued operations in Indonesia:

Net loss (income) from discontinued operations for the year ended December 31, 2020 and 2019 is as follow:

(\$000s)	Year Ended December 31	
	2020	2019
Expenses		
General and administrative	295	470
Amortization	111	95
Recovery of decommissioning expense	-	(14)
Impairment	-	27,001
Recovery of exploration expense	(675)	-
Foreign exchange gain	(4)	(50)
Net loss (income) from discontinued operations	(273)	27,502

2019 Impairment

Indonesia – East Jabung Production Sharing Contract (“PSC”)

Pursuant to a June 1, 2015 farmout agreement, the Company transferred a 51% direct working interest and operatorship of the East Jabung PSC. The farminee committed to funding US\$10.2 million towards the first and second exploration wells and a contingent commitment to fund the first US\$5.1 million towards an appraisal well, if justified. The drilling of the Ayu-1X and Elok-1X exploration wells in 2017 qualified for the two wells under the firm 3 year exploration work program. The original November 21, 2017 expiry date of the East Jabung PSC was extended by the Government of Indonesia to January 20, 2019. On January 11, 2019 the East Jabung PSC joint venture received approval for a four year exploration extension period with an exploration area of 1,245.56 square kilometers, where the joint venture has the option of exiting or continuing the PSC on an annual basis. The Anggun-1X well was drilled unsuccessfully in the fourth quarter of 2019. In January 2020 the PSC joint venture provided notice of the Government of Indonesia of withdrawal from the East Jabung PSC. As a result, the Company recognized the following impairment expense related to the East Jabung PSC in 2019. The East Jabung PSC utilizes US dollars as its functional and presentation currency. The strengthening of the US dollar compared to the Canadian dollar has resulted in a foreign currency translation gain included in Accumulated Other Comprehensive Income. Given no future exploration plans in East Jabung and the expiry of the East Jabung PSC in January 2020, the Company has reclassified the cumulative amount of exchange differences from Accumulated Other Comprehensive Income to profit or loss through the impairment expense recognized on the East Jabung PSC.

(\$000s)	Total
Exploration and Evaluation assets – impairment of East Jabung PSC	28,608
Accumulated Other Comprehensive Income – foreign currency translation of East Jabung PSC	(1,607)
Impairment expense	27,001

Discontinued operations reported in the consolidated statements of cash flows are as follows:

(\$000s)	Year Ended December 31	
	2020	2019
Cash flow used in operating activities	(684)	(862)
Cash flow used in investing activities	-	(7,608)
Cash flow used in financing activities	(111)	(122)
Change in cash and cash equivalents from discontinued operations	(795)	(8,593)

6) EQUIPMENT AND OTHER

A reconciliation of the carrying amount of property, plant and equipment as at December 31, 2020 is set out below.

(\$000s)	Patent	Corporate Assets	Total
Cost			
At December 31, 2019 and 2018	600	753	1,353
Additions	-	2	2
Transfer from exploration and evaluation	99	-	99
At December 31, 2020	699	755	1,454
At December 31, 2018	(195)	(725)	(920)
Amortization and depreciation	(30)	(8)	(38)
At December 31, 2019	(225)	(733)	(958)
Amortization and depreciation	(30)	(3)	(33)
Impairment	-	(10)	(10)
At December 31, 2020	(255)	(746)	(1,001)
Net book value			
At December 31, 2019	375	20	395
At December 31, 2020	444	9	453

7) EXPLORATION AND EVALUATION

A reconciliation of the carrying amount of exploration and evaluation (“E&E”) assets as at December 31, 2020 is set out below.

(\$000s)	Indonesia	Canada	Total
At December 31, 2018	17,174	85,308	102,482
Additions	12,228	605	12,833
Impairment	(28,608)	-	(28,608)
Changes in decommissioning costs	91	(62)	29
Foreign currency translation	(885)	-	(885)
At December 31, 2019	-	85,851	85,851
Additions	-	83	83
Transfer to property, plant and equipment	-	(99)	(99)
Impairment	-	(85,789)	(85,789)
Changes in decommissioning costs	-	(46)	(46)
At December 31, 2020	-	-	-

Impairment

Impairment expense of \$85.8 million (\$80.2 million net of a \$5.6 million deferred tax recovery) was recorded on the E&E assets related to the carrying value of Andora’s Sawn Lake steam assisted gravity drainage project and related capitalized costs at March 31, 2020. In early 2020, the severe decline in crude oil prices resulting from geopolitical events and collapse of global crude oil demand due to COVID-19 resulted in lower prices for heavy oil and bitumen and deterioration in the economics for commercial development at Sawn Lake, and as a result, in that market there was no expected commercial development at Sawn Lake.

Subsequent to the March 31, 2020, Andora incurred operating expenses of \$0.2 which related to maintaining the suspended demonstration project facility and well pair at Sawn Lake Central. These expenses including capitalized G&A were previously capitalized prior to the E&E impairment recorded during the first quarter of 2020.

8) DECOMMISSIONING PROVISION

A reconciliation of the Company’s decommissioning provision at December 31, 2020 is set out below.

(\$000s)	Canada	Indonesia	Total
At December 31, 2018	1,711	467	2,178
Obligation incurred	-	105	105
Revisions to obligations	(62)	(28)	(90)
Accretion	30	12	42
Foreign currency translation	-	(20)	(20)
At December 31, 2019	1,679	536	2,215
Revisions to obligations	313	-	313
Settlement	-	(45)	(45)
Accretion	19	-	19
Foreign currency translation	-	(8)	(8)
At December 31, 2020	2,011	483	2,494
Less current portion	-	(483)	(483)
Non-current portion	2,011	-	2,011

The decommissioning provision is based on the Company’s net ownership of wells and facilities in Indonesia and Canada, management’s estimates of costs to abandon and reclaim those wells and facilities and the potential future timing of the costs to be incurred. Total undiscounted cash flows, escalated at 1.37% for inflation (December 31, 2019 – 1.34%), required to settle the Company’s decommissioning provision are estimated to be \$3.2 million at December 31, 2020 (December 31, 2019 – \$3.2 million). Payments to settle the provision will be made over the operating lives of the underlying assets and are estimated to be incurred between 2021 and 2050. Estimated costs have been discounted at the risk-free interest rate in the jurisdiction in which the expenditure is expected to be incurred which averaged at 1.09% at December 31, 2020 (December 31, 2019 – 1.75%).

9) TAXES

A reconciliation of income taxes calculated at the statutory income tax rate to the income tax recovery included in the consolidated statement of operations is as follows:

(\$000s)	Year ended December 31	
	2020	2019
Income (loss) before taxes and non-controlling interest - continuing operations	(87,933)	1,250
Statutory income tax rate	24%	26.5%
Expected income expense (recovery) at statutory rate	(21,104)	331
Increase (decrease) resulting from:		
Impact on income tax rate adjustment on deferred taxes	882	(890)
Non-deductible impairment	856	-
Change in unrecognized deferred tax assets	14,163	495
Non-deductible stock-based compensation	64	216
Non-taxable equity income from investment in joint venture	(457)	(1,296)
Other	22	19
Income tax recovery	(5,574)	(1,125)

The components of the Company's net deferred tax liabilities arising from temporary differences and loss carry-forwards are as follows. The tax losses expire from 2026 to 2040.

(\$000s)	Balance at December 31, 2018	Deferred tax expense (recovery)	Balance at December 31, 2019
Petroleum and natural gas properties	15,081	(2,126)	12,955
Decommissioning provision	(462)	78	(384)
Non-capital and capital losses	(7,920)	923	(6,997)
Net deferred tax liability	6,699	(1,125)	5,574

(\$000s)	Balance at December 31, 2019	Deferred tax expense (recovery)	Balance at December 31, 2020
Petroleum and natural gas properties	12,955	(12,955)	-
Decommissioning provision	(384)	384	-
Non-capital and capital losses	(6,997)	6,997	-
Net deferred tax liability	5,574	(5,574)	-

The following table provides details of deductible temporary differences and loss carry-forwards for which no deferred tax asset has been recognized:

(\$000s)	December 31 2020	December 31 2019
Petroleum and natural gas properties	27,983	-
Decommissioning provision	2,011	-
Non-capital and capital losses	134,392	74,454
Total	164,386	74,454

10) SHARE CAPITAL

(a) Authorized

Unlimited Common Voting Shares
Unlimited Preferred Shares

(b) Issued and Outstanding Class A Common Shares

Common Shares	Shares Outstanding	Amount (\$000s)
Balance as at December 31, 2018	54,900,407	\$ 91,851
Issuance of common shares	250,000	222
Transfer from contributed surplus for options exercised	-	153
Shares purchased under normal course issuer bid	(654,400)	(1,095)
Balance as at December 31, 2019	54,496,007	\$ 91,131
Shares purchased under normal course issuer bid	(2,752,000)	(4,603)
Repurchase of common shares provision	-	(945)
Balance as at December 31, 2020	51,744,007	\$ 85,583

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.

Pan Orient repurchased 2,752,000 common shares in 2020 at an average price of \$0.62 per share, with 332,500 common shares repurchased in the fourth quarter of 2020 at an average price of \$0.67 per share.

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. The Company recognized a provision of \$0.9 million in accounts payable and accrued liabilities as at December 31, 2020 as an estimate of the number of shares that may be repurchased during potential blackout periods at the maximum share price under the ASPP.

From January 1, 2021 to March 16 2021, the Company has repurchased 1,219,500 shares at an average price of \$0.85 per share under the normal course issuer bid which included 1,078,000 shares at an average price of \$0.85 per share repurchased under the ASPP.

(c) Options to Purchase Common Shares

	Number of Options ⁽¹⁾	Weighted Average Exercise Price (\$)
Options outstanding at December 31, 2018	3,990,000	1.26
Granted	1,375,000	1.90
Exercised	(250,000)	0.89
Options outstanding at December 31, 2019	5,115,000	1.45
Expired	(2,180,000)	1.43
Options outstanding at December 31, 2020	2,935,000	1.47

(1) These options are held by directors, senior management, employees and consultant of the Company.

Options Outstanding at December 31, 2020				Options Exercisable at December 31, 2020		
Exercise Price (\$)	Number of Options	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)
1.09	1,560,000	1.09	2.10	1,560,000	1.09	2.10
1.90	1,375,000	1.90	3.22	916,670	1.90	3.22
1.09 – 1.90	2,935,000	1.47	2.63	2,476,670	1.39	2.52

(d) Restricted Share Units

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.

In November 2020, the Company settled the majority of the vested RSUs in cash for \$0.2 million. As at December 31, 2020, the closing price for the Company's shares on TSX-V Exchange was \$0.78 per share, as a result, an accrued liability (current and non-current) of \$0.2 million was recorded at December 31, 2020.

(e) Andora Energy Corporation

i) Issued and Outstanding Class A Common Shares

As at December 31, 2020 Andora had 100.1 million (December 31, 2019 – 100.1 million) common shares issued and outstanding of which Pan Orient held 71.8% (December 31, 2019 – 71.8%).

ii) Options to Purchase Common Shares of Andora

	Number of options	Exercise price (\$)
Balance as at December 31, 2019	9,500,000	0.15
Balance as at December 31, 2020	-	-

All of the options issued to the officers or directors of Andora expired in November 2020. Of those options expired, 5,000,000 were held by officers or directors who are also officers or directors of POEC. No new Andora options were granted in 2020.

iii) Convertible Credit Facility

Andora entered into a convertible loan agreement with Pan Orient on January 30, 2018 whereby Andora can draw up to \$2 million against a revolving credit facility. The loan bears interest at HSBC Canada prime rate for commercial loans in Canadian dollars plus three percent, per annum. Any principal drawn against the credit facility, including accrued interest (collectively, "outstanding amount"), is repayable upon demand or by December 31, 2022, whichever is earlier. Security for repayment of any outstanding amount is provided by a general security agreement creating a first fixed charge over all of Andora's property, subject to certain permitted encumbrances. Pan Orient has the option under the loan agreement to convert the outstanding amount, or a portion thereof, into Andora's common shares at a price of \$0.15 per share. In March 2020, the Company increased the revolving credit facility limit by \$500,000 under the same terms and conditions as the existing credit facility.

Andora entered into a second convertible loan agreement with Pan Orient on November 10, 2020 whereby Andora can draw up to \$500,000 against a revolving credit facility. The loan bears interest at HSBC Canada prime rate for commercial loans in Canadian dollars plus three percent, per annum. Any principal drawn against the credit facility, including accrued interest (collectively, "outstanding amount"), is repayable upon demand or by December 31, 2022, whichever is earlier. Security for repayment of any outstanding amount is provided by a general security agreement creating a first fixed charge over all of Andora's property, subject to certain permitted encumbrances. Pan Orient has the option under the loan agreement to convert the outstanding amount, or a portion thereof, into Andora's common shares at a price of \$0.01 per share.

As at December 31, 2020, a total of \$2.5 million (December 31, 2019 - \$2.0 million) was fully drawn against the first credit facility. Subsequent to December 31, 2020, Andora drew \$100,000 against the second convertible loan and the undrawn balance of \$400,000 is available for use. As a result of the impairment of Andora's E&E assets, the facility due from Andora is not expected to be collected in the foreseeable future (note 7).

(f) Earnings per Share Attributable to Common Shareholders

A reconciliation of the weighted average number of common shares used to calculate diluted net income (loss) per share is as follows:

	Year Ended December 31	
	2020	2019
Weighted average common shares – basic and diluted	52,788,865	54,957,877
Net loss attributable to common shareholders (\$000s)	(59,631)	(25,304)
Net loss per share, basic and diluted	\$ (1.13)	\$ (0.46)

Options were not included in the computation of weighted average diluted common shares because they were anti-dilutive.

11) CAPITAL MANAGEMENT

The Company's capital consists of the following:

	December 31	
(\$000s)	2020	2019
Working capital and non-current deposits	23,577	22,158
Share capital	85,583	91,131

Pan Orient's primary objective for managing its capital structure is to maintain financial capacity for the purpose of sustaining future development of its businesses and maintaining investor, creditor and market confidence.

The Company considers its capital structure to include share capital and working capital plus non-current deposits. Management is continually monitoring changes in economic conditions and the risk characteristics of the underlying petroleum and natural gas industry. The Company currently has sufficient cash on hand to carry out its planned activities. However, in the event that adjustments to the capital structure are necessary, the Company may consider issuing additional equity, raising debt or revising its capital investment programs.

Pan Orient's share capital is not subject to any external restrictions. Since the date of incorporation the Company has not paid or declared any dividends other than a \$0.75 per common share special distribution in 2012, and a \$0.40 per common share special distribution in 2016. There were no changes to the Company's approach to capital management during the year.

12) FINANCIAL INSTRUMENTS

Overview

The nature of Pan Orient's operations exposes the Company to credit risk, liquidity risk and market risk. Changes in commodity prices, foreign exchange rates and interest rates may have a material effect on cash flows, net income and comprehensive income. This note provides information about the Company's exposure to each of the above risks as well as the Company's objectives, policies and processes for measuring and managing these risks.

Pan Orient's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and to monitor market conditions and the Company's activities. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management.

Fair Value

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, deposits and accounts payable and accrued liabilities. Due to the short term nature of the Company's financial instruments the fair value approximates the carrying value.

Credit Risk

Credit risk is the risk of financial loss to the Company if counterparties do not fulfill their contractual obligations. The most significant exposure to this risk is relative to the sale of oil production; all of the Company's production is sold to a refinery owned by the Thai National Oil Company. Pan Orient is paid for its production on a monthly basis, typically within a week of the end of the month. The Company has assessed the risk of non-collection from the Thai government as minimal.

Cash and cash equivalents consist of cash bank balances and short-term deposits maturing in less than 90 days. The Company's short-term investments currently consist of bankers' acceptances and term deposits. It is not the Company's policy to utilize complex, higher-risk investment vehicles.

The carrying amount of accounts receivable and cash and cash equivalents represents the maximum credit exposure.

During 2020, Andora recognized a bad debt expense of \$0.2 million resulting from the write-off of outstanding joint interest billings due from two joint venture partners. In December 2020, the Company has filed a legal suit against these two joint venture partners in default for payment of the outstanding joint interest billings.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its work commitments and other financial obligations as they come due. Pan Orient's approach to managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking harm to the Company's reputation.

The Company's liquidity is dependent upon its existing cash position and its operating cash flows. To forecast and monitor liquidity, the Company prepares annual operating and capital expenditure budgets in each country which are monitored and updated as considered necessary. Working capital at December 31, 2020 is \$23.0 million.

The Company's only reported financial liabilities at December 31, 2020 are current portion of accounts payable and accrued liabilities, lease liabilities and decommissioning provision totaling \$3.9 million which will mature within one year.

The Company's commitments in Andora are expected to be funded through Andora's cash balances and drawing on the credit facility provided by the Company (note 10 (e)).

Market Risk

Market risk is the risk that changes in foreign exchange rates, commodity prices and interest rates will affect the Company's cash flows, net income and comprehensive income. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

Commodity Price Risk

Changes in commodity prices may significantly impact the results of the Company's operations and cash generated from operating activities. Crude oil prices are impacted by world economic and political events that dictate the levels of supply and demand. The Company did not have any commodity price contracts in place as at or during the years ended December 31, 2020 or 2019.

Interest Rate Risk

The Company is exposed to interest rate risk on its cash and cash equivalents. Changes in interest rates could impact the Company's cash flows, and net loss and comprehensive income (loss). A 1% change in the interest rate would impact net loss before tax by approximately \$0.3 million (2019 - \$0.2 million) based on the cash balances at year end.

Foreign Currency Exchange Rate Risk

Foreign currency exchange rate risk is the risk that future cash flows, net income (loss) and comprehensive income (loss) will fluctuate as a result of changes in foreign exchange rates. All of the Company's petroleum sales, which are solely derived from our investment in joint venture, are denominated in Thai baht based on a USD oil price, and all operational and capital activities related to the Thailand properties are transacted in either Thai baht or the U.S. dollar. In addition, the underlying market prices in Thailand for petroleum are impacted by changes in the exchange rate between the Thai baht and the U.S. dollar.

Changes in foreign exchange rates between the Canadian dollar and the U.S. dollar and Thai baht can affect net income (loss) and other comprehensive income (loss) as a portion of the Company's operations use the U.S. dollar or Thai baht as their functional currency. The Company's reporting currency is the Canadian dollar and its subsidiaries' functional currencies are the Canadian dollar, the Thai baht and USD. Changes in foreign exchange rates between the Canadian dollar and the U.S. dollar and Thai baht can affect earnings.

As at December 31 the following financial instruments were denominated in currencies other than the Canadian dollar:

	December 31, 2020		December 31, 2019	
	US dollar (\$000s)	Indonesia Rupiah (000s)	US dollar (\$000s)	Indonesia Rupiah (000s)
Cash and cash equivalents	16,582	-	12,939	12,065
Accounts receivable	-	-	9	-
Deposits	25	325,698	15	214,226
Accounts payable and accrued liabilities	(1,580)	-	(2,219)	(2,641,456)
Net exposure in foreign currency	15,027	325,698	10,744	(2,415,165)
Net exposure in Canadian dollars ⁽¹⁾ (\$000s)	19,122	30	13,941	(228)

(1) Translated at December 31, 2020 and 2019 exchange rates.

Based on financial instruments held at December 31, 2020 and 2019, fluctuations in the exchange rates as indicated below would have the following estimated effect on net income (loss) and other comprehensive income (loss):

(\$000s)	December 31	
	2020	2019
Effect of 1% increase in USD to CAD exchange rate:		
Pre-tax net income	191	168
Other comprehensive loss	-	(28)
Effect of 1% increase in Rupiah to CAD exchange rate:		
Pre-tax net income (loss)	-	-
Other comprehensive income (loss)	-	(2)

13) SUBSIDIARIES

As at December 31, 2020 the Company had the following material subsidiaries:

Material Subsidiaries	Nature and Primary Place of Business	Ownership
Canadian Segment		
Andora Energy Corporation	Operator of and holds a 50% interest in the Sawn Lake SAGD Demonstration Project located in Northern Alberta.	71.8%
Thailand Segment		
Pan Orient Energy (Siam) Ltd. (Reported as investment in joint venture)	Operator of and holds a 100% interest in Concession L53/48.	50.01%

14) NON-CONTROLLING INTERESTS

The following subsidiary has material non-controlling interests ("NCI"):

Name	Ownership interest held by NCI at December 31	
	2020	2019
Andora Energy Corporation ("Andora")	28.2%	28.2%

The following is summarized financial information for Andora before any intercompany eliminations:

(\$000s)	Year Ended December 31	
	2020	2019
Interest revenue	10	11
Total comprehensive income (loss)	(79,554)	628
<i>Total comprehensive income (loss) attributable to non-controlling interests</i>	<i>(22,455)</i>	177
Current assets	178	334
Non-current assets	1,053	84,863
Current liabilities	(2,832)	(1,999)
Non-current liabilities	(2,010)	(7,292)
Net assets (liabilities)	(3,611)	75,906
<i>Net assets (liabilities) attributable to non-controlling interests</i>	<i>(1,019)</i>	21,426
<i>Changes in equity and other items impacting NCI</i>	<i>(4,451)</i>	(4,441)
<i>Non-controlling interest</i>	<i>(5,470)</i>	16,985
Cash flows used in operating activities	(489)	(282)
Cash flows used in investing activities	(76)	(650)
Cash flows from financing activities	500	1,000
Net increase (decrease) in cash and cash equivalents	(65)	68

The Company recognized the non-controlling interest in Andora as the NCI's share of net assets at the acquisition date with the NCI's share of income or loss recognized in subsequent periods. Transactions impacting the equity of Andora, such as stock based compensation and contributed surplus, have resulted in a difference between the proportionate share of Andora's net assets and the Non-controlling Interest recognized in Pan Orient's consolidated statement of financial position.

15) RELATED PARTY DISCLOSURES

Compensation for key management personnel in Canada and Thailand Joint Venture, being the officers and directors, is as follows:

	Year Ended December 31	
(\$000s)	2020	2019
Short-term benefits ⁽¹⁾⁽²⁾	1,207	1,196
Stock-based compensation ⁽²⁾	572	720
Total	1,779	1,916

(1) Includes salaries, benefits, directors fees and the Company's share of key management compensation recorded in the income or loss in Thailand Joint Venture investment.

(2) Before capitalization to exploration and development activities.

The Company's consolidated statement of operations is prepared primarily by nature of expenses, with the exception of employee compensation costs which are included in general and administrative costs and stock-based compensation. The following table details the amount of employee compensation costs included in general and administrative expenses in the statement of operations:

	Year Ended December 31	
(\$000s)	2020	2019
General and administrative expense	834	1,024
Stock-based compensation expense	651	815
Total employee compensation expense	1,485	1,839

16) COMMITMENTS

As at December 31, 2020 the Company's estimated outstanding commitments are as follows:

		Estimated Net Financial Commitment ⁽¹⁾	
Country and Concession Name	Remaining Work Program Commitment	Obligation Ending	CAD (\$000s)
Thailand Joint Venture			
Concession L53	▪ Surface reservation fee ⁽²⁾	January 2021	-
Total Thailand			-
Canadian Heavy Oil Sands – Andora Energy Corporation			
Sawn Lake, Alberta	▪ Natural gas pipeline tariff	April 1, 2022 to March 31, 2030	801
Total Canada			801
			801

(1) Actual expenditures required to carry out these commitments may be significantly different from the estimates. The Company intends to fund commitments through expected cash flows from Thailand and the Company's existing working capital.

(2) The original nine year exploration period for Concession L53 expired on January 7, 2016. The Government of Thailand approved a "reserved area" within Concession L53 for up to five years, with the payment of a surface reservation fee of \$0.8 million, for each year Pan Orient Energy (Siam) Ltd. elects to retain the reserved area. Pan Orient Energy (Siam) Ltd. is entitled to receive a refund of the surface reservation fee for a particular year in an amount equal to the petroleum exploration expenditures spent in that year within the reserved area up to the reservation fee paid. Pan Orient Energy (Siam) Ltd. has spent the full amount each year the reserved area was renewed and, therefore, it is expected that the annual reservation fee will be fully refunded. During 2020, Pan Orient Energy (Siam) Ltd. paid the fifth and final year deposit for the remaining portion of the "reserved area" and received the refund from the fourth year deposit. On January 7, 2021, the "reserved area" exploration lands expired and only exploration and development lands within the production license areas will remain (with a 20 year primary term to January 7, 2036 plus an additional 10 year renewal period that can be applied for).



PAN ORIENT ENERGY CORP.

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PAN ORIENT ENERGY CORP.

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**



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INDEPENDENT AUDITORS' REPORT

To the Shareholders and the Board of Directors of Pan Orient Energy Corp.

Opinion

We have audited the consolidated financial statements of Pan Orient Energy Corp. (the Entity), which comprise:

- the consolidated statements of financial position as at December 31, 2021 and 2020
- the consolidated statements of operations and comprehensive income (loss) for the years then ended
- the consolidated statements of changes in shareholders' equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other Information

Management is responsible for the other information. Other information comprises the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

The engagement partner on the audit resulting in this auditors' report is Shane Doig.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada

March 15, 2022

Pan Orient Energy Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars, unless otherwise noted)

(\$000s)	December 31 2021	December 31 2020
Assets		
Current		
Cash and cash equivalents	35,079	26,412
Accounts receivable	510	411
	35,589	26,823
Deposits	612	609
Investment in Joint Venture (note 4)	24,094	28,329
Right-of-use assets	1	19
Equipment and other (note 6)	412	453
Total assets	60,708	56,233
Liabilities		
Current		
Accounts payable and accrued liabilities	3,112	3,352
Lease liabilities	4	20
Decommissioning provision (note 7)	1,001	483
	4,117	3,855
Other liabilities	-	70
Decommissioning provision (note 7)	1,236	2,011
Total liabilities	5,353	5,936
Shareholders' equity		
Share capital (note 9)	83,267	85,583
Contributed surplus	32,739	31,089
Non-controlling interest (note 13)	(5,590)	(5,470)
Accumulated other comprehensive income (loss)	(367)	2,268
Deficit	(54,694)	(63,173)
Total shareholders' equity	55,355	50,297
Total liabilities and shareholders' equity	60,708	56,233

Subsequent event (note 9)

Commitments (note 15)

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board of Directors:

(signed "Richard Alexander")

 Director

(signed "Gerald Macey")

 Director

Pan Orient Energy Corp.
Consolidated Statements of Operations and Comprehensive Income (Loss)
(Expressed in Canadian dollars, unless otherwise noted)

	Year Ended December 31	
(\$000s, except per share amounts)	2021	2020
Income from investment in Joint Venture (note 4)	12,146	1,906
Expenses (Income)		
General and administrative	2,111	2,120
Operating expense	279	210
Stock-based compensation	1,094	651
Amortization and depreciation (note 6)	59	52
Decommissioning expense (recovery) (note 7)	(801)	359
Impairment (note 6)	-	85,799
Finance income	(48)	(219)
Foreign exchange loss	61	867
	2,755	89,839
Income (loss) before taxes and non-controlling interest	9,391	(87,933)
Taxes		
Deferred income tax recovery (note 8)	-	(5,574)
Net income (loss) from continuing operations	9,391	(82,359)
Net income (loss) from discontinued operations (note 5)	(1,032)	273
Net income (loss)	8,359	(82,086)
Other comprehensive loss		
Foreign exchange loss on translation of Joint Venture (note 4)	(2,635)	(635)
Net income (loss) attributable to:		
Common shareholders	8,479	(59,631)
Non-controlling interest (note 13)	(120)	(22,455)
Net income (loss)	8,359	(82,086)
Total comprehensive income (loss) attributable to:		
Common shareholders	5,844	(60,266)
Non-controlling interest (note 13)	(120)	(22,455)
Total comprehensive income (loss)	5,724	(82,721)
Net income (loss) per share attributable to common shareholders (note 9)		
Basic and diluted – continuing operations	\$ 0.19	\$ (1.13)
Basic and diluted – discontinued operations	\$ (0.02)	\$ 0.00
Basic and diluted – net income (loss) attributed to common shareholders	\$ 0.17	\$ (1.13)

See accompanying notes to the consolidated financial statements.

Pan Orient Energy Corp.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars, unless otherwise noted)

(\$000s)	Share Capital	Contributed Surplus	NCI	AOCI	Deficit	Total
Balance as at December 31, 2019	91,131	27,923	16,985	2,903	(3,542)	135,400
Net loss	-	-	(22,455)	-	(59,631)	(82,086)
Stock-based compensation expense	-	268	-	-	-	268
Normal course issuer bid	(4,603)	2,898	-	-	-	(1,705)
Provision for repurchase of common shares (note 9)	(945)	-	-	-	-	(945)
Other comprehensive loss	-	-	-	(635)	-	(635)
Balance as at December 31, 2020	85,583	31,089	(5,470)	2,268	(63,173)	50,297
Balance as at December 31, 2020	85,583	31,089	(5,470)	2,268	(63,173)	50,297
Net income (loss)	-	-	(120)	-	8,479	8,359
Stock-based compensation expense	-	93	-	-	-	93
Normal course issuer bid	(3,261)	1,557	-	-	-	(1,704)
Provision for repurchase of common shares (note 9)	945	-	-	-	-	945
Other comprehensive loss	-	-	-	(2,635)	-	(2,635)
Balance as at December 31, 2021	83,267	32,739	(5,590)	(367)	(54,694)	55,355

See accompanying notes to the consolidated financial statements.

Pan Orient Energy Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars, unless otherwise noted)

	Year Ended December 31	
(\$000s)	2021	2020
Cash Provided From (Used in)		
Operating Activities		
Net income (loss) from continuing operations	9,391	(82,359)
Adjustments for non-cash items:		
Deferred income tax recovery	-	(5,574)
Amortization and depreciation	59	52
Stock-based compensation (non-cash portion)	93	268
Accretion	28	21
Income from investment in Joint Venture (note 4)	(12,146)	(1,906)
Impairment (note 6)	-	85,799
Decommissioning expense (recovery)	(801)	359
Unrealized foreign exchange loss	114	869
Changes in non-cash working capital	212	529
Cash flow used in operating activities	(3,050)	(1,942)
Investing Activities		
Property, plant and equipment	-	(2)
Exploration and evaluation	-	(83)
Dividend from investment in joint venture (note 4)	13,715	7,112
Changes in non-cash working capital	(3)	(43)
Cash flow from investing activities	13,712	6,984
Financing Activities		
Normal course issuer bid	(1,704)	(1,705)
Finance lease payments	(24)	(28)
Cash flow used in financing activities	(1,728)	(1,733)
Change in cash and cash equivalents from continuing operations	8,934	3,309
Change in cash and cash equivalents from discontinued operations (note 5)	(153)	(795)
Effect of foreign exchange on cash and cash equivalents	(114)	(869)
Cash and cash equivalents, beginning of year	26,412	24,767
Cash and cash equivalents, end of year	35,079	26,412

See accompanying notes to the consolidated financial statements.

1) CORPORATE INFORMATION

Pan Orient Energy Corp. ("Pan Orient" or the "Company") is an Alberta, Canada corporation with shares listed on the TSX Venture Exchange ("TSX-V"). The records office and principal address is located at 1505, 505 – 3rd Street S.W., Calgary, Alberta, T2P 3E6.

Pan Orient is an oil and natural gas company based in Calgary, Alberta with interests in Pan Orient Energy (Siam) Ltd. which has properties onshore Thailand (note 4) and interests in Andora Energy Corporation ("Andora") which has properties in northern Alberta, Canada (note 6).

The undeveloped onshore interests in Indonesian East Jabung Production Sharing Contract ("PSC") expired in January 2020 and the operator is continuing to complete the 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 and effective January 1, 2020, operations are considered discontinued operations for accounting purposes (note 5).

2) BASIS OF PRESENTATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The consolidated financial statements were approved by the Company's Board of Directors on March 15, 2022.

Use of Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates, assumptions, and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the dates of the statements of financial position as well as the reported amounts of revenues, expenses, and cash flows during the periods presented. Such estimates relate primarily to unsettled transactions and events as of the dates of the financial statements. Actual results could differ materially from estimated amounts.

Amounts recorded for depletion and depreciation and amounts used for property, plant and equipment and exploration and evaluation cost impairment calculations are based on a number of factors including estimates of oil and natural gas reserves and future costs required to develop those reserves. To test impairment, costs are allocated into cash generating units ("CGUs") based on their ability to generate largely independent cash flows. The determination of CGUs is subject to judgment. The transfer of exploration and evaluation assets to property, plant and equipment is based on management's judgment of technical feasibility and commercial viability.

Stock-based compensation is subject to the estimation of what the ultimate payout will be using pricing models such as Black-Scholes which is based on significant assumptions such as expected volatility, dividend yield and expected term.

Amounts recorded for decommissioning provision and the related accretion expense requires the use of estimates with respect to the amount and timing of abandonment costs, inflation and interest rates.

The provision for income taxes is based on judgments in applying income tax law and estimates on the applicable tax rates, timing, likelihood and reversal of temporary differences between the accounting and tax bases of assets and liabilities. These estimates are subject to measurement uncertainty and changes in these estimates could materially impact the financial statements of future periods.

In early March 2020, the World Health Organization declared the COVID-19 coronavirus outbreak to be a pandemic. Responses to the spread of COVID-19 have resulted in significant disruption to business operations and a significant increase in economic uncertainty, with more volatile commodity prices and currency exchange rates, and a marked decline in long-term interest rates. These events are resulting in a challenging economic climate in which it is difficult to reliably estimate the length or severity of these developments and their financial impact. The results of the ongoing pandemic and any potential resulting direct and indirect impact to the Company has been considered in management's estimate described above at the period end; however there could be a further prospective material impact in future period.

Climate Change and Environmental, Social, and Governance ("ESG")

Climate change policy and environmental, ESG culture policies are evolving at regional, national and international levels. Political and economic events may significantly affect the scope and timing of ESG policies and climate change measures. The International Sustainability Standards Board has issued an IFRS Sustainability Disclosure Standard with the aim to develop sustainability disclosure standards that are globally consistent, comparable and reliable. In addition, the Canadian Securities Administrators have issued a proposed National Instrument 51-107 Disclosure of Climate-related Matters.

The direct or indirect costs of compliance with greenhouse gas-related regulations and ESG directives may have an adverse effect on the Company's and its customer's business, financial condition, results of operations and prospects; however, at this time these costs have not yet been quantified. Significant estimates and judgment currently made by management which could be significantly impacted by climate and climate-related matters include:

- Useful life of assets;
- Cashflow projections for purpose of impairment tests and;
- Amounts recorded for decommissioning provision

3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and the accounts of its subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when an entity is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. All significant intercompany transactions and balances have been eliminated. Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from the Company's equity. Non-controlling interest consists of the non-controlling interest at the date of the original business combination plus the non-controlling interest's share of changes in equity since the date of acquisition. All of the Company's material subsidiaries are wholly owned except for Andora, of which Pan Orient owns 71.8% of the outstanding common shares. The consolidated financial statements include a non-controlling interest representing 28.2% of Andora's assets and liabilities not owned by Pan Orient. Accounting policies are applied consistently throughout all consolidated entities and the reporting dates of the Company and its subsidiaries are coterminous.

(b) Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognized at their fair values at the acquisition date.

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholders' proportion of the net fair value of the assets, liabilities and contingent liabilities recognized or at the fair value of the non-controlling interest. Non-controlling interest is presented within equity and when there is a loss of control, a gain or loss is recognized on the sold and retained interests. Increases or decreases in the Company's ownership interest while retaining control is a capital transaction.

(c) Joint Arrangements

A joint arrangement represents an arrangement where two or more parties hold joint control. Joint control is deemed to exist where decisions regarding relevant activities of the arrangement require the unanimous consent of those parties sharing control.

A joint venture is a joint arrangement in which each venturer holds the rights to the net assets of the arrangement. Interests in joint ventures are accounted for using the equity method of accounting.

A joint operation is a joint arrangement in which each venturer holds the rights to the assets and obligations of the arrangement. Interests in joint operations are accounted for by recognizing the Company's share of the assets, liabilities, revenue and expenses.

(d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and short-term investments with an original maturity date of three months or less.

(e) Exploration and Evaluation ("E&E")

Pre-exploration and pre-licensing costs associated with the investigating, bidding and acquisition of petroleum properties are expensed prior to obtaining a petroleum lease or concession.

Costs incurred prior to establishing commercial viability and technical feasibility, such as land and lease acquisition costs, and geological and geophysical costs, are initially classified as E&E assets. The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable based on several factors including the assignment of proven and probable reserves. Upon determination of technical feasibility and commercial viability, E&E assets attributable to those reserves are first tested for impairment and then reclassified from E&E assets to property, plant and equipment.

(f) Property, Plant and Equipment ("PP&E")

Unless initially classified as E&E assets, all costs related to the acquisition, exploration and development of petroleum and natural gas properties are capitalized and measured at cost less accumulated depletion and depreciation and accumulated impairment losses. These costs include land and lease acquisition costs, geological and geophysical costs, costs of drilling and equipping productive and non-productive wells, decommissioning costs, and carrying costs.

Petroleum and natural gas assets are accumulated in components, which generally are fields or groups of fields and then aggregated into CGUs. Depletion is provided on costs accumulated using the unit-of production method based on an independent engineering estimate of the Company's share of proved plus probable reserves, before royalties. Included in the depletion base are estimated future costs to be incurred in developing proved and probable reserves. Estimated salvage values are excluded from the depletion base.

Gains and losses on disposal of an item of property, plant and equipment, including oil and natural gas interests, are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized within profit or loss.

Cost incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts, including major inspection, of property, plant and equipment are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. The carrying amount of any replaced or sold component is derecognized. Directly attributable expenses incurred for major capital projects and site preparation are capitalized until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognized as a provision. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit and loss as incurred.

(g) Impairment of Assets

An impairment test is performed whenever events and circumstances indicate that the carrying value of the asset or CGU may exceed the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use. E&E assets are allocated to the CGU or groups of CGUs to which they relate for purposes of impairment testing. If there is indication of an impairment loss, the costs carried on the statement of financial position in excess of the recoverable amount are charged to the statement of operations.

Impairment losses from prior periods are assessed at each reporting date for indications that the impairment loss no longer exists or has decreased. Impairment losses can be reversed if there is a change in the estimates used to determine the recoverable amount. Reversal of impairment losses cannot exceed the carrying value of the asset prior to impairment less any depreciation and depletion that would have been taken if no impairment was recognized.

(h) Leases

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option the Company is reasonably certain to exercise, lease payment in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payment arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(i) Decommissioning Provision

The Company recognizes a liability related to statutory, contractual or other legal obligations associated with the retirement of assets, when a reasonable estimate of the provision can be determined. A corresponding increase to the carrying amount of the related asset is recorded. The liability is increased as accretion is recognized over time through charges to accretion, which is included in finance costs. The costs capitalized to the related assets are amortized to earnings in a manner consistent with the depletion and depreciation of the underlying assets. Revisions to the estimated timing of cash flows, inflation rates, discount rates or to the original estimated undiscounted costs also result in an increase or decrease to the obligation. Actual costs incurred upon settlement of the retirement obligation are charged against the obligation to the extent of the liability recorded.

(j) Revenue Recognition

Revenue generated within the joint venture is recognized when the performance obligations are satisfied and revenue can be reliably measured. Revenue is measured at the consideration specified in the contracts and represents amounts receivable for goods or services provided in the normal course of business, net of discounts, customs duties and sales taxes. Oil sales within the joint venture sold in Thailand are under long term floating price contracts. Performance obligations associated with the sale of crude oil are satisfied at the point in the time when the products are delivered and title passes to the customer.

(k) Stock-Based Compensation

The Company accounts for its stock-based compensation using the fair value method of accounting for stock options granted to directors and employees using the Black-Scholes option-pricing model and based on the grant date fair value of the shares for restricted share units. Stock-based compensation associated with options is measured at fair value at the grant date and expensed over the vesting period with a corresponding increase to contributed surplus. Consideration paid upon the exercise of stock options, together with corresponding amounts previously recognized in contributed surplus, is recorded as an increase to share capital. Stock-based compensation for restricted share units is accounted for as a liability award as the awards are settled in cash. Compensation cost is recognized over the vesting period with the offset included in accounts payable. The amount recognized as expense is adjusted for an estimated forfeiture rate for options and restricted share units that will not vest, which is adjusted as actual forfeitures occur, until the shares are fully vested.

(l) Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method, deferred income tax assets or liabilities are recorded to reflect the difference between the accounting and tax base of assets and liabilities, and income tax loss carry forwards. Deferred income taxes are measured using tax rates that are expected to apply to the period when the deferred tax asset is realized or deferred tax liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period. The effect of a change in income tax rate is recognized in income in the period that the change occurs.

Deferred income tax assets are recognized for deductible temporary differences to the extent it is probable that future taxable profit will be available against which the deferred tax assets can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow the assets to be recovered. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination.

The Company offsets deferred tax assets and deferred tax liabilities relating to the same taxable entity. The Company may also offset deferred tax assets and deferred tax liabilities relating to different taxable entities, where the amounts relate to income taxes levied by the same taxation authority and the entities intend to realize the assets and settle the liabilities simultaneously.

(m) Per Share Amounts

Basic per share information is calculated on the basis of the weighted average number of common shares outstanding during the period. Diluted per share information is calculated using the treasury stock method which assumes that any proceeds received by the Company upon the exercise of in-the-money stock options, plus unamortized stock compensation costs, would be used to buy back common shares at the average market price for the period.

(n) Foreign Currency

The Company's reporting currency is the Canadian dollar and its subsidiaries' functional currencies are the Canadian dollar, the Thai baht and the U.S. dollar.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Canadian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Canadian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income. When a foreign operation is disposed of, or deemed to be disposed of, the relevant amount in AOCI (in the cumulative translation account) is transferred to profit or loss as part of the gain or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income in the cumulative translation account.

(o) Financial Instruments

All financial assets, liabilities and financial derivatives are initially recognized in the statement of financial position at fair value and must be classified as one of the following three categories:

- Amortized Cost: Includes assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest;
- Fair Value through Other Comprehensive Income ("FVOCI"): Includes assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, where its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest; or
- Fair Value through Profit and Loss ("FVTPL"): Includes assets that do not meet the criteria for amortized cost or FVOCI and are measured at fair value through profit or loss. This includes all derivative financial assets.

The Company has classified cash and cash equivalents, accounts receivable, deposits and accounts payable and accrued liabilities as amortized cost.

4) INVESTMENT IN JOINT VENTURE

The Company holds a 50.01% interest in Pan Orient Energy (Siam) Ltd., which is considered a Joint Venture under IFRS and is accounted for using the equity method. Initial recognition of the investment in Joint Venture was recorded at fair value. The carrying amount is subsequently increased or decreased to recognize the Company's share of the profit or loss from the joint venture. Distributions received from the joint venture reduce the carrying amount of the investment whereas funding to the joint venture increase the carrying amount. The Company's profit or loss includes its share of the joint venture's profit or loss and the Company's other comprehensive income includes its share of the joint venture's other comprehensive income or loss. The carrying amount of the Company's Investment in Joint Venture is as follows:

	December 31	
(\$000s)	2021	2020
Investment in Joint Venture, beginning of year	28,329	34,127
Change in amounts due from Joint Venture	(33)	43
Net income from Joint Venture, after tax	12,146	1,906
Dividend paid	(13,715)	(7,112)
Foreign currency translation	(2,635)	(635)
Investment in Joint Venture, end of year	24,094	28,329

Pan Orient Energy (Siam) Ltd. ⁽¹⁾		
Summarized Financial Information		
(\$000s)	December 31	
	2021	2020
Current assets	28,723	18,787
Non-current assets	59,816	71,601
Current liabilities	(19,455)	(9,904)
Non-current liabilities	(26,295)	(31,323)
Net assets	42,789	49,161

Pan Orient's Investment in Joint Venture		
Pan Orient's 50.01% share of net assets of Pan Orient Energy (Siam) Ltd.	21,396	24,583
Fair value adjustment on initial recognition	8,924	8,924
Amortization of fair value adjustment on initial recognition	(4,963)	(3,947)
Change in amounts due from Joint Venture, since initial recognition	(1,263)	(1,231)
Investment in Joint Venture	24,094	28,329

(1) Represents 100% of net assets of Pan Orient Energy (Siam) Ltd. and the Company has 50.01% equity interest in Pan Orient Energy (Siam) Ltd.

The Company's share of income from the Joint Venture is as follows:

Pan Orient Energy (Siam) Ltd. ⁽¹⁾ Summarized Statement of Comprehensive Income (\$000s)	Year Ended December 31	
	2021	2020
Oil revenue	86,237	48,106
Royalties	(4,616)	(2,503)
Interest income	4	13
Total net revenue	81,625	45,616
Production and operating	5,765	6,846
Transportation	2,417	2,009
Depletion, depreciation and amortization	17,072	18,554
General and administrative	1,823	1,945
Foreign exchange loss (gain)	68	(95)
Total expenses	27,145	29,259
Income before income taxes	54,480	16,357
Current income tax expense	30,717	9,994
Deferred income tax expense (recovery)	(2,560)	182
Net income	26,323	6,181
Other comprehensive loss	(5,269)	(1,269)
Total comprehensive income	21,054	4,912
Pan Orient's share of income from Joint Venture under equity method, (50.01% net to Pan Orient)		
Pan Orient's share of net income	13,162	3,092
Amortization of fair value adjustment	(1,016)	(1,186)
Net income from Joint Venture	12,146	1,906

(1) Represents 100% of comprehensive income or loss of Pan Orient Energy (Siam) Ltd. and the Company has 50.01% equity interest in Pan Orient Energy (Siam) Ltd.

5) DISCONTINUED OPERATIONS

The undeveloped onshore interests in Indonesian East Jabung PSC expired in January 2020 and the operator is continuing to complete the 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 and the office in Jakarta was closed on March 31, 2020. The operation in Indonesia for accounting purposes effective January 1, 2020 is considered a discontinued operation under "IFRS 5 – Non-current assets held for sale and discontinued operations".

The following tables summarized financial information related to discontinued operations in Indonesia:

Net loss (income) from discontinued operations for the year ended December 31, 2021 and 2020 is as follow:

(\$000s)	Year Ended December 31	
	2021	2020
Expenses		
General and administrative	212	295
Amortization	-	111
Decommissioning expense	632	-
Exploration expense (recovery)	165	(675)
Foreign exchange loss (gain)	23	(4)
Net loss (income) from discontinued operations	1,032	(273)

Discontinued operations reported in the consolidated statements of cash flows are as follows:

(\$000s)	Year Ended December 31	
	2021	2020
Cash flow used in operating activities	(153)	(684)
Cash flow used in financing activities	-	(111)
Change in cash and cash equivalents from discontinued operations	(153)	(795)

6) EQUIPMENT AND OTHER

A reconciliation of the carrying amount of property, plant and equipment as at December 31, 2021 is set out below.

(\$000s)	Patent	Corporate Assets	Total
Cost			
At December 31, 2020 and 2021	699	755	1,454
Accumulated amortization and depreciation			
At December 31, 2019	(225)	(733)	(958)
Amortization and depreciation	(30)	(3)	(33)
Impairment	-	(10)	(10)
At December 31, 2020	(255)	(746)	(1,001)
Amortization and depreciation	(39)	(2)	(41)
At December 31, 2021	(294)	(748)	(1,042)
Net book value			
At December 31, 2020	444	9	453
At December 31, 2021	405	7	412

Impairment in 2020

Impairment expense of \$85.8 million (\$80.2 million net of a \$5.6 million deferred tax recovery) was recorded on the exploration and evaluation assets related to the carrying value of Andora's Sawn Lake steam assisted gravity drainage project and related capitalized costs at March 31, 2020.

A reconciliation of the carrying amount of exploration and evaluation assets as at December 31, 2020 is set out below.

(\$000s)	Canada
At December 31, 2019	85,851
Additions	83
Transfer to property, plant and equipment	(99)
Impairment	(85,789)
Changes in decommissioning costs	(46)
At December 31, 2020	-

7) DECOMMISSIONING PROVISION

A reconciliation of the Company's decommissioning provision at December 31, 2021 is set out below.

(\$000s)	Canada	Indonesia	Total
At December 31, 2019	1,679	536	2,215
Revisions to obligations	313	-	313
Settlement	-	(45)	(45)
Accretion	19	-	19
Foreign currency translation	-	(8)	(8)
At December 31, 2020	2,011	483	2,494
Revisions to obligations	(801)	632	(169)
Settlement	-	(136)	(136)
Accretion	26	-	26
Foreign currency translation	-	22	22
At December 31, 2021	1,236	1,001	2,237
Less current portion	-	(1,001)	(1,001)
Non-current portion	1,236	-	1,236

The decommissioning provision is based on the Company's net ownership of wells and facilities in Indonesia and Canada, management's estimates of costs to abandon and reclaim those wells and facilities and the potential future timing of the costs to be incurred. Total undiscounted cash flows, escalated at 1.82% for inflation (December 31, 2020 – 1.37%), required to settle the Company's decommissioning provision are estimated to be \$2.7 million at December 31, 2021 (December 31, 2020 – \$3.2 million). Payments to settle the provision will be made over the operating lives of the underlying assets and are estimated to be incurred between 2022 and 2040. Estimated costs have been discounted at the risk-free interest rate in the jurisdiction in which the expenditure is expected to be incurred which averaged at 1.68% at December 31, 2021 (December 31, 2020 – 1.09%). Revision to obligations for the Canadian and Indonesian provisions are recognized directly in income or loss and discontinued operations as decommissioning expense as the corresponding assets were fully impaired.

8) INCOME TAXES

A reconciliation of income taxes calculated at the statutory income tax rate to the income tax recovery included in the consolidated statement of operations is as follows:

(\$000s)	Year ended December 31	
	2021	2020
Income (loss) before taxes and non-controlling interest - continuing operations	9,391	(87,933)
Statutory income tax rate	23%	24%
Expected income expense (recovery) at statutory rate	2,160	(21,104)
Increase (decrease) resulting from:		
Impact on income tax rate adjustment on deferred taxes	44	882
Non-deductible impairment	-	856
Change in unrecognized deferred tax assets	564	14,163
Non-deductible stock-based compensation	21	64
Non-taxable equity income from investment in joint venture	(2,794)	(457)
Other	5	22
Income tax recovery	-	(5,574)

The following table provides details of deductible temporary differences and loss carry-forwards for which no deferred tax asset has been recognized:

(\$000s)	December 31 2021	December 31 2020
Petroleum and natural gas properties	27,968	27,983
Decommissioning provision	1,236	2,011
Non-capital ⁽¹⁾ and capital losses	134,904	134,392
Total	164,108	164,386

(1) Non-capital loss carry-forwards expire from 2026 to 2041.

9) SHARE CAPITAL

(a) Authorized

Unlimited Common Voting Shares
Unlimited Preferred Shares

(b) Issued and Outstanding Class A Common Shares

Common Shares	Shares Outstanding	Amount (\$000s)
Balance as at December 31, 2019	54,496,007	\$ 91,131
Shares purchased under normal course issuer bid	(2,752,000)	(4,603)
Repurchase of common shares provision	-	(945)
Balance as at December 31, 2020	51,744,007	\$ 85,583
Shares purchased under normal course issuer bid	(1,950,100)	(3,261)
Repurchase of common shares provision	-	945
Balance as at December 31, 2021	49,793,907	\$ 83,267

In May 2021, 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 3,920,884 of its common shares (10% of the public float), subject to a maximum of 997,620 common shares (2% of the 49,881,007 issued and outstanding common shares) during any 30 day period. The ability to purchase common shares under the bid commenced on May 21, 2021 and ends one year after commencement or on the earlier date on which Pan Orient has either acquired the maximum number of common shares specified above or otherwise decided not to make any further purchases. The Company filed a notice with the TSX-V containing the Form 5G – “Notice of intention to make a normal course issuer bid” and shareholders can obtain a copy of the notice, without charge, by contacting the Company.

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. The Company recognized a provision of \$nil (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 year ended 2021, the Company has repurchased 1,950,100 shares at an average price of \$0.87 per share under the normal course issuer bid which included 1,671,500 shares at an average price of \$0.87 per share repurchased under the ASPP.

In February 2022, the Company paid a \$0.40 per share special distribution to shareholders following shareholder approval of a reorganization of the Company’s share capital. The record date for the return of capital distribution was February 2, 2022 and the payment date was February 10, 2022. The amount paid on February 10, 2022 was \$19.9 million.

(c) Options to Purchase Common Shares

	Number of Options ⁽¹⁾	Weighted Average Exercise Price (\$)
Options outstanding at December 31, 2019	5,115,000	1.45
Expired	(2,180,000)	1.43
Options outstanding at December 31, 2020	2,935,000	1.47
Forfeited	(70,000)	1.21
Options outstanding at December 31, 2021	2,865,000	1.48

(1) These options are held by directors, senior management, employees and consultant of the Company.

Options Outstanding at December 31, 2021				Options Exercisable at December 31, 2021		
Exercise Price (\$)	Number of Options	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)
1.09	1,500,000	1.09	1.10	1,500,000	1.09	1.10
1.90	1,365,000	1.90	2.22	1,365,000	1.90	2.22
1.09 – 1.90	2,865,000	1.48	1.63	2,865,000	1.48	1.63

Subsequent to December 31, 2021, as a result of the \$0.40 per common share return of capital to shareholders (Note 9b), the Company reduced the exercise price of the 2,865,000 outstanding options by \$0.40 per option.

(d) Restricted Share Units

	Number of RSUs
RSUs outstanding at December 31, 2019	-
Granted	1,050,000
Vested and settled	(350,001)
RSUs outstanding at December 31, 2020	699,999
Granted	520,000
Vested and settled	(600,001)
Forfeited	(20,000)
RSUs outstanding at December 31, 2021	599,998

RSU – 2020 Grant

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 RSUs granted in 2020 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).

RSU – 2021 Grant

On May 14, 2021, the Company granted 520,000 RSUs to its directors, senior management, employees and consultant. The vesting period of the RSUs granted in 2021 is one-half 6 months after the grant date (November 14, 2021) and one-half 12 months after the grant date (May 14, 2022).

The RSUs granted in 2020 and 2021 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 2021. At December 31, 2021, the Company recorded \$0.4 million in accrued liabilities related to the RSUs which was based on the Company's closing share price of \$1.16 per share on TSX-V Exchange on December 31, 2021.

Subsequent to December 31, 2021, as a result of the \$0.40 per common share return of capital to shareholders (Note 9b), the Company also made a cash payment of \$0.40 per RSU to 599,998 RSUs outstanding or \$0.2 million.

(e) **Andora Energy Corporation**

i) **Issued and Outstanding Class A Common Shares**

As at December 31, 2021 Andora had 100.1 million (December 31, 2020 – 100.1 million) common shares issued and outstanding of which Pan Orient held 71.8% (December 31, 2020 – 71.8%).

ii) **Options to Purchase Common Shares of Andora**

	Number of Options ⁽¹⁾	Weighted Average Exercise Price (\$)
Options outstanding at December 31, 2020	-	-
Granted	9,800,000	0.01
Options outstanding at December 31, 2021	9,800,000	0.01

(1) On July 28, 2021, Andora issued 9.8 million stock options to its directors, officers, and employee with an exercise price of \$0.01 per share. One third of the options vests immediately, one third of the options will vest each year thereafter and all options expire in 4 years. Of the \$9.8 million options, 5.3 million options were issued to directors, officers, and employee of the Company.

The following stock options of Andora were outstanding and exercisable at December 31, 2021:

Options Outstanding December 31, 2021				Options Exercisable December 31, 2021		
Exercise Price (\$)	Number of Options	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)
0.01	9,800,000	0.01	3.57	3,266,669	0.01	3.57

The fair value of the Andora stock options granted during 2021 was estimated to be approximately \$98,000 based predominately on the estimated share price of Andora on the grant date. The stock-based compensation associated with these options does not change materially with a reasonable change in the assumptions used to estimate the compensation cost.

iii) **Convertible Credit Facility**

Andora entered into a convertible loan agreement with Pan Orient on January 30, 2018 whereby Andora can draw up to \$2 million against a revolving credit facility. The loan bears interest at HSBC Canada prime rate for commercial loans in Canadian dollars plus three percent, per annum. Any principal drawn against the credit facility, including accrued interest (collectively, “outstanding amount”), is repayable upon demand or by December 31, 2022, whichever is earlier. Security for repayment of any outstanding amount is provided by a general security agreement creating a first fixed charge over all of Andora’s property, subject to certain permitted encumbrances. Pan Orient has the option under the loan agreement to convert the outstanding amount, or a portion thereof, into Andora’s common shares at a price of \$0.15 per share. In March 2020, the Company increased the revolving credit facility limit by \$500,000 under the same terms and conditions as the existing credit facility.

Andora entered into a second convertible loan agreement with Pan Orient on November 10, 2020 whereby Andora can draw up to \$500,000 against a revolving credit facility. The loan bears interest at HSBC Canada prime rate for commercial loans in Canadian dollars plus three percent, per annum. Any principal drawn against the credit facility, including accrued interest (collectively, “outstanding amount”), is repayable upon demand or by December 31, 2022, whichever is earlier. Security for repayment of any outstanding amount is provided by a general security agreement creating a first fixed charge over all of Andora’s property, subject to certain permitted encumbrances. Pan Orient has the option under the loan agreement to convert the outstanding amount, or a portion thereof, into Andora’s common shares at a price of \$0.01 per share. In September 2021, the Company increased the revolving credit facility limit by \$800,000 under the same terms and conditions as the existing credit facility.

As at December 31, 2021, a total of \$2.5 million (December 31, 2020 - \$2.5 million) was fully drawn against the first credit facility and \$1.0 was drawn against the second credit facility. Subsequent to December 31, 2021, Andora drew \$100,000 against the second convertible loan and the undrawn balance of \$200,000 is available for use. As a result of the impairment of Andora’s E&E assets recorded in 2020, the amounts due from Andora is not expected to be collected in the foreseeable future (note 6).

(f) Earnings per Share Attributable to Common Shareholders

A reconciliation of the weighted average number of common shares used to calculate diluted net income (loss) per share is as follows:

	Year Ended December 31	
	2021	2020
Weighted average common shares – basic and diluted	50,152,004	52,788,865
Net income (loss) attributable to common shareholders (\$000s)	8,479	(59,631)
Net income (loss) per share, basic and diluted	\$ 0.17	\$ (1.13)

Options were not included in the computation of weighted average diluted common shares because they were anti-dilutive.

10) CAPITAL MANAGEMENT

The Company's capital consists of the following:

(\$000s)	December 31	
	2021	2020
Working capital and non-current deposits	32,084	23,577
Share capital	83,267	85,583

Pan Orient's primary objective for managing its capital structure is to maintain financial capacity for the purpose of sustaining future development of its businesses and maintaining investor, creditor and market confidence.

The Company considers its capital structure to include share capital and working capital plus non-current deposits. Management is continually monitoring changes in economic conditions and the risk characteristics of the underlying petroleum and natural gas industry. The Company currently has sufficient cash on hand to carry out its planned activities. However, in the event that adjustments to the capital structure are necessary, the Company may consider issuing additional equity, raising debt or revising its capital investment programs.

Pan Orient's share capital is not subject to any external restrictions. Since the date of incorporation the Company has not paid or declared any dividends other than a \$0.75 per common share special distribution in 2012, a \$0.40 per common share special distribution in 2016 and subsequent to December 31, 2021, a \$0.40 per common share special distribution (Note 9b)

11) FINANCIAL INSTRUMENTS

Overview

The nature of Pan Orient's operations exposes the Company to credit risk, liquidity risk and market risk. Changes in commodity prices, foreign exchange rates and interest rates may have a material effect on cash flows, net income and comprehensive income. This note provides information about the Company's exposure to each of the above risks as well as the Company's objectives, policies and processes for measuring and managing these risks.

Pan Orient's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and to monitor market conditions and the Company's activities. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management.

Fair Value

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, deposits and accounts payable and accrued liabilities. Due to the short term nature of the Company's financial instruments the fair value approximates the carrying value.

Credit Risk

Credit risk is the risk of financial loss to the Company if counterparties do not fulfill their contractual obligations. The most significant exposure to this risk is relative to the sale of oil production; all of the Company's production is sold to a refinery owned by the Thai National Oil Company. Pan Orient is paid for its production on a monthly basis, typically within a week of the end of the month. The Company has assessed the risk of non-collection from the Thai government as minimal.

Cash and cash equivalents consist of cash bank balances and short-term deposits maturing in less than 90 days. The Company's short-term investments currently consist of bankers' acceptances and term deposits. It is not the Company's policy to utilize complex, higher-risk investment vehicles.

The carrying amount of accounts receivable and cash and cash equivalents represents the maximum credit exposure.

Andora recognized a bad debt expense of \$0.1 million (December 31, 2020: \$0.2) resulting from the write-off of outstanding joint interest billings due from two joint venture partners.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its work commitments and other financial obligations as they come due. Pan Orient's approach to managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking harm to the Company's reputation.

The Company's liquidity is dependent upon its existing cash position and its operating cash flows. To forecast and monitor liquidity, the Company prepares annual operating and capital expenditure budgets in each country which are monitored and updated as considered necessary. Working capital at December 31, 2021 is \$31.6 million.

The Company's only reported financial liabilities at December 31, 2021 are accounts payable and accrued liabilities, lease liabilities and current portion of decommissioning provision totaling \$4.0 million which will mature within one year.

The Company's commitments are expected to be funded through the Company's cash balances.

Market Risk

Market risk is the risk that changes in foreign exchange rates, commodity prices and interest rates will affect the Company's cash flows, net income and comprehensive income. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

Commodity Price Risk

Changes in commodity prices may significantly impact the results of the Company's operations and cash generated from operating activities. Crude oil prices are impacted by world economic and political events that dictate the levels of supply and demand. The Company did not have any commodity price contracts in place as at or during the years ended December 31, 2021 or 2020.

Interest Rate Risk

The Company is exposed to interest rate risk on its cash and cash equivalents. Changes in interest rates could impact the Company's cash flows, and net loss and comprehensive income (loss). A 1% change in the interest rate would impact net loss before tax by approximately \$0.4 million (2020 - \$0.3 million loss) based on the cash balances at year end.

Foreign Currency Exchange Rate Risk

Foreign currency exchange rate risk is the risk that future cash flows, net income (loss) and comprehensive income (loss) will fluctuate as a result of changes in foreign exchange rates. All of the Company's petroleum sales, which are solely derived from our investment in joint venture, are denominated in Thai baht based on a USD oil price, and all operational and capital activities related to the Thailand properties are transacted in either Thai baht or the U.S. dollar. In addition, the underlying market prices in Thailand for petroleum are impacted by changes in the exchange rate between the Thai baht and the U.S. dollar.

Changes in foreign exchange rates between the Canadian dollar and the U.S. dollar and Thai baht can affect net income (loss) and other comprehensive income (loss) as a portion of the Company's operations use the U.S. dollar or Thai baht as their functional currency. The Company's reporting currency is the Canadian dollar and its subsidiaries' functional currencies are the Canadian dollar, the Thai baht and USD. Changes in foreign exchange rates between the Canadian dollar and the U.S. dollar and Thai baht can affect earnings.

As at December 31 the following financial instruments were denominated in currencies other than the Canadian dollar:

	December 31, 2021		December 31, 2020	
	US dollar (\$000s)	Indonesia Rupiah (000s)	US dollar (\$000s)	Indonesia Rupiah (000s)
Cash and cash equivalents	14,400	-	16,582	-
Deposits	19	170,635	25	325,698
Accounts payable and accrued liabilities	(1,868)	-	(1,580)	-
Net exposure in foreign currency	12,551	170,635	15,027	325,698
Net exposure in Canadian dollars ⁽¹⁾ (\$000s)	15,890	15	19,122	30

(1) Translated at December 31, 2021 and 2020 exchange rates.

Based on financial instruments held at December 31, 2021 and 2020, fluctuations in the exchange rates as indicated below would have the following estimated effect on net income (loss) and other comprehensive income (loss):

(\$000s)	December 31	
	2021	2020
Effect of 1% increase in USD to CAD exchange rate:		
Pre-tax net income	182	191
Other comprehensive loss	(23)	-
Effect of 1% increase in Rupiah to CAD exchange rate:		
Pre-tax net income (loss)	-	-
Other comprehensive income (loss)	-	-

12) SUBSIDIARIES

As at December 31, 2021 the Company had the following material subsidiaries:

Material Subsidiaries	Nature and Primary Place of Business	Ownership
Canadian Segment		
Andora Energy Corporation	Operator of and holds a 50% interest in the Sawn Lake SAGD Demonstration Project located in Northern Alberta.	71.8%
Thailand Segment		
Pan Orient Energy (Siam) Ltd. (Reported as investment in joint venture)	Operator of and holds a 100% interest in Concession L53/48.	50.01%

13) NON-CONTROLLING INTERESTS

The following subsidiary has material non-controlling interests ("NCI"):

Name	Ownership interest held by NCI at December 31	
	2021	2020
Andora Energy Corporation ("Andora")	28.2%	28.2%

The following is summarized financial information for Andora before any intercompany eliminations:

(\$000s)	Year Ended December 31	
	2021	2020
Interest revenue	11	10
Total comprehensive loss	(424)	(79,554)
<i>Total comprehensive loss attributable to non-controlling interests</i>	<i>(120)</i>	<i>(22,455)</i>
Current assets	181	178
Non-current assets	1,017	1,053
Current liabilities	(3,900)	(2,832)
Non-current liabilities	(1,236)	(2,010)
Net liabilities	(3,938)	(3,611)
<i>Net liabilities attributable to non-controlling interests</i>	<i>(1,112)</i>	<i>(1,019)</i>
<i>Changes in equity and other items impacting NCI</i>	<i>(4,478)</i>	<i>(4,451)</i>
<i>Non-controlling interest</i>	<i>(5,590)</i>	<i>(5,470)</i>
Cash flows used in operating activities	(1,016)	(489)
Cash flows used in investing activities	-	(76)
Cash flows from financing activities	1,000	500
Net decrease in cash and cash equivalents	(16)	(65)

The Company recognized the non-controlling interest in Andora as the NCI's share of net assets at the acquisition date with the NCI's share of income or loss recognized in subsequent periods. Transactions impacting the equity of Andora, such as stock based compensation and contributed surplus, have resulted in a difference between the proportionate share of Andora's net assets and the Non-controlling Interest recognized in Pan Orient's consolidated statement of financial position.

14) RELATED PARTY DISCLOSURES

Compensation for key management personnel in Canada and Thailand Joint Venture, being the officers and directors, is as follows:

(\$000s)	Year Ended December 31	
	2021	2020
Short-term benefits ⁽¹⁾⁽²⁾	1,192	1,207
Stock-based compensation ⁽²⁾	985	572
Total	2,177	1,779

(1) Includes salaries, benefits, directors' fees and the Company's share of key management compensation recorded in the income or loss in Thailand Joint Venture investment.

(2) Before capitalization to exploration and development activities.

The Company's consolidated statement of operations is prepared primarily by nature of expenses, with the exception of employee compensation costs which are included in general and administrative costs and stock-based compensation. The following table details the amount of employee compensation costs included in general and administrative expenses in the statement of operations:

(\$000s)	Year Ended December 31	
	2021	2020
General and administrative expense	862	834
Stock-based compensation expense	1,094	651
Total employee compensation expense	1,956	1,485

15) COMMITMENTS

As at December 31, 2021 the Company's estimated outstanding commitments are as follows:

			Estimated Net Financial Commitment ⁽¹⁾
Country and Concession Name	Remaining Work Program Commitment	Obligation Period	CAD (\$000s)
Canadian Heavy Oil Sands - Andora Energy Corporation			
Sawn Lake, Alberta	Natural gas pipeline tariff	April 1, 2023 to March 31, 2031	1,060

(1) The Company intends to fund commitments through the Company's existing working capital.



PAN ORIENT ENERGY CORP.
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Schedule 3 – Pan Orient Interim Financial Statements



PAN ORIENT ENERGY CORP.

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

(Unaudited)

Pan Orient Energy Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars, unless otherwise noted)
(Unaudited)

	March 31 2022	December 31 2021
(\$000s)		
Assets		
Current		
Cash and cash equivalents	14,095	35,079
Restricted cash	58	-
Accounts receivable	720	510
	14,873	35,589
Deposits	838	612
Investment in joint venture (note 3)	28,164	24,094
Right-of-use assets	-	1
Equipment and other (note 6)	401	412
Total assets	44,276	60,708
Liabilities		
Current		
Accounts payable and accrued liabilities	3,244	3,112
Lease liabilities	-	4
Decommissioning provision (note 7)	954	1,001
	4,198	4,117
Decommissioning provision (note 7)	1,566	1,236
Total liabilities	5,764	5,353
Shareholders' equity		
Share capital (note 8)	63,350	83,267
Contributed surplus	32,751	32,739
Non-controlling interest	(5,558)	(5,590)
Accumulated other comprehensive loss	(851)	(367)
Deficit	(51,180)	(54,694)
Total shareholders' equity	38,512	55,355
Total liabilities and shareholders' equity	44,276	60,708

Commitments (note 10)

See accompanying notes to the condensed interim consolidated financial statements.

Pan Orient Energy Corp.
Consolidated Statements of Operations and Comprehensive Income (Loss)
(Expressed in Canadian dollars, unless otherwise noted)
(Unaudited)

	Three Months Ended March 31	
(\$000s, except per share amounts)	2022	2021
Income from investment in joint venture (note 3)	4,350	1,902
Expenses		
General and administrative	592	536
Operating expense	66	42
Stock-based compensation	279	139
Amortization and depreciation (note 6)	12	15
Decommissioning expense (recovery) (note 7)	(147)	(252)
Gain on acquisition (note 5)	(280)	-
Finance income	(4)	(6)
Foreign exchange loss	247	261
	735	735
Net income from continuing operations	3,585	1,167
Net loss from discontinued operations (note 4)	(39)	(20)
Net income	3,546	1,147
Other comprehensive loss		
Foreign exchange loss on translation of Joint Venture (note 3)	(484)	(1,369)
Net income attributable to:		
Common shareholders	3,514	1,140
Non-controlling interest	32	7
Net income	3,546	1,147
Total comprehensive income (loss) attributable to:		
Common shareholders	3,030	(229)
Non-controlling interest	32	7
Total comprehensive income (loss)	3,062	(222)
Net income (loss) per share attributable to common shareholders (note 8)		
Basic and diluted – continuing operations	\$ 0.07	\$ 0.02
Basic and diluted – from discontinued operations	\$ (0.00)	\$ (0.00)
Basic and diluted – net income attributed to common shareholders	\$ 0.07	\$ 0.02

See accompanying notes to the condensed interim consolidated financial statements.

Pan Orient Energy Corp.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars, unless otherwise noted)
(Unaudited)

(\$000s)	Share Capital	Contributed Surplus	NCI	AOCI	Deficit	Total
Balance as at December 31, 2020	85,583	31,089	(5,470)	2,268	(63,173)	50,297
Net income	-	-	7	-	1,140	1,147
Stock-based compensation expense	-	40	-	-	-	40
Normal course issuer bid	(2,411)	1,173	-	-	-	(1,238)
Provision for repurchase of common shares	(629)	-	-	-	-	(629)
Other comprehensive loss	-	-	-	(1,369)	-	(1,369)
Balance as at March 31, 2021	82,543	32,302	(5,463)	899	(62,033)	48,248
Balance as at December 31, 2021	83,267	32,739	(5,590)	(367)	(54,694)	55,355
Net income	-	-	32	-	3,514	3,546
Stock-based compensation expense	-	12	-	-	-	12
Special distribution (note 8)	(19,917)	-	-	-	-	(19,917)
Other comprehensive loss	-	-	-	(484)	-	(484)
Balance as at March 31, 2022	63,350	32,751	(5,558)	(851)	(51,180)	38,512

See accompanying notes to the condensed interim consolidated financial statements.

Pan Orient Energy Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars, unless otherwise noted)
(Unaudited)

	Three Months Ended March 31	
(\$000s)	2022	2021
Cash Provided From (Used in)		
Operating Activities		
Net income from continuing operations	3,585	1,167
Adjustments for non-cash items:		
Amortization and depreciation	12	15
Stock-based compensation - non-cash portion	12	40
Accretion	6	8
Income from investment in Joint Venture (note 3)	(4,350)	(1,902)
Gain on acquisition	(280)	-
Recovery of decommissioning expense	(147)	(252)
Unrealized foreign exchange loss	225	260
Changes in non-cash working capital	(30)	(327)
Cash flow used in operating activities	(967)	(991)
Investing Activities		
Cash, net of transaction costs (note 5)	510	-
Dividend from investment in joint venture (note 3)	-	2,600
Change in amounts due from Joint Venture	(203)	-
Changes in non-cash working capital	(24)	10
Cash flow from investing activities	283	2,610
Financing Activities		
Special distribution (note 8)	(19,917)	-
Normal course issuer bid	-	(1,238)
Finance lease payments	(1)	(2)
Cash flow used in financing activities	(19,918)	(1,240)
Change in cash and cash equivalents from continuing operations	(20,602)	379
Change in cash and cash equivalents used in discontinued operations (note 4)	(151)	(33)
Effect of foreign exchange on cash and cash equivalents	(231)	(259)
Cash and cash equivalents, beginning of period	35,079	26,412
Cash and cash equivalents, end of period	14,095	26,499

See accompanying notes to the condensed interim consolidated financial statements.

1) CORPORATE INFORMATION

Pan Orient Energy Corp. ("Pan Orient" or the "Company") is an Alberta, Canada corporation with shares listed on the TSX Venture Exchange ("TSX-V"). The records office and principal address is located at 1505, 505 – 3rd Street S.W., Calgary, Alberta, T2P 3E6.

Pan Orient is an oil and natural gas company based in Calgary, Alberta with interests in Pan Orient Energy (Siam) Ltd. which has properties onshore Thailand (note 3) and interests in Andora Energy Corporation ("Andora") which has properties in northern Alberta, Canada.

The undeveloped onshore interests in Indonesian East Jabung Production Sharing Contract ("PSC") expired in January 2020 and the operator is continuing to complete the 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 and effective January 1, 2020, operations are considered discontinued operations for accounting purposes (note 4).

2) BASIS OF PRESENTATION

Statement of Compliance

The interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements as at and for the year ended December 31, 2021. The following disclosures are incremental to those included with the annual consolidated financial statements. Certain disclosures that are normally required in the notes to the annual consolidated financial statements have been condensed or omitted. The interim condensed consolidated financial statements are prepared using the same accounting policies and methods of computation as disclosed in the annual consolidated financial statements.

The interim condensed consolidated financial statements are stated in Canadian dollars and have been prepared in accordance with the International Accounting Standards 34, "Interim Financial Reporting".

The interim condensed consolidated financial statements were approved by the Company's Board of Directors on May 10, 2022.

Use of Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates, assumptions, and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the dates of the statements of financial position as well as the reported amounts of revenues, expenses, and cash flows during the periods presented. Such estimates relate primarily to unsettled transactions and events as of the dates of the financial statements. Actual results could differ materially from estimated amounts.

Amounts recorded for depletion and depreciation and amounts used for property, plant and equipment and exploration and evaluation cost impairment calculations are based on a number of factors including estimates of oil and natural gas reserves and future costs required to develop those reserves. To test impairment, costs are allocated into cash generating units ("CGUs") based on their ability to generate largely independent cash flows. The determination of CGUs is subject to judgment. The transfer of exploration and evaluation assets to property, plant and equipment is based on management's judgment of technical feasibility and commercial viability.

Stock-based compensation is subject to the estimation of what the ultimate payout will be using pricing models such as Black-Scholes which is based on significant assumptions such as expected volatility, dividend yield and expected term.

Amounts recorded for decommissioning provision and the related accretion expense requires the use of estimates with respect to the amount and timing of abandonment costs, inflation and interest rates.

The provision for income taxes is based on judgments in applying income tax law and estimates on the applicable tax rates, timing, likelihood and reversal of temporary differences between the accounting and tax bases of assets and liabilities. These estimates are subject to measurement uncertainty and changes in these estimates could materially impact the financial statements of future periods.

The COVID-19 coronavirus outbreak and more recently the invasion of Ukraine have resulted in significant disruption to business operations and a significant increase in economic uncertainty, with more volatile commodity prices and currency exchange rates.. These events are resulting in a challenging economic climate in which it is difficult to reliably estimate the length or severity of these developments and their financial impact. The results of these events and any potential resulting direct and indirect impact to the Company has been considered in management's estimate described above at the period end; however there could be a further prospective material impact in future period.

Climate Change and Environmental, Social, and Governance ("ESG")

Climate change policy and ESG policies are evolving at regional, national and international levels. Political and economic events may significantly affect the scope and timing of ESG policies and climate change measures. The International Sustainability Standards Board has issued an IFRS Sustainability Disclosure Standard with the aim to develop sustainability disclosure standards that are globally consistent, comparable and reliable. In addition, the Canadian Securities Administrators have issued a proposed National Instrument 51-107 Disclosure of Climate-related Matters.

The direct or indirect costs of compliance with greenhouse gas-related regulations and ESG directives will have an effect on the Company's business, financial condition, results of operations and prospects; however, at this time these costs have not yet been quantified. Significant estimates and judgment currently made by management which could be significantly impacted by climate and climate-related matters include:

- Useful life of assets;
- Cashflow projections for purpose of impairment tests and;
- Amounts recorded for decommissioning provision

3) INVESTMENT IN JOINT VENTURE

The Company holds a 50.01% interest in Pan Orient Energy (Siam) Ltd., which is considered a Joint Venture under IFRS and is accounted for using the equity method. Initial recognition of the investment in Joint Venture was recorded at fair value. The carrying amount is subsequently increased or decreased to recognize the Company's share of the profit or loss from the joint venture. Distributions received from the joint venture reduce the carrying amount of the investment whereas funding to the joint venture increase the carrying amount. The Company's profit or loss includes its share of the joint venture's profit or loss and the Company's other comprehensive income includes its share of the joint venture's other comprehensive income or loss. The carrying amount of the Company's Investment in Joint Venture is as follows:

Three months ended: (\$000s)	March 31	
	2022	2021
Investment in Joint Venture, beginning of period	24,094	28,329
Change in amounts due from joint venture	204	(10)
Net income from Joint Venture, after tax	4,350	1,902
Dividend paid	-	(2,600)
Foreign currency translation	(484)	(1,369)
Investment in Joint Venture, end of period	28,164	26,252

On April 1, Pan Orient received a dividend of \$2.5 million from the Joint Venture.

Pan Orient Energy (Siam) Ltd. ⁽¹⁾ Summarized Financial Information (\$000s)	March 31	
	2022	2021
Current assets	44,826	22,986
Non-current assets	58,282	67,109
Current liabilities	(32,305)	(14,928)
Non-current liabilities	(25,073)	(29,631)
Net assets	45,730	45,536

Pan Orient's Investment in Joint Venture

Pan Orient's 50.01% share of net assets of Pan Orient Energy (Siam) Ltd.	22,868	22,770
Fair value adjustment on initial recognition	8,924	8,924
Amortization of fair value adjustment on initial recognition	(5,133)	(4,202)
Change in amounts due from Joint Venture, since initial recognition	(1,505)	(1,240)
Investment in Joint Venture	28,164	26,252

(1) Represents 100% of net assets of Pan Orient Energy (Siam) Ltd. and the Company has 50.01% equity interest in Pan Orient Energy (Siam) Ltd.

The Company's share of income from the Joint Venture is as follows:

Pan Orient Energy (Siam) Ltd. ⁽¹⁾ Summarized Statement of Comprehensive Income (\$000s)	Three Months Ended March 31	
	2022	2021
Oil revenue	24,390	17,970
Royalties	(1,235)	(958)
Total net revenue	23,155	17,012
Production and operating	1,271	1,511
Transportation	489	584
Depletion, depreciation and amortization	2,850	4,409
General and administrative	431	496
Foreign exchange gain	(2)	(26)
Total expenses	5,039	6,974
Income before income taxes	18,116	10,038
Current income tax expense	9,611	5,818
Deferred income tax recovery	(533)	(95)
Net income	9,038	4,315
Other comprehensive loss	(968)	(2,738)
Total comprehensive income	8,070	1,577
Pan Orient's share of income from Joint Venture under equity method, (50.01% net to Pan Orient)		
Pan Orient's share of net income	4,520	2,157
Amortization of fair value adjustment	(170)	(255)
Net income from Joint Venture	4,350	1,902

(1) Represents 100% of comprehensive income or loss of Pan Orient Energy (Siam) Ltd. and the Company has 50.01% equity interest in Pan Orient Energy (Siam) Ltd.

4) DISCONTINUED OPERATIONS

The undeveloped onshore interests in Indonesian East Jabung 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 and the office in Jakarta was closed on March 31, 2020. The operation in Indonesia for accounting purposes effective January 1, 2020 is considered a discontinued operation under "IFRS 5 – Non-current assets held for sale and discontinued operations".

Net loss from discontinued operations for the three months ended March 31, 2022 and 2021 is as follow:

(\$000s)	Three months ended March	
	2022	2021
Expenses		
General and administrative	40	51
Other expense	82	1
Foreign exchange gain	(83)	(32)
Net loss from discontinued operations	39	20

Discontinued operations reported in the consolidated statements of cash flows are as follows:

(\$000s)	Three months ended March	
	2022	2021
Cash flow used in operating activities	(151)	(33)
Change in cash and cash equivalents used in discontinued operations	(151)	(33)

5) GAIN ON ACQUISITION

In March 2022, Andora entered into an agreement with a joint venture partner at Sawn Lake whereby Andora acquired certain assets and assumed certain liabilities at Sawn Lake. Assets acquired consist of (i) an additional 25% working interest in the Sawn Lake joint venture (Sawn Lake Central Block), (ii) security deposits of the vendor for Sawn Lake placed with the Alberta Energy Regulator and other parties, and (iii) a payment from the vendor of \$578 thousand. In connection with the acquisition, Andora assumed the abandonment and reclamation costs, and natural gas tariff commitments associated with the additional 25% working interest in the Sawn Lake joint venture (note 10). Following the transaction, Andora has a 75% working interest in the Sawn Lake joint venture.

A gain on acquisition has been recognized in the financial statements, as follows:

	Amount (\$000s)
Consideration paid	-
Assets acquired:	
Cash	578
Deposits	252
Liabilities assumed:	
Decommissioning liabilities	(471)
Transactions costs	(68)
Other adjustments	(11)
Gain on acquisition	280

6) EQUIPMENT AND OTHER

A reconciliation of the carrying amount of property, plant and equipment as at March 31, 2022 is set out below:

(\$000s)	Patent	Corporate Assets	Total
Cost			
At December 31, 2021 and March 31, 2022	699	755	1,454
At December 31, 2021	(294)	(748)	(1,042)
Amortization and depreciation	(10)	(1)	(11)
At March 31, 2022	(304)	(749)	(1,053)
Net book value			
At December 31, 2021	405	7	412
At March 31, 2022	395	6	401

7) DECOMMISSIONING PROVISION

A reconciliation of the Company's decommissioning provision at March 31, 2022 is set out below.

(\$000s)	Canada	Indonesia	Total
At December 31, 2021	1,236	1,001	2,237
Liabilities assumed (note 5)	471	-	471
Revisions to obligations	(147)	-	(147)
Settlement	-	(22)	(22)
Accretion	6	-	6
Foreign currency translation	-	(25)	(25)
At March 31, 2022	1,566	954	2,520
Less current portion	-	(954)	(954)
Non-current portion	1,566	-	1,566

The decommissioning provision is based on the Company's net ownership of wells and facilities in Indonesia and Canada, management's estimates of costs to abandon and reclaim those wells and facilities and the potential future timing of the costs to be incurred. Total undiscounted cash flows, escalated at 1.83% for inflation (December 31, 2021 – 1.82%), required to settle the Company's decommissioning provision are estimated to be \$3.4 million at March 31, 2022 (December 31, 2021 – \$2.7 million). Payments to settle the provision will be made over the operating lives of the underlying assets and are estimated to be incurred between 2022 and 2040. Estimated costs have been discounted at the risk-free interest rate in the jurisdiction in which the expenditure is expected to be incurred which averaged at 2.37% at March 31, 2022 (December 31, 2021 – 1.68%). Revision to obligations for the Canadian and Indonesian provisions are recognized directly in income or loss and discontinued operations as decommissioning expense as the corresponding assets were fully impaired.

8) SHARE CAPITAL

(a) Authorized

Unlimited Common Voting Shares
Unlimited Preferred Shares

(b) Issued and Outstanding Class A Common Shares

	Shares Outstanding	Amount (\$000s)
Common Shares		
Balance as at December 31, 2021	49,793,907	\$ 83,267
Special distribution	-	(19,917)
Balance as at March 31, 2022	49,793,907	\$ 63,350

In February 2022, the Company paid a \$0.40 per share special distribution to shareholders following shareholder approval of a reorganization of the Company's share capital. The record date for the return of capital distribution was February 2, 2022 and the payment date was February 10, 2022. The amount paid on February 10, 2022 was \$19.9 million.

(c) Options to Purchase Common Shares

	Number of Options ⁽¹⁾	Weighted Average Exercise Price (\$)
Options outstanding at December 31, 2021 and March 31, 2022	2,865,000	1.08

(1) These options are held by directors, senior management, employee and consultant of the Company.

Options Outstanding at March 31, 2022				Options Exercisable at March 31, 2022		
Exercise Price (\$)	Number of Options	Weighted Average Exercise Price ⁽²⁾ (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options	Weighted Average Exercise Price ⁽²⁾ (\$)	Weighted Average Remaining Contractual Life (years)
0.69	1,500,000	0.69	0.86	1,500,000	0.69	0.86
1.50	1,365,000	1.50	1.97	1,365,000	1.50	1.97
0.69 – 1.50	2,865,000	1.08	1.39	2,865,000	1.08	1.39

(2) Exercise price includes the \$0.40 reduction per option and represents the adjusted exercise price at March 31, 2022

(d) Restricted Share Units

	Number of RSUs
RSUs outstanding at December 31, 2021 and March 31, 2022	599,998

As a result of the \$0.40 per common share return of capital to shareholders (Note 8b), the Company also made a cash payment of \$0.40 per RSU to 599,998 RSUs outstanding or \$0.2 million.

(e) Andora Energy Corporation

i) Issued and Outstanding Class A Common Shares

As at March 31, 2022 Andora had 100.1 million (December 31, 2021 – 100.1 million) common shares issued and outstanding of which Pan Orient held 71.8% (December 31, 2021 – 71.8%).

ii) Options to Purchase Common Shares of Andora

	Number of Options ⁽¹⁾	Weighted Average Exercise Price (\$)
Options outstanding at December 31, 2021 and March 31, 2022	9,800,000	0.01

(1) These options are held by directors, senior management, and employee of Andora. Of the \$9.8 million options, 5.3 million options were issued to directors, officers, and employee of Pan Orient.

The following stock options of Andora were outstanding and exercisable at March 31, 2022:

Options Outstanding March 31, 2022				Options Exercisable March 31, 2022		
Exercise Price (\$)	Number of Options	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)
0.01	9,800,000	0.01	3.33	3,266,669	0.01	3.33

iii) Convertible Credit Facility

Andora entered into a convertible loan agreement with Pan Orient on January 30, 2018 whereby Andora can draw up to \$2 million against a revolving credit facility. The loan bears interest at HSBC Canada prime rate for commercial loans in Canadian dollars plus three percent, per annum. Any principal drawn against the credit facility, including accrued interest (collectively, "outstanding amount"), is repayable upon demand or by December 31, 2022, whichever is earlier. Security for repayment of any outstanding amount is provided by a general security agreement creating a first fixed charge over all of Andora's property, subject to certain permitted encumbrances. Pan Orient has the option under the loan agreement to convert the outstanding amount, or a portion thereof, into Andora's common shares at a price of \$0.15 per share. In March 2020, the Company increased the revolving credit facility limit by \$500,000 under the same terms and conditions as the existing credit facility.

Andora entered into a second convertible loan agreement with Pan Orient on November 10, 2020 whereby Andora can draw up to \$500,000 against a revolving credit facility. The loan bears interest at HSBC Canada prime rate for commercial loans in Canadian dollars plus three percent, per annum. Any principal drawn against the credit facility, including accrued interest (collectively, "outstanding amount"), is repayable upon demand or by December 31, 2022, whichever is earlier. Security for repayment of any outstanding amount is provided by a general security agreement creating a first fixed charge over all of Andora's property, subject to certain permitted encumbrances. Pan Orient has the option under the loan agreement to convert the outstanding amount, or a portion thereof, into Andora's common shares at a price of \$0.01 per share. In September 2021, the Company increased the revolving credit facility limit by \$800,000 under the same terms and conditions as the existing credit facility.

As at March 31, 2022, a total of \$2.5 million (December 31, 2021 - \$2.5 million) was fully drawn against the first credit facility and \$1.2 million (December 31, 2021 - \$1.0 million) was drawn against the second credit facility. The amounts due from Andora is not expected to be collected in the foreseeable future.

(f) Earnings per Share Attributable to Common Shareholders

A reconciliation of the weighted average number of common shares used to calculate diluted net income per share is as follows:

	Three Months Ended March 31	
	2022	2021
Weighted average common shares – basic	49,793,907	50,992,963 ⁽¹⁾
Dilutive effect of stock options	375,116	-
Weighted average common shares – diluted	50,169,023	50,992,963
Net income attributable to common shareholders (\$000s)	3,514	1,140
Net income per share, basic and diluted	\$ 0.07	\$ 0.02

(1) Options were not included in the computation of weighted average diluted common shares because they were anti-dilutive.

9) FINANCIAL INSTRUMENTS

As at March 31, 2022 the following financial instruments were denominated in currencies other than the Canadian dollar:

	March 31, 2022 US dollar (\$000s)	December 31, 2021 US dollar (\$000s)
Cash and cash equivalents	10,187	14,400
Deposits	88	19
Accounts payable and accrued liabilities	(1,917)	(1,868)
Net exposure in foreign currency	8,358	12,551
Net exposure in Canadian dollars ⁽¹⁾ (\$000s)	10,447	15,890

(1) Translated at March 31, 2022 and December 31, 2021 exchange rates.

10) COMMITMENTS

As at March 31, 2022 the Company's estimated outstanding capital commitments are as follows:

			Estimated Net Financial Commitment ⁽¹⁾
Country and Concession Name	Remaining Work Program Commitment	Obligation Period	CAD (\$000s)
Canadian Heavy Oil Sands – Andora Energy Corporation			
Sawn Lake, Alberta	▪ Natural gas pipeline tariff	April 1, 2023 to March 31, 2031	1,590

(1) The Company intends to fund the commitments through the Company's existing cash balances.



PAN ORIENT ENERGY CORP.
1505, 505 - 3rd Street SW, Calgary Alberta Canada T2P 3E6

Schedule 4 – Management's Discussion and Analysis



PAN ORIENT ENERGY CORP.

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

March 10, 2020

Management's Discussion and Analysis

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

Pan Orient is an oil and natural gas company based in Calgary, Alberta, with properties onshore Indonesia and interests in Pan Orient Energy (Siam) Ltd. which has properties onshore Thailand, and interests in Andora Energy Corporation ("Andora") which has properties in northern Alberta, Canada.

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

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

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

Forward-Looking Statements

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

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

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

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

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

Non-IFRS Measures

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

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

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

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

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

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

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

Petroleum and Natural Gas Properties

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

Thailand

Concession L53

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

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

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

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

Indonesia

East Jabung PSC

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

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

Canada

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

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

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

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

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

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

Summarized financial information with respect to Andora is as follows:

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

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

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

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

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

INTERNATIONAL INTERESTS AT DECEMBER 31, 2019

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

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

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

2019 HIGHLIGHTS

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

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

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

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

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

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

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

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

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

Corporate

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

OUTLOOK

THAILAND

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

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

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

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

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

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

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

CANADA

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

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

Corporate

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

Net income from Thailand Joint Venture

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

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

Note: Tables may not add due to rounding

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

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

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

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

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

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

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

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

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

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

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

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

Taxes

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

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

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

General and Administrative ("G&A") Expenses

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

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

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

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

Capital Expenditures

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

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

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

Indonesia

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

Canada

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

Thailand

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

Liquidity and Capital Resources

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

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

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

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

Share Capital

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

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

In May 2019, the Company renewed its normal course issuer bid through the TSX-V to continue the ability to purchase its common shares. Under the terms of the bid, Pan Orient is authorized to purchase, for cancellation, up to 4,504,064 of its common shares (10% of the public float), subject to a maximum of 1,098,008 common shares (2% of the 54,900,407 issued and outstanding common shares) during any 30 day period. The ability to purchase common shares under the bid commenced on May 16, 2019 and ends one year after commencement or on the earlier date on which Pan Orient has either acquired the maximum number of common shares specified above or otherwise decided not to make any further purchases.

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

Foreign Exchange

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

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

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

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

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

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

Selected Annual Information

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

(1) The Company holds a 50.01% interest in Pan Orient Energy (Siam) Ltd., which is considered a Joint Venture under IFRS and is accounted for using the equity method. Initial recognition of the investment in Joint Venture was recorded at fair value. The carrying amount is subsequently increased or decreased to recognize the Company's share of the profit or loss from the joint venture. Distributions received from the joint venture reduce the carrying amount of the investment whereas funding to the joint venture increase the carrying amount. The Company's profit or loss includes its share of the joint venture's profit or loss and the Company's other comprehensive income includes its share of the joint venture's other comprehensive income or loss.

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

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

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

Summary of Quarterly Results

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

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

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

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

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

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

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

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

(8) Tables may not add due to rounding.

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

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

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

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

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

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

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

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

Additional Information

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



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PAN ORIENT ENERGY CORP.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019**

March 16, 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 March 16, 2021 and should be read in conjunction with the audited consolidated financial statements and notes thereto for the years ended December 31, 2020 and 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, 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. 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 December 31, 2020 into Canadian dollars using December 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; oil price expectations; information on future production and project start-ups, the expected impact of actions on financial results and intentions with respect to cash balance; potential purchases of common shares under the normal course issuer bid; sufficiency of financial resources; and review of asset portfolio and defining opportunities and strategies. By their very nature, the forward-looking statements contained in this MD&A require Pan Orient and its management to make assumptions that may not materialize or that may not be accurate. The forward-looking information contained in this MD&A is subject to known and unknown risks and uncertainties and other factors, which could cause actual results, expectations, achievements or performance to differ materially, including without limitation: imprecision of reserves estimates and estimates of recoverable quantities of oil, changes in project schedules, operating and reservoir performance, the effects of weather and climate change, the results of exploration and development drilling and related activities, changes in demand for oil and gas, the results of commercial negotiations, the timing and outcome of applications for government approvals, other technical and economic factors or revisions and other factors, many of which are beyond the control of Pan Orient. Although Pan Orient believes that the expectations reflected in its forward-looking statements are reasonable, it can give no assurances that the expectations of any forward-looking statements will prove to be correct.

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

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

The forward-looking statements contained herein are as of March 16, 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 Investment in Joint Venture for financial statement purposes and funds flow from (used in) operations from discontinued operations 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 months ended December 31		Year ended December 31	
	2020	2019	2020	2019
Cash flow used in operating activities, continuing operations ⁽¹⁾	(597)	(250)	(1,942)	(1,692)
Changes in non-cash working capital, continuing operations ⁽¹⁾	(148)	(38)	(529)	(35)
Cash flow used in operating activities, discontinued operations ⁽¹⁾	(46)	(88)	(684)	(862)
Changes in non-cash working capital, discontinued operations ⁽¹⁾	93	(207)	1,079	471
Unrealized foreign exchange loss	(1,009)	(316)	(869)	(1,007)
Share of adjusted funds flow from Investment in Joint Venture	3,235	4,089	12,492	19,984
Total corporate adjusted funds flow from operations	1,528	3,190	9,547	16,859

(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.; 2) undeveloped Canadian oil sands leases, held by Andora. The undeveloped onshore interests at the East Jabung 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 December 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 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, consisted of 25.46 square kilometers associated with the L53-A, L53-B, L53-D, L53-G, L53-DD and L53-South 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). The L53-AA field was discovered in 2020 and a 1.86 square kilometer Production Area License was approved on March 12, 2021 by the Government of Thailand. Other than the new L53-AA Production License area, 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.

Indonesia

East Jabung PSC

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

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. Activities of the Company in Indonesia are reported in 2020 as discontinued operations.

Canada

Andora is a private oil company, in which Pan Orient has a 71.8% ownership. As at December 31, 2020, 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 December 31, 2020.

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 December 31, 2020. 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 ("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 months ended December 31		As at and for the Year ended December 31	
	2020	2019	2020	2019
Total assets	1,231	85,197	1,231	85,197
Total liabilities	4,842	9,291	4,842	9,291
Adjusted funds flow used in operations	(326)	(49)	(744)	(227)
Net income (loss)	(453)	(84)	(79,554)	628

Financial and Operating Summary

(thousands of Canadian dollars except where indicated)

Financial and Operating Summary	Three Months Ended December 31,		Year Ended December 31,		% Change
(thousands of Canadian dollars except where indicated)	2020	2019	2020	2019	
FINANCIAL					
Financial Statement Results – Excluding 50.01% Interest in Thailand Joint Venture (Note 1)					
Net loss attributed to common shareholders	(417)	(26,856)	(59,631)	(25,304)	136%
Per share – basic and diluted	\$ (0.01)	\$ (0.49)	\$ (1.13)	\$ (0.46)	136%
Cash flow used in operating activities (Note 2 & 3)	(597)	(250)	(1,942)	(1,692)	15%
Per share – basic and diluted	\$ (0.01)	\$ (0.00)	\$ (0.04)	\$ (0.03)	15%
Cash flow from (used in) investing activities (Note 2 & 3)	(26)	5,809	6,984	(5,026)	39%
Per share – basic and diluted	\$ 0.00	\$ (0.01)	\$ 0.13	\$ 0.09	39%
Cash flow used in financing activities (Note 2 & 3)	(225)	(675)	(1,733)	(585)	196%
Per share – basic and diluted	\$ (0.00)	\$ (0.01)	\$ (0.03)	\$ (0.01)	196%
Change in cash and cash equivalents from discontinued operations (Note 3)	(46)	(7,386)	(795)	(8,593)	-91%
Working capital	22,968	21,554	22,968	21,554	7%
Working capital & non-current deposits	23,577	22,158	23,577	22,158	6%
Long-term debt	-	-	-	-	0%
Shares outstanding (thousands)	51,744	54,496	51,744	54,496	-5%
Capital Commitments (Note 4)	801	719	801	719	11%
Working Capital and Non-current Deposits					
Beginning of period – Excluding Thailand Joint Venture	26,411	32,458	22,158	33,139	-33%
Adjusted funds flow used in continuing operations (Note 3 & 6)	(1,754)	(602)	(3,340)	(2,733)	22%
Adjusted funds flow from (used in) discontinued operations (Note 3)	47	(296)	395	(392)	-201%
Issuance of common shares	-	-	-	222	-100%
Consolidated capital expenditures (Note 7)	-	(8,433)	(85)	(12,833)	-99%
Amounts advanced to Thailand Joint Venture	(25)	(7)	(43)	(519)	-92%
Dividend received from Thailand Joint Venture	-	-	7,112	6,624	7%
Finance lease payments	(3)	(47)	(139)	(130)	7%
Normal course issuer bid	(222)	(671)	(1,705)	(798)	114%
Effect of foreign exchange	(877)	(244)	(776)	(422)	84%
End of period - Excluding Thailand Joint Venture	23,577	22,158	23,577	22,158	6%
Pan Orient 50.01% interest in Thailand Joint Venture Working Capital and Non-Current Deposits	4,875	10,493	4,875	10,493	-54%
Economic Results – Including 50.01% Interest in Thailand Joint Venture					
Total corporate adjusted funds flow from (used in) operations by region (Note 6)					
Canada	(1,745)	(593)	(3,310)	(2,692)	23%
Thailand (Note 8)	(9)	(9)	(30)	(41)	-29%
From continuing operations	(1,754)	(602)	(3,340)	(2,733)	22%
Indonesia – Discontinued Operations	47	(296)	395	(392)	-201%
Adjusted funds flow used in operations (excl. Thailand Joint Venture)	(1,707)	(898)	(2,945)	(3,125)	-6%
Share of Thailand Joint Venture (Note 1 & 5)	3,235	4,089	12,492	19,984	-37%
Total corporate adjusted funds flow from operations	1,528	3,191	9,547	16,859	-43%
Per share – basic and diluted	\$ 0.03	\$ 0.06	\$ 0.18	\$ 0.31	-42%
Capital Expenditures – Petroleum and Natural Gas Properties (Note 7)					
Canada	-	205	85	604	-86%
Indonesia – Discontinued Operations	-	8,228	-	12,229	-100%
Consolidated capital expenditures (excl. Thailand Joint Venture)	-	8,433	85	12,833	-99%
Share of Thailand Joint Venture capital expenditures	1,644	2,872	10,248	9,113	12%
Total capital expenditures (incl. Thailand Joint Venture & discontinued ops)	1,644	11,305	10,333	21,946	-53%
Investment in Thailand Joint Venture					
Beginning of period	26,809	32,898	34,127	34,504	-1%
Net income from Joint Venture	1,294	1,186	1,906	4,890	-61%
Other comprehensive gain (loss) from Joint Venture	201	37	(635)	839	-176%
Dividend paid	-	-	(7,112)	(6,624)	7%
Amounts advanced to Joint Venture	25	7	43	519	-92%
End of period	28,329	34,128	28,329	34,128	-17%

	Three Months Ended December 31,		Year Ended December 31,		% Change
	2020	2019	2020	2019	
(thousands of Canadian dollars except where indicated)					
Thailand Operations					
Economic Results – Including 50.01% Interest in Thailand Joint Venture (Note 5)					
Oil sales (bbls)	137,137	113,324	444,020	386,877	15%
Average daily oil sales (BOPD) by Concession L53	1,491	1,232	1,213	1,060	14%
Average oil sales price, before transportation (CDN\$/bbl)	\$ 56.95	\$ 62.64	\$ 54.18	\$ 74.65	-27%
Reference Price (volume weighted) and differential					
Crude oil (Brent \$US/bbl)	\$ 44.62	\$ 63.32	\$ 41.73	\$ 63.91	-35%
Exchange Rate \$US/\$Cdn	1.32	1.34	1.35	1.35	0%
Crude oil (Brent \$Cdn/bbl)	\$ 58.71	\$ 84.96	\$ 56.16	\$ 86.48	-35%
Sale price / Brent reference price	97%	74%	96%	86%	12%
Adjusted funds flow from (used in) operations (Note 6)					
Crude oil sales	7,810	7,099	24,055	28,882	-17%
Government royalty	(419)	(369)	(1,252)	(1,503)	-17%
Transportation expense	(314)	(272)	(1,005)	(934)	8%
Operating expense	(1,094)	(846)	(3,424)	(2,385)	44%
Field netback	5,983	5,612	18,374	24,060	-24%
General and administrative expense (Note 8)	(306)	(299)	(968)	(953)	1%
Interest income	1	21	7	43	-81%
Foreign exchange gain	4	23	46	68	-32%
Current income tax	(2,456)	(1,277)	(4,997)	(3,275)	53%
Thailand - Adjusted funds flow from operations	3,226	4,080	12,462	19,943	-38%
Adjusted funds flow from (used in) operations / barrel (CDN\$/bbl) (Note 6)					
Crude oil sales	\$ 56.95	\$ 62.64	\$ 54.18	\$ 74.65	-27%
Government royalty	(3.06)	(3.26)	(2.82)	(3.88)	-27%
Transportation expense	(2.29)	(2.40)	(2.26)	(2.41)	-6%
Operating expense	(7.98)	(7.47)	(7.71)	(6.16)	25%
Field netback	\$ 43.63	\$ 49.52	\$ 41.38	\$ 62.19	-33%
General and administrative expense (Note 8)	(2.22)	(2.64)	(2.18)	(2.46)	-11%
Interest Income	0.01	0.19	0.02	0.11	-86%
Foreign exchange gain	0.03	0.20	0.10	0.18	-42%
Current income tax	(17.91)	(11.27)	(11.25)	(8.47)	33%
Thailand – Adjusted funds flow from operations	\$ 23.54	\$ 36.00	\$ 28.07	\$ 51.55	-46%
Government royalty as percentage of crude oil sales	5%	5%	5%	5%	0%
Income tax & SRB as percentage of crude oil sales	31%	18%	21%	11.3%	0%
As percentage of crude oil sales					
Expenses - transportation, operating, G&A and other	22%	19%	22%	14%	8%
Government royalty, SRB and income tax	37%	23%	26%	17%	9%
Adjusted funds flow from operations, before interest income	41%	57%	52%	69%	-17%
Wells drilled					
Gross	1	1	8	7	14%
Net	0.5	0.5	4.0	3.5	14%
Financial Statement Presentation					
Results – Excl. 50.01% Interest in Thailand Joint Venture (Note 1)					
General and administrative expense (Note 8)	(9)	(9)	(30)	(41)	-29%
Adjusted funds flow used in consolidated operations	(9)	(9)	(30)	(41)	-29%
Adjusted fund flow included in Investment in Thailand Joint Venture					
Net income from Thailand Joint Venture	1,294	1,186	1,906	4,890	-61%
Add back non-cash items in net income	1,941	2,903	10,586	15,094	-30%
Adjusted funds flow from Thailand Joint Venture	3,235	4,089	12,492	19,984	-37%
Thailand – Economic adjusted funds flow from operations (Note 5)	3,226	4,080	12,462	19,943	-38%

	Three Months Ended December 31,		Year Ended December 31,		%
(thousands of Canadian dollars except where indicated)	2020	2019	2020	2019	Change
Canada Operations					
Interest income	19	119	220	397	-45%
General and administrative expenses (Note 8)	(546)	(397)	(2,070)	(2,082)	-1%
Operating expense (Note 9)	(54)	-	(210)	-	
Stock based compensation on restricted share units (note 10)	(156)	-	(383)	-	
Realized foreign exchange gain (Note 11)	1	1	2	1	100%
Unrealized foreign exchange loss (loss) (Note 11)	(1,009)	(316)	(869)	(1,008)	-14%
Canada – Adjusted funds flow used in operations	(1,745)	(593)	(3,310)	(2,692)	23%
Indonesia – Discontinued Operations					
General and administrative expense (Note 8)	(61)	(274)	(284)	(442)	-36%
Recovery of impairment expense (Note 12)	1	-	675	-	0%
Unrealized foreign exchange gain (loss)	107	(22)	4	50	-92%
Indonesia – Adjusted funds flow from (used in) operations	47	(296)	395	(392)	201%

	Year Ended December 31,		%
(thousands of Canadian dollars except where indicated)	2020	2019	Change
RESERVES AND CONTINGENT RESOURCES			
Onshore Thailand – Concession L53 (50.01% economic interest) (Note 1)	(Note 14)	(Note 13)	
Proved oil reserves (thousands of barrels)	1,418	618	129%
Proved plus probable oil reserves (thousands of barrels)	2,377	1,834	30%
Net present value of proved + probable reserves, after tax discounted at 10%	38,888	43,690	-11%
Per Pan Orient share – basic (Note 15)	\$ 0.75	\$ 0.80	-6%
Canada (Pan Orient's 71.8% share of the oil sands leases of Andora at Sawn Lake, Alberta)	(Note 16)		

INTERNATIONAL INTERESTS AT DECEMBER 31, 2020

INTERNATIONAL INTERESTS AT DECEMBER 31, 2020						
All amounts reflect Pan Orient's economic interest		Status	Net Square Kilometers	December 31, 2020 Financial Commitments (Cdn thousands)	2020 Avg. Production (BOPD)	P+P Reserves (thousands of barrels)
<u>Onshore Thailand Concession (Recorded in Investment in Joint Venture)</u>						
L53/48 (Pan Orient 50.01% ownership in Pan Orient Energy (Siam) Ltd. (Note 1 & 17))	Partially developed		119	-	1,213	2,377
<u>Onshore Indonesia PSC (Consolidated subsidiary)</u>						
East Jabung PSC, South Sumatra (49% interest & non-operator) (Note 3)	Expired		-	-		
			119	-		

- Pan Orient holds a 50.01% equity interest in Pan Orient Energy (Siam) Ltd. as a joint arrangement where the Company shares joint control with the 49.99% equity interest holder. The resulting joint arrangement is classified as a Joint Venture under IFRS 11 and is accounted for using the equity method of accounting where Pan Orient's 50.01% equity interest in the assets, liabilities, working capital, operations and capital expenditures of Pan Orient Energy (Siam) Ltd. are recorded in Investment in Thailand Joint Venture.
- As set out in the Consolidated Statements of Cash Flows in the Consolidated Financial Statements of Pan Orient Energy Corp.
- 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 for 2020 onwards and the amounts presented for 2019 have been updated for comparative purposes.
- Refer to Commitments note disclosure of the December 31, 2020 and December 31, 2019 Consolidated Financial Statements.
- For the purpose of providing more meaningful economic results from operations for Thailand, the amounts presented include 50.01% of results of the Thailand Joint Venture. Pan Orient has a 50.01% ownership interest in Pan Orient Energy (Siam) Ltd., but does not have any direct interest in, or control over, the crude oil reserves, operations or working capital of on-shore Concession L53.
- Total corporate adjusted funds flow from operations is cash flow from operating activities prior to changes in non-cash working capital, unrealized foreign exchange gain or loss plus the corresponding amount from Pan Orient's 50.01% interest in the Thailand Joint Venture which is recorded in Joint Venture for financial statement purposes. This measure is used by management to analyze operating performance and leverage. Adjusted funds flow as presented does not have any standardized meaning prescribed by IFRS and therefore it may not be comparable with the calculation of similar measures of other entities. Adjusted funds flow is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS.

- (7) Cost of capital expenditures excluded decommissioning costs, the impact of changes in foreign exchange.
- (8) General & administrative expenses excluding non-cash accretion expense. The nominal amount of G&A shown in the three months and years ended December 31, 2020 and 2019 for Thailand operations related to G&A of the holding company of Pan Orient Energy (Siam) Ltd.
- (9) 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.
- (10) On May 19, 2020, the Company granted 1,050,000 restricted share units ("RSUs") to directors, senior management, employees and consultant. The amount represents the stock-based compensation expenses.
- (11) Realized and unrealized foreign exchange gain or loss mainly related to the U.S. dollars denominated cash balances held in Canada.
- (12) Adjustment to previously booked capital expenditures at East Jabung PSC.
- (13) Thailand reserves as at December 31, 2019 as evaluated by Sproule International Limited of Calgary assessed at forecast crude oil reference prices and costs. The US\$ reference price for crude oil per barrel (US\$ UK Brent per barrel) in the evaluation is \$65.00 for 2020, \$68.00 for 2021, \$70.00 for 2022, \$71.40 for 2023, \$72.83 for 2024 and prices increase at 2.0% per year thereafter. Foreign exchange rate used of Cdn\$1=US\$0.76 for 2020, Cdn\$1=US\$0.77 for 2021 and Cdn\$1=US\$0.80 thereafter. The engineered values disclosed may not represent fair market value.
- (14) Thailand reserves as at December 31, 2020 as evaluated by Sproule International Limited of Calgary assessed at forecast crude oil reference prices and costs. The US\$ reference price for crude oil per barrel (US\$ UK Brent per barrel) in the evaluation is \$48.00 for 2021, \$50.00 for 2022, \$55.00 for 2023, \$56.10 for 2024, \$57.22 for 2025 and prices increase at 2.0% per year thereafter. Foreign exchange rate used of Cdn\$1=US\$0.77. The engineered values disclosed may not represent fair market value.
- (15) Per share values calculated based on 51,744,007 and 54,496,007 Pan Orient Shares outstanding at December 31, 2020 and 2019, respectively.
- (16) The evaluation of Andora's contingent resources of the oil sands project at Sawn Lake Alberta, Canada as at September 30, 2019 was conducted by Sproule Associates Limited. Andora's unrisks "Best Estimate" contingent resources were 227.8 million barrels (163.6 million net to Pan Orient's interest in Andora) of recoverable bitumen as at September 30, 2019 using forecast prices at September 30, 2019. At March 31, 2020 low commodity prices indicated there was no expected commercial development at Sawn Lake in that market and Andora recorded a full non-cash net impairment charge on the Sawn Lake Exploration and Evaluation assets
- (17) At December 31, 2020 Concession L53/48 in Thailand consisted of 25.46 square kilometers associated with the L53-A, L53-B, L53-D, L53-G, L53-DD and L53-South AA fields 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). The L53-AA field was discovered in 2020 and a 1.86 square kilometer Production License was approved March 12, 2021 by the Government of Thailand. Other than the new L53-AA Production License area, the "reserved area" exploration lands at December 31, 2020 expired on January 7, 2021.
- (18) Tables may not add due to rounding.

HIGHLIGHTS

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

- 2020 oil sales increased 14% and proved and probable reserves increased 30% through additions at the L53-DD field and discovery of the L53-AA field.
 - The L53-DD6ST2, L53-DD8, L53-DD7 and L53-DD9 appraisal wells in the L53-DD field were drilled and brought onto production in 2020. Net to Pan Orient's 50.01% equity interest, these four wells had oil sales of 798 BOPD in the fourth quarter. The L53-DD8 well was converted to a water disposal well for the L53-DD field in December 2020.
 - Discovery of the L53AA field with the L53-AA2 exploration well in the first quarter of 2020 added 3,001 barrels of oil sales in 2020 during the 90-day production test and has been assigned proved plus probable reserves of 21,500 barrels at December 31, 2020, net to Pan Orient's 50.01% equity interest. The L53-AA Production License of 1.86 square kilometers was approved March 12, 2021 by the Government of Thailand and the L53-AA2 well restarted March 16, 2021.
 - The L53-AA1, L53-AAST1 sidetrack and L53-BB1ST1 exploration wells were abandoned.
- Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, oil sales from Concession L53 were 1,213 BOPD in 2020, an increase of 14% from 1,060 in 2019. With the L53-DD7, L53-DD8 and L53-AA2 wells brought onto production starting in September, and L53-DD9 in November, oil sales increased to 1,491 BOPD in the fourth quarter of 2020.
- Adjusted Thailand funds flow from operations of \$12.5 million in 2020 (\$28.07 per barrel), with \$3.2 million (\$23.53 per barrel) in the fourth quarter. During 2020, the realized price of Concession L53 crude oil was lower by 27% as the Brent reference price declined 35% but the realized price averaged 96% of the Brent reference price compared to 86% in 2019 (resulting from a new oil sales contract). The monthly Brent reference price largely recovered from a low of US\$18.38 in April 2020 to US\$49.99 in December 2020.
- Despite weaker oil prices in early 2020, Thailand had adjusted funds flow from operations of \$12.5 million in 2020 to fund \$10.2 million of Thailand exploration and development activities. In addition, the Thailand Joint Venture paid two dividends to Pan Orient in 2020 totaling \$7.1 million and Pan Orient's share of working capital and long-term deposits in Thailand at December 31, 2020 was \$5.0 million.
- December 31, 2020 reserve report assigned proved plus probable crude oil reserves of 2.4 million barrels, net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture (an increase of 30%) with an after tax net present value using forecast prices and costs discounted at 10% per year of \$38.9 million (an 11% decrease). The 11% decrease in the net present value is the result of the 30% increase in proved plus probable reserves (primarily at the L53-DD field) more than offset by a 17% decrease in forecast oil sales prices.

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

- 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 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 as discontinued operations. Discontinued operations in Indonesia for 2020 were \$284 thousand of G&A expense, \$4 thousand in realized and unrealized foreign exchange gains on currency exchange rates since the end of 2019 and a \$675 thousand recovery of exploration expense resulting from adjustment of previously booked capital expenditures at the East Jabung PSC.

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

- Significantly lower prices for heavy oil and bitumen in early 2020 due to geopolitical events and the collapse of global demand for crude oil resulting from COVID-19, and the associated deterioration in the economics for commercial expansion at Sawn Lake, indicated there is no expected commercial development at Sawn Lake in that market. The Company reported a non-cash net impairment charge of \$80.2 million, \$57.6 million attributable to common shareholders of Pan Orient, on Sawn Lake Exploration and Evaluation assets at March 31, 2020.
- After the impairment of Sawn Lake recorded at March 31, 2020, no operating expenses or G&A are capitalized. For the second, third and fourth quarters of 2020, Pan Orient reports total operating expense of \$210 thousand associated with the Sawn Lake suspended SAGD facility and wellpair.
- Andora is actively reviewing 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

- Total 2020 corporate adjusted funds flow from operations (including Pan Orient's 50.01% equity interest in the Thailand Joint Venture) of \$9.5 million (\$0.18 per share), with \$1.5 million (\$0.03 per share) in the fourth quarter of 2020. The decrease from \$2.4 million (\$0.05 per share) in the third quarter of 2020 is largely due to an unrealized foreign exchange loss in Canada on cash holdings denominated in US dollars and more Thailand income subject to Thailand income tax for the Thailand Joint Venture.
- The 2020 loss attributable to common shareholders was \$59.6 million (\$1.13 loss per share), with a net \$57.6 million impairment charge for the Sawn Lake, Alberta Exploration and Evaluation assets at March 31, 2020 and \$1.7 million loss attributable to other operations. The loss attributable to common shareholders for the fourth quarter of 2020 was \$0.4 million (\$0.01 loss per share).

- Pan Orient repurchased 2,752,000 common shares in 2020 at an average price of \$0.62 per share. In 2021, the Company has repurchased an additional 1,099,500 shares to March 17, 2021, at an average price of \$0.84 per share.
- Pan Orient retains a strong financial position with working capital and non-current deposits of \$23.6 million and no long-term debt at December 31, 2020. In addition, the Thailand Joint Venture has \$4.9 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 fund remaining development activities at Concession L53.

OUTLOOK

THAILAND

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

A two to three well appraisal drilling program has commenced with the L53-DD10 well that has just completed drilling. L53-DD10 is expected to be on long-term production upon completion of the two to three well appraisal drilling program. The L53-DD12 appraisal well has just commenced drilling and will tentatively be followed by the L53-DD11 appraisal well. It is anticipated this appraisal drilling program will solidify production through 2021.

Nearing the completion of the planned appraisal drilling program anticipated in April 2021, the Company will be in a position to best determine the future of the Thailand asset that would maximize shareholder value. The Company maintains a very favorable view of the current Thailand fiscal terms, operating environment and exploration potential that will be available in future onshore licensing rounds.

CANADA

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

In 2020, Andora actively reviewed a range of alternatives to move the Sawn Lake project forward with minimum development costs to Andora, including partnership or outright sale to achieve value for Andora and Pan Orient shareholders. Despite the wire-down in the first quarter of 2020, the current oil price environment, should it hold at these levels, provides strong economic support to the various options of monetizing or progressing this project.

COVID-19 Coronavirus

The operations in Thailand of Pan Orient Energy (Siam) Ltd. ("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. Overall, the infection and death rate has been much lower in Thailand than in most western nations.

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 2020 drilling program and is proceeding with its 2021 Thailand 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. ("POS"), which is considered a Joint Venture under IFRS and is accounted for using the equity method. Pan Orient has a 50.01% ownership interest in Pan Orient Energy (Siam) Ltd., but does not have any direct interest in, or control over, the crude oil reserves, operations or working capital of Concession L53. Distributions received from the joint venture reduce the carrying amount of the investment whereas funding to the joint venture increases the carrying amount. The Company's profit or loss includes its share of the joint venture's profit or loss and the Company's other comprehensive income or loss includes its share of the joint venture's other comprehensive income or loss.

Income from Joint Venture Pan Orient Energy (Siam) Ltd. (Net to Pan Orient 50.01%)	Three months ended December 31				Year ended December 31			
	2020		2019		2020		2019	
	\$000s	\$ per bbl	\$000s	\$ per bbl	\$000s	\$ per bbl	\$000s	\$ per bbl
Crude oil revenue	7,810	56.95	7,099	62.64	24,055	54.18	28,882	74.65
Government royalty	(419)	(3.06)	(369)	(3.26)	(1,252)	(2.82)	(1,503)	(3.88)
Transportation expense	(314)	(2.29)	(272)	(2.40)	(1,005)	(2.26)	(934)	(2.41)
Production and Operating expense	(1,094)	(7.98)	(846)	(7.47)	(3,424)	(7.71)	(2,385)	(6.16)
Field netback	5,983	43.63	5,612	49.52	18,374	41.38	24,060	62.19
General and administrative	(297)	(2.17)	(290)	(2.56)	(938)	(2.11)	(912)	(2.36)
Foreign exchange gain	3	0.03	23	0.20	46	0.10	68	0.18
Interest income	1	0.01	21	0.19	7	0.02	43	0.11
Current income tax expense	(2,456)	(17.91)	(1,277)	(11.27)	(4,997)	(11.25)	(3,275)	(8.47)
Adjusted funds flow from operations	3,234	23.59	4,089	36.08	12,492	28.13	19,984	51.65
Depletion, depreciation and amortization	(2,474)	(18.04)	(2,395)	(21.13)	(9,276)	(20.89)	(9,025)	(23.33)
Accretion	(10)	(0.07)	(17)	(0.15)	(34)	(0.08)	(54)	(0.14)
Exploration expense recovery	-	-	9	0.08	-	-	9	0.02
Deferred tax recovery (expense)	831	6.06	(220)	(1.94)	(90)	(0.20)	(4,853)	(12.54)
Net income	1,581	11.54	1,466	12.94	3,092	6.96	6,060	15.66
Amortization of fair value adjustment	(287)	(2.09)	(280)	(2.47)	(1,186)	(2.67)	(1,170)	(3.02)
Net income from Joint Venture	1,294	9.45	1,186	10.47	1,906	4.29	4,890	12.64

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 1,491 and 1,213 BOPD during the three months and year ended December 31, 2020 compared to 1,232 and 1,060 BOPD during the three months and year ended December 31, 2019. Oil production was higher in 2020 than in 2019 in both comparative periods primarily due to the L53-DD6ST2, L53-DD8, L53-DD7 and L53-DD9 appraisal wells in the L53-DD field were drilled and brought onto production in 2020.

Oil sales revenue from Concession L53 was \$7.8 million and \$24.1 million for the three months and year ended December 31, 2020 compared to \$7.1 million and \$28.9 million during the same periods of 2019. Oil revenue for the three months ended December 31, 2020 were higher than in 2019 due to higher production offset by lower realized prices. The realized price per barrel was \$56.95 and \$54.18 for the three months and year ended December 31, 2020 compared to \$62.64 and \$74.65 during the same comparative periods in 2019. The realized sales price from the Thailand Joint Venture was 97% and 96% of the Brent reference price during the three months and year ended December 31, 2020, respectively.

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 expense was \$1.1 million (\$7.98 per barrel) in the fourth quarter of 2020 compared to \$0.8 million (\$7.47 per barrel) in the fourth quarter of 2019. Higher production costs mainly attributed to high costs for water hauling. The L53-DD8 well was converted to a water disposal well for the L53-DD field in December 2020 to lower water hauling costs.

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 \$18.04 and \$20.89 per barrel for the three months and year ended December 31, 2020 compared to \$21.13 and \$23.33 per barrel for the three months and year ended December 31, 2019. On a per barrel basis, the DD&A was overall lower in 2020 than in 2019 due to the increase in proved and probable reserves assigned to the DD oil field.

General and Administrative ("G&A") Expenses

(\$thousands)	Three months ended December 31		Year ended December 31	
	2020	2019 ⁽¹⁾	2020	2019 ⁽¹⁾
Canada ⁽²⁾⁽³⁾⁽⁴⁾	546	397	2,070	2,082
Thailand (excluding Thailand Joint Venture)	9	9	30	41
G&A expense from continuing operations ⁽⁴⁾	555	406	2,100	2,123
G&A expense from discontinued operations – Indonesia ⁽³⁾⁽⁴⁾	61	274	284	442
Share of G&A from Thailand Joint Venture ⁽⁴⁾	297	290	938	912
Total G&A attributable to the economic interests of Pan Orient (including 50.01% interest in Thailand Joint Venture)	913	970	3,322	3,477

(1) Activities of the Company in Indonesia are reported in 2020 as discontinued operations and amounts presented in 2019 have been 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 \$28 thousand and \$32 thousand for the years ended December 31, 2020 and 2019, respectively.

(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 have been capitalized.

(4) Amounts exclude non-cash accretion expense.

Total G&A, net of recoveries, was lower during the year ended December 31, 2020 than 2019 mainly attributed to lower expense in Indonesia since the office closure on March 31, 2020.

Capital Expenditures

	Three months ended December 31				Year ended December 31			
	2020		2019		2020		2019	
	Net wells drilled		Net wells drilled		Net wells drilled		Net wells drilled	
	\$000s		\$000s		\$000s		\$000s	
Capital expenditures ⁽¹⁾								
Canada – Continuing operations	-	-	205	-	85	-	604	-
Indonesia – Discontinued operations	-	-	8,228	0.5	-	-	12,229	0.5
Share of Thailand joint venture capital expenditures ⁽²⁾	1,644	0.5	2,872	0.5	10,248	4	9,113	3.5
Total capital expenditures attributable to the economic interest of Pan Orient (including 50.01% interest in Thailand Joint Venture)	1,644	0.5	11,305	1.0	10,333	4	21,946	4.0

(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 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 are capitalized.

Thailand

Capital expenditures related to Thailand Joint Venture were \$10.2 million for 2020. \$7.8 million related to the drilling of 8 wells (4 wells net to Pan Orient) at DD6ST2, AA-2, AA-1, AA1ST1, BB-1, DD-8, DD7 and DD-9 wells. \$2.4 million workover activities for 7 wells completed during 2020, site construction, equipment inventory purchases, capitalized general and administrative expenses and other development activities.

Liquidity and Capital Resources

Pan Orient's capital program, including the 50.01% share of the Thailand Joint Venture, was \$10.3 million for the year ended December 31, 2020 and was financed from existing working capital and adjusted funds flow from operations, including the Thailand Joint Venture. At December 31, 2020, the Company's working capital plus non-current deposits was \$23.6 million compared to \$22.2 million at December 31, 2019. The Company had estimated outstanding capital commitments of \$0.8 million at December 31, 2020. In addition to Pan Orient's consolidated working capital and non-current deposits, its investment in the Thailand Joint Venture includes \$5.0 million of its share of working capital and non-current deposits and \$2.9 million of equipment inventory to be utilized for future operations of the Thailand Joint Venture.

At December 31, 2020 Pan Orient's consolidated cash and cash equivalents were held in the jurisdictions where the Company operates as follows:

(\$thousands)	December 31, 2020	December 31, 2019
Cash and cash equivalents held in Canada	26,412	24,752
Cash and cash equivalents held in Indonesia	-	15
Consolidated cash and cash equivalents	26,412	24,767

Non-current deposits of \$0.6 million at December 31, 2020 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 December 31, 2020 for wells and facilities in Canada is \$2.0 million.

Share Capital

Outstanding (thousands)	March 16, 2021	December 31, 2020	December 31, 2019
Common shares	50,525	51,744	54,496
Stock options	2,935	2,935	5,115
Total	53,460	54,679	59,611

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.

Pan Orient repurchased 2,752,000 common shares in 2020 at an average price of \$0.62 per share, with 332,500 common shares repurchased in the fourth quarter of 2020 at an average price of \$0.67 per share.

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. The Company recognized a provision of \$0.9 million in accounts payable and accrued liabilities as at December 31, 2020 as an estimate of the number of shares that may be repurchased during potential blackout periods at the maximum share price under the ASPP.

From January 1, 2021 to March 16 2021, the Company has repurchased 1,219,500 shares at an average price of \$0.85 per share under the normal course issuer bid which included 1,078,000 shares at an average price of \$0.85 per share 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.

In November 2020, the Company settled the majority of the vested RSUs in cash for \$0.2 million. As at December 31, 2020, the closing price for the Company's shares on TSX-V Exchange was \$0.78 per share, as a result, an accrued liability (current and non-current) of \$0.2 million was recorded at December 31, 2020.

Foreign Exchange

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

	2020				2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Rate at end of period								
Thai baht / Cdn \$ exchange	23.09	23.27	22.25	22.74	22.70	22.72	23.14	23.35
Cdn \$ / US \$ exchange	1.27	1.33	1.36	1.42	1.30	1.32	1.31	1.34

The Company holds U.S. dollars within Canada to meet U.S. dollar cash requirements of its foreign operations and at December 31, 2020 the Company held \$16.6 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:

	Three months ended		Year ended	
	December 31		December 31	
(\$thousands)	2020	2019	2020	2019
AOCI, beginning of period	2,067	4,852	2,903	4,578
Foreign currency translation gain (loss) from Thailand Joint Venture	201	36	(635)	838
Foreign currency translation loss from Indonesia – Discontinued operations	-	(378)	-	(906)
AOCI related to impairment of East Jabung PSC, Indonesia	-	(1,607)	-	(1,607)
AOCI, end of period	2,268	2,903	2,268	2,903

Selected Annual Information

\$thousands, except for per barrel and per share amounts	Years Ended December 31		
	2020	2019	2018
Oil revenue before royalties, included in Thailand Joint Venture ⁽¹⁾	24,055	28,882	7,727
Average daily oil sales (BOPD)	1,213	1,060	250
Average oil sales price (Cdn\$/bbl)	\$ 54.18	\$ 74.65	\$ 84.82
Total corporate adjusted funds flow (used in) operations by region ⁽²⁾			
Canada	(3,310)	(2,692)	651
Thailand ⁽³⁾	(30)	(41)	(32)
From continuing operations	(3,340)	(2,733)	619
Indonesia – Discontinued operations	395	(392)	(273)
Share of Thailand Joint Venture	12,492	19,984	5,171
Total corporate adjusted funds flow from operations ⁽²⁾	9,547	16,859	5,517
Per share – basic and diluted	\$ 0.18	\$ 0.31	\$ 0.10
Cash flow used in operating activity continuing operations ^{(4) (5)}	(1,942)	(1,692)	(1,315)
Per share – basic and diluted	\$ (0.04)	\$ (0.03)	\$ (0.02)
Cash flow used in operating activity discontinued operations ^{(4) (5)}	(684)	(862)	(1,092)
Per share – basic and diluted	\$ (0.01)	\$ (0.02)	\$ (0.02)
Disposal of petroleum and natural gas assets ⁽⁶⁾	-	-	133
Net income (loss) attributable to common shareholders			
From continuing operations	(59,904)	2,198	244
From discontinued operations - Indonesia	273	(27,502)	(284)
Net loss attributable to common shareholders	(59,631)	(25,304)	(40)
Per share – basic and diluted	\$ (1.13)	\$ (0.46)	\$ (0.00)
Total assets	56,233	146,656	173,717
Total current liabilities	3,855	4,003	
Total non-current liabilities	2,081	7,253	8,594
Working capital	22,968	21,554	32,546
Working capital plus non-current deposits	23,577	22,158	33,139
Long-term debt	-	-	-
Capital expenditures			
Canada	85	604	897
Indonesia – Discontinued Operations ⁽⁵⁾	-	12,229	3,359
Share of capital expenditures from Thailand Joint Venture ⁽¹⁾	10,248	9,113	3,835
Total capital expenditures	10,333	21,946	8,091
Weighted average shares outstanding			
Basic	52,789	54,958	54,900
Diluted	52,789	54,958	54,900
Shares outstanding			
Basic	51,744	54,496	54,900
Diluted	51,744	54,496	54,900

(1) The Company holds a 50.01% interest in Pan Orient Energy (Siam) Ltd., which is considered a Joint Venture under IFRS and is accounted for using the equity method. Initial recognition of the investment in Joint Venture was recorded at fair value. The carrying amount is subsequently increased or decreased to recognize the Company's share of the profit or loss from the joint venture. Distributions received from the joint venture reduce the carrying amount of the investment whereas funding to the joint venture increase the carrying amount. The Company's profit or loss includes its share of the joint venture's profit or loss and the Company's other comprehensive income includes its share of the joint venture's other comprehensive income or loss.

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

(3) The nominal amount of adjusted fund flow used in operations shown for Thailand operations related to G&A of the holding company of Pan Orient Energy (Siam) Ltd.

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

(5) The East Jabung 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 for 2020 onwards and the amounts presented for 2019 and 2018 have been updated for comparative purposes.

(6) In 2018, the Sawn Lake joint venture sold some inventory of pipe to outside third party.

Summary of Quarterly Results

	2020				2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial (\$thousands) except as indicated ⁽¹⁾								
Interest revenue	18	69	23	109	119	125	86	67
Cash flow used in operating activity, continuing operations ⁽²⁾	(597)	(355)	(591)	(399)	(251)	(290)	(321)	(832)
Cash flow from (used in) operating activity, discontinued operations ⁽²⁾	(46)	(42)	(181)	(415)	(87)	365	479	(1,617)
Total assets	56,233	56,879	58,967	60,643	146,656	175,126	171,999	170,773
Working capital & non-current deposits	23,577	26,411	24,801	26,386	22,158	32,458	28,902	31,566
Shares outstanding (thousands)	51,744	52,077	52,175	53,400	54,496	55,084	54,837	54,900
Net income (loss) from continuing operations ⁽³⁾	(463)	(1,052)	(1,737)	(56,652)	465	1,210	1,363	(840)
Net income (loss) from discontinued operations ⁽³⁾	46	(11)	703	(465)	(27,321)	(96)	(76)	(9)
Total net income (loss) ⁽³⁾	(417)	(1,063)	(1,034)	(57,117)	(26,856)	1,114	1,287	(849)
Per share basic and diluted (\$)	(0.04)	(0.02)	(0.02)	(1.05)	(0.49)	0.02	0.02	(0.01)
Operations (\$thousands), including share of Thailand Joint Venture								
Daily oil sales (BOPD) net to Pan Orient ⁽⁴⁾	1,491	1,114	1,060	1,186	1,232	1,418	1,072	507
Total corporate adjusted funds flow from operations ⁽⁵⁾	1,528	2,410	1,205	4,404	3,191	6,391	5,689	1,588
Capital expenditures ⁽⁶⁾	1,644	3,410	1,415	3,864	11,305	4,412	2,846	3,383
Total corporate adjusted funds flow from (used in) operations (\$/bbl) ⁽⁵⁾								
Realized crude oil price	56.95	53.38	40.49	63.63	62.64	77.99	81.57	80.17
Royalties	(3.06)	(2.77)	(2.02)	(3.28)	(3.26)	(4.13)	(4.28)	(3.90)
Transportation & operating	(10.27)	(10.24)	(10.16)	(9.19)	(9.87)	(7.16)	(7.33)	(12.11)
Field Netback – Thailand Joint Venture	43.63	40.37	28.31	51.16	49.52	66.69	69.96	64.17
Operating expense – Andora ⁽⁷⁾	(0.39)	(0.91)	(0.65)	-	-	-	-	-
General and administrative ⁽⁸⁾	(6.65)	(7.07)	(8.53)	(7.99)	(1.15)	(5.61)	(7.57)	(22.76)
Stock-based compensation expense on restricted share units	(1.14)	(1.48)	(0.78)	-	-	-	-	-
Recovery of exploration expense	0.01	0.02	6.97	-	-	-	-	-
Interest income	0.15	0.67	0.30	1.01	0.64	0.96	1.11	1.47
Foreign exchange gain (loss)	(6.55)	(4.08)	(7.70)	11.51	0.67	2.28	(5.18)	(8.05)
Current income tax expense	(17.91)	(4.00)	(5.42)	(14.90)	(11.27)	(15.32)	-	-
Total corporate adjusted funds flow from operations	11.15	23.52	12.49	40.79	38.41	49.00	58.32	34.83

(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 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.

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

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

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

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

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.

Additional Information

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



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PAN ORIENT ENERGY CORP.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021 AND 2020**

March 15, 2022

Management's Discussion and Analysis

The following Management's Discussion and Analysis ("MD&A") of the operating and financial results of Pan Orient Energy Corp. ("Pan Orient" or the "Company") is prepared effective March 15, 2022 and should be read in conjunction with the audited consolidated financial statements and notes thereto for the years ended December 31, 2021 and 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 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. The operator is continuing to complete the 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 December 31, 2021 into Canadian dollars using December 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 and Canada and estimated costs associated with work commitments in Thailand and Canada. Reserves and resources estimates are prepared by independent reservoir engineers and there are numerous uncertainties inherent in estimating quantities of oil and the cash flows to be derived therefrom. In general, estimates of economically recoverable volumes and the associated future net cash flows are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserves recovery, timing and amount of capital expenditures, marketability of commodities, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary from actual results. All such estimates are to some degree speculative, and classifications of reserves and resources volumes are only attempts to define the degree of speculation involved. The Company's actual production, revenues and development and operating expenditures with respect to its reserves and resources estimates will vary from estimates thereof and such variations could be material. The Company's estimated commitments are based on internally-prepared budgets and assumptions and, in the case where a tender process has been completed, actual contracted amounts. The estimated expenditures as provided by management will vary from the actual amounts required to carry out these commitments, and the difference may be significant.

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

The forward-looking statements contained herein are as of March 15, 2022 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, settlement of decommissioning provision plus the corresponding amount from the Thailand operations which is recorded in Joint Venture for financial statement purposes and funds flow from (used in) operations from discontinued operations in Indonesia. This measure is used by management to analyze operating performance and leverage. Adjusted corporate 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 corporate funds flow is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS.

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

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

(\$thousands)	Three months ended December 31		Year ended December 31	
	2021	2020	2021	2020
Cash flow used in operating activities, continuing operations	(1,212)	(597)	(3,050)	(1,942)
Changes in non-cash working capital, continuing operations	263	(148)	(212)	(529)
Cash flow used in operating activities, discontinued operations	(9)	(46)	(153)	(684)
Changes in non-cash working capital, discontinued operations	(366)	93	(383)	1,079
Unrealized foreign exchange loss	(123)	(1,009)	(114)	(869)
Settlement of decommissioning provision	136	-	136	-
Share of adjusted funds flow from Investment in Joint Venture	5,731	3,235	20,466	12,492
Total corporate adjusted funds flow from operations	4,420	1,528	16,690	9,547

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, settlement of decommissioning provision 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. “Field netback” is calculated by subtracting royalty, transportation and operating expenses from revenues. Field netback per barrel is the amount of revenues received on a per unit of production bases after the royalties, transportation and operating expense are deducted and used to assess profitability on a per barrel of oil equivalent. Pan Orient believes the term provides useful supplemental information to investors.

Working capital represents current assets less current liabilities and is used to assess efficiency, liquidity and general financial strength of the Company. Current assets include cash and cash equivalents, accounts receivable and current liabilities include accounts payable and accrued liabilities, lease liabilities and current portion of decommissioning provision.

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 completing final steps to be taken for formal approval of the expiry by the Government of Indonesia.

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, 2021, 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).

The December 31, 2021 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, 2021 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 2,313 thousand barrels at December 31, 2021 from conventional sandstone reservoirs. Net to Pan Orient's 50.01% equity interest in Pan Orient Energy (Siam) Ltd., proved, probable and possible crude oil reserves were 2,986 thousand barrels at December 31, 2021. 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 27 sections (21.5 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. 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%.

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

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 months ended December 31		As at and for the Year ended December 31	
	2021	2020	2021	2020
Total assets	1,198	1,231	1,198	1,231
Total liabilities	5,136	4,842	5,136	4,842
Cash flow used in operating activities	(214)	(158)	(1,016)	(489)
Net loss	(434)	(453)	(424)	(79,554)

Indonesia

East Jabung PSC (expired 2020)

The undeveloped interests at the East Jabung PSC, where the Company held a 49% non-operated working interest, expired in January 2020 and the operator is continuing to complete the final steps to be taken for formal approval of the expiry by the GOI, including reclamation requirements.

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

(thousands of Canadian dollars except where indicated)

Financial and Operating Summary	Three Months Ended December 31,		Year Ended December 31,		% Change
	2021	2020	2021	2020	
(thousands of Canadian dollars except where indicated)					
FINANCIAL					
Financial Statement Results – Excluding 50.01% Interest in Thailand Joint Venture (Note 1)					
Net income (loss) attributed to common shareholders	2,951	(417)	8,479	(59,631)	-114%
Per share – basic and diluted	\$ 0.06	\$ (0.01)	\$ 0.17	\$ (1.13)	-114%
Cash flow used in operating activities (Note 2 & 3)	(1,212)	(597)	(3,050)	(1,942)	57%
Per share – basic and diluted	\$ (0.02)	\$ (0.01)	\$ (0.06)	\$ (0.04)	57%
Cash flow from (used in) investing activities (Note 2 & 3)	5,098	(26)	13,712	6,984	96%
Per share – basic and diluted	\$ 0.10	\$ 0.00	\$ 0.27	\$ 0.13	96%
Cash flow used in financing activities (Note 2 & 3)	(3)	(225)	(1,728)	(1,733)	0%
Per share – basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.03)	\$ (0.03)	0%
Change in cash & cash equivalents from discontinued operations (Note 3)	(9)	(46)	(153)	(795)	-81%
Working capital	31,472	22,968	31,472	22,968	37%
Working capital & non-current deposits	32,084	23,577	32,084	23,577	36%
Long-term debt	-	-	-	-	0%
Shares outstanding (thousands)	49,794	51,744	49,794	51,744	-4%
Capital Commitments (Note 4)	1,060	801	1,060	801	32%
Working Capital and Non-current Deposits					
Beginning of period – Excluding Thailand Joint Venture	28,443	26,411	23,577	22,158	6%
Adjusted funds flow used in continuing operations (Note 3 & 5)	(1,072)	(1,754)	(3,376)	(3,340)	1%
Adjusted funds flow from (used in) discontinued operations (Note 3)	(239)	47	(400)	395	-201%
Consolidated capital expenditures (Note 6)	-	-	-	(85)	
Amounts advanced to Thailand Joint Venture	(8)	(25)	31	(43)	-172%
Dividend received from Thailand Joint Venture	5,141	-	13,715	7,112	93%
Finance lease payments	(3)	(3)	(24)	(139)	-83%
Changes in current decommissioning liabilities	125	-	(518)	-	
Normal course issuer bid	-	(222)	(1,704)	(1,705)	0%
Automatic share purchase plan (Note 7)	-	-	945	-	
Effect of foreign exchange and other	(303)	(877)	(162)	(776)	-79%
End of period - Excluding Thailand Joint Venture	32,084	23,577	32,084	23,577	36%
Pan Orient 50.01% interest in Thailand Joint Venture Working Capital and Non-Current Deposits	5,023	4,875	5,023	4,875	3%
Economic Results – Including 50.01% Interest in Thailand Joint Venture					
Total corporate adjusted funds flow from (used in) operations by region (Note 5)					
Canada	(1,055)	(1,745)	(3,329)	(3,310)	1%
Thailand (Note 8)	(17)	(9)	(47)	(30)	57%
From continuing operations	(1,072)	(1,754)	(3,376)	(3,340)	1%
Indonesia – Discontinued Operations	(239)	47	(400)	395	-201%
Adjusted funds flow used in operations (excl. Thailand Joint Venture)	(1,311)	(1,707)	(3,776)	(2,945)	28%
Share of Thailand Joint Venture (Note 1 & 9)	5,731	3,235	20,466	12,492	64%
Total corporate adjusted funds flow from operations	4,420	1,528	16,690	9,547	75%
Per share – basic and diluted	\$ 0.09	\$ 0.03	\$ 0.33	\$ 0.18	84%
Capital Expenditures – Petroleum and Natural Gas Properties (Note 6)					
Consolidated capital expenditures (excl. Thailand Joint Venture)	-	-	-	85	-100%
Share of Thailand Joint Venture capital expenditures	853	1,644	5,803	10,248	-43%
Total capital expenditures (incl. Thailand Joint Venture)	853	1,644	5,803	10,333	-44%
Investment in Thailand Joint Venture					
Beginning of period	24,636	26,809	28,329	34,127	-17%
Net income from Joint Venture	4,259	1,294	12,146	1,906	537%
Other comprehensive gain (loss) from Joint Venture	332	201	(2,635)	(635)	315%
Dividend paid	(5,141)	-	(13,715)	(7,112)	93%
Amounts advanced to (from) Joint Venture	8	25	(31)	43	-172%
End of period	24,094	28,329	24,094	28,329	-15%

	Three Months Ended December 31,		Year Ended December 31,		% Change
	2021	2020	2021	2020	
(thousands of Canadian dollars except where indicated)					
Thailand Operations					
Economic Results – Including 50.01% Interest in Thailand Joint Venture (Note 9)					
Oil sales (bbls)	131,207	137,137	509,195	444,020	15%
Average daily oil sales (BOPD) by Concession L53	1,426	1,491	1,395	1,213	15%
Average oil sales price, before transportation (CDN\$/bbl)	\$ 98.03	\$ 56.95	\$ 84.69	\$ 54.18	56%
Reference Price (volume weighted) and differential					
Crude oil (Brent \$US/bbl)	\$ 79.73	\$ 44.62	\$ 70.78	\$ 41.73	70%
Exchange Rate \$US/\$Cdn	1.27	1.32	1.27	1.35	-6%
Crude oil (Brent \$Cdn/bbl)	\$ 101.41	\$ 58.71	\$ 89.61	\$ 56.16	60%
Sale price / Brent reference price	97%	97%	95%	96%	-2%
Adjusted funds flow from (used in) operations (Note 5)					
Crude oil sales	12,862	7,810	43,123	24,055	79%
Government royalty	(688)	(419)	(2,308)	(1,252)	84%
Transportation expense	(316)	(314)	(1,208)	(1,005)	20%
Operating expense	(766)	(1,094)	(2,883)	(3,424)	-16%
Field netback	11,092	5,983	36,724	18,374	100%
General and administrative expense (Note 8)	(283)	(306)	(911)	(968)	-6%
Interest income	-	1	2	7	-71%
Foreign exchange gain (loss)	2	4	(36)	46	-178%
Current income tax	(5,097)	(2,456)	(15,360)	(4,997)	207%
Thailand - Adjusted funds flow from operations	5,714	3,226	20,419	12,462	64%
Adjusted funds flow from (used in) operations / barrel (CDN\$/bbl) (Note 5)					
Crude oil sales	\$ 98.03	\$ 56.95	\$ 84.69	\$ 54.18	56%
Government royalty	(5.24)	(3.06)	(4.53)	(2.82)	61%
Transportation expense	(2.41)	(2.29)	(2.37)	(2.26)	5%
Operating expense	(5.84)	(7.98)	(5.66)	(7.71)	-27%
Field netback	\$ 84.54	\$ 43.63	\$ 72.12	\$ 41.38	74%
General and administrative expense (Note 8)	(2.16)	(2.22)	(1.79)	(2.18)	-18%
Interest Income	-	0.01	0.00	0.02	-75%
Foreign exchange gain (loss)	0.02	0.03	(0.07)	0.10	-168%
Current income tax	(38.85)	(17.91)	(30.17)	(11.25)	168%
Thailand – Adjusted funds flow from operations	\$ 43.56	\$ 23.54	\$ 40.10	\$ 28.07	43%
Government royalty as percentage of crude oil sales	5.3%	5.4%	5.4%	5.2%	0%
Income tax & SRB as percentage of crude oil sales	40%	31%	36%	21%	15%
As percentage of crude oil sales					
Expenses - transportation, operating, G&A and other	11%	22%	12%	22%	-11%
Government royalty, SRB and income tax	45%	37%	41%	26%	15%
Adjusted funds flow from operations, before interest income	44%	41%	47%	52%	-4%
Wells drilled					
Gross	-	1	3	8	-63%
Net	-	0.5	1.5	4.0	-63%
Financial Statement Presentation					
Results – Excl. 50.01% Interest in Thailand Joint Venture (Note 1)					
General and administrative expense (Note 8)	(17)	(9)	(47)	(30)	57%
Adjusted funds flow used in consolidated operations	(17)	(9)	(47)	(30)	57%
Adjusted fund flow included in Investment in Thailand Joint Venture					
Net income from Thailand Joint Venture	4,259	1,294	12,146	1,906	537%
Add back non-cash items in net income	1,472	1,941	8,320	10,586	-21%
Adjusted funds flow from Thailand Joint Venture	5,731	3,235	20,466	12,492	64%
Thailand – Economic adjusted funds flow from operations (Note 9)	5,714	3,226	20,419	12,462	64%

	Three Months Ended December 31,		Year Ended December 31,		% Change
(thousands of Canadian dollars except where indicated)	2021	2020	2021	2020	
Canada Operations					
Interest income	13	19	48	220	-78%
General and administrative expenses (Note 8)	(564)	(546)	(2,036)	(2,070)	-2%
Operating expense (Note 10)	(59)	(54)	(279)	(210)	33%
Stock based compensation on restricted share units (note 11)	(375)	(156)	(1,001)	(383)	161%
Realized foreign exchange gain (Note 12)	53	1	53	2	2550%
Unrealized foreign exchange loss (loss) (Note 12)	(123)	(1,009)	(114)	(869)	-87%
Canada – Adjusted funds flow used in operations	(1,055)	(1,745)	(3,329)	(3,310)	1%
Add back Thailand general and administrative expense (note 8)	(17)	(9)	(47)	(30)	57%
Add back changes in non-cash working capital, continuing operations	(263)	148	212	529	-60%
Add back unrealized foreign exchange loss	123	1,009	114	869	-87%
Cash flow used in operating activities, continuing operations	(1,212)	(597)	(3,050)	(1,942)	-57%
Indonesia – Discontinued Operations					
General and administrative expense (Note 8)	(45)	(61)	(212)	(284)	-25%
Impairment recovery (expense) (Note 13)	(164)	1	(165)	675	-124%
Foreign exchange gain (loss)	(30)	107	(23)	4	-675%
Indonesia – Adjusted funds flow from (used in) operations	(239)	47	(400)	395	-201%
Add back changes in non-cash working capital, discontinued operations	366	(93)	383	(1,079)	-135%
Settlement of decommissioning provision	(136)	-	(136)	-	
Cash flow used in operating activities, discontinued operations	(9)	(46)	(153)	(684)	-122%

	Year Ended December 31,		%
(thousands of Canadian dollars except where indicated)	2021	2020	Change
RESERVES AND CONTINGENT RESOURCES			
Onshore Thailand – Concession L53 (50.01% economic interest) (Note 1)	(Note 15)	(Note 14)	
Proved oil reserves (thousands of barrels)	1,540	1,418	9%
Proved plus probable oil reserves (thousands of barrels)	2,313	2,377	-3%
Net present value of proved + probable reserves, after tax discounted at 10%	54,095	38,888	39%
Per Pan Orient share – basic (Note 16)	\$ 1.09	\$ 0.75	45%
Canada (Pan Orient's 71.8% share of the oil sands leases of Andora at Sawn Lake, Alberta)	(Note 17)		

INTERNATIONAL INTERESTS AT DECEMBER 31, 2021

All amounts reflect Pan Orient's economic interest		Net Square Kilometers	December 31, 2021 Financial Commitments (Cdn thousands)	2021 Avg. Production (BOPD)	P+P Reserves (thousands of barrels)
Status					
<u>Onshore Thailand Concession (Recorded in Investment in Joint Venture)</u>					
L53/48 (Pan Orient 50.01% ownership in Pan Orient Energy (Siam) Ltd. (Note 1 & 18)	Partially developed	13.66	-	1,395	2,313
<u>Onshore Indonesia PSC (Consolidated subsidiary)</u>					
East Jabung PSC, South Sumatra (49% interest & non-operator) (Note 3)	Expired				

- Pan Orient holds a 50.01% equity interest in Pan Orient Energy (Siam) Ltd. as a joint arrangement where the Company shares joint control with the 49.99% equity interest holder. The resulting joint arrangement is classified as a Joint Venture under IFRS 11 and is accounted for using the equity method of accounting where Pan Orient's 50.01% equity interest in the assets, liabilities, working capital, operations and capital expenditures of Pan Orient Energy (Siam) Ltd. are recorded in Investment in Thailand Joint Venture.
- As set out in the Consolidated Statements of Cash Flows in the Consolidated Financial Statements of Pan Orient Energy Corp.
- The East Jabung Production Sharing Contract ("PSC") expired in January 2020 and the operator is continuing to complete the 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.
- Refer to Commitments note disclosure of the December 31, 2021 and December 31, 2020 Consolidated Financial Statements.

- (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. 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) Cost of capital expenditures excluded decommissioning costs and the impact of changes in foreign exchange.
- (7) 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 December 31, 2021, the Company recognized a provision of \$nil (December 31, 2020 - \$0.9 mill) in accounts payable and accrued liabilities as an estimate for the number of shares that may be repurchased during potential blackout periods at the maximum share price under the ASPP.
- (8) General & administrative expenses excluding non-cash accretion expense. The nominal amount of G&A shown in the three months and years ended December 31, 2021 and 2020 for Thailand operations related to G&A of the holding company of Pan Orient Energy (Siam) Ltd.
- (9) 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.
- (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) The Company granted 1,050,000 and 520,000 restricted share units ("RSUs") to directors, senior management, employees and consultant on May 19, 2020 and May 14, 2021, respectively. At December 31, 2021, 599,998 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) Adjustment to previously booked capital expenditures at East Jabung PSC.
- (14) Thailand reserves as at December 31, 2020 as evaluated by Sproule International Limited of Calgary assessed at forecast crude oil reference prices and costs. The US\$ reference price for crude oil per barrel (US\$ UK Brent per barrel) in the evaluation is \$48.00 for 2021, \$50.00 for 2022, \$55.00 for 2023, \$56.10 for 2024, \$57.22 for 2025 and prices increase at 2.0% per year thereafter. Foreign exchange rate used of Cdn\$1=US\$0.77. The engineered values disclosed may not represent fair market value.
- (15) Thailand reserves as at December 31, 2021 as evaluated by Sproule International Limited of Calgary assessed at forecast crude oil reference prices and costs. The US\$ reference price for crude oil per barrel (US\$ UK Brent per barrel) in the evaluation is \$75.00 for 2022, \$72.00 for 2023, \$70.00 for 2024, \$71.40 for 2025, \$72.83 for 2026 and prices increase at 2.0% per year thereafter. Foreign exchange rate used of Cdn\$1=US\$0.80. The engineered values disclosed may not represent fair market value.
- (16) Per share values calculated based on 49,793,907 and 51,744,007 Pan Orient Shares outstanding at December 31, 2021 and 2020, respectively.
- (17) The evaluation of Andora's contingent resources of the oil sands project at Sawn Lake Alberta, Canada as at September 30, 2019 was conducted by Sproule Associates Limited. Andora's unrisks "Best Estimate" contingent resources were 227.8 million barrels (163.6 million net to Pan Orient's interest in Andora) of recoverable bitumen as at September 30, 2019 using forecast prices at September 30, 2019. At March 31, 2020 low commodity prices indicated there was no expected commercial development at Sawn Lake in that market and Andora recorded a full non-cash net impairment charge on the Sawn Lake Exploration and Evaluation assets.
- (18) At December 31, 2021 Concession L53/48 in Thailand consisted of 27.32 square kilometers associated with the L53-A, L53-B, L53-D, L53-G, L53-DD and L53-AA South and L53-AA fields 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).
- (19) Tables may not add due to rounding.

HIGHLIGHTS

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

- Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, oil sales from Concession L53 were 1,395 BOPD in 2021, an increase of 15% from 1,213 BOPD in 2020. The L53-DD10 and L53-DD11 appraisal wells were drilled in the L53-DD field and brought onto production in 2021. In addition, water disposal capacity at the L53-DD field was increased through conversion of the L53-DD8 well to a water disposal well and drilling of the L53-DD12 water disposal well.
- Adjusted Thailand funds flow from operations of \$20.4 million in 2021 (\$40.10 per barrel), with \$5.7 million (\$43.56 per barrel) in the fourth quarter, net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture. During 2021, the realized price of Concession L53 crude oil was higher than the previous year by 56% as the Brent reference price increased 60%. Operating expenses in 2021 declined 27% to \$5.66 per barrel primarily due to increased water handling capacity for the L53-DD field and higher oil volumes.
- Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, adjusted funds flow from Thailand operations of \$20.4 million in 2021 funded \$5.8 million of Thailand exploration and development activities and \$13.7 million of dividends from the Thailand Joint Venture to Pan Orient. Pan Orient's share of working capital and long-term deposits in Thailand at December 31, 2021 was \$5.0 million.
- December 31, 2021 reserves report assigned proved plus probable crude oil reserves of 2.3 million barrels (a decrease of 3%), net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, with an after tax net present value using forecast prices and costs discounted at 10% per year of \$54.1 million (an 39% increase). The 3% decrease in proved plus probable crude oil reserves results from 509,195 barrels of oil sales largely offset by a 445,809 barrel increase from positive technical revisions, economic factors and extension of fields. The 39% increase in the net present value is the result of the 31% increase average oil sales prices more than offsetting the 3% decrease in proved plus probable reserves.

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

- 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 continuing to complete 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 for 2021 are reported as discontinued operations. Discontinued operations in Indonesia for 2021 were \$212 thousand of G&A expense, \$23 thousand in foreign exchange loss and \$165 thousand increase of impairment expense for the East Jabung PSC.

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

- Since March 31, 2020, no Sawn Lake operating expenses or G&A have been capitalized. For 2021, Pan Orient reports total operating expense of \$279 thousand associated with the Sawn Lake suspended SAGD facility and wellpair.

Corporate

- Total 2021 corporate adjusted funds flow from operations (including Pan Orient's 50.01% equity interest in the Thailand Joint Venture) of \$16.7 million (\$0.33 per share), with \$4.4 million (\$0.09 per share) in the fourth quarter of 2021. The 75% increase from \$9.5 million (\$0.18 per share) in 2020 is largely due to the Thailand Joint Venture with 56% higher realized prices of Concession L53 crude oil and 15% higher oil sales volume.
- Net income attributable to common shareholders was \$8.5 million (\$0.17 per share) for 2021 and \$3.0 million (\$0.06 per share) for the fourth quarter of 2021.
- Pan Orient repurchased 1,950,100 common shares in 2021 at an average price of \$0.87 per share (before the \$0.40 per share special distribution to Pan Orient shareholders in February 2022). There have been no shares repurchased in 2022 to date.
- Pan Orient had working capital and non-current deposits of \$32.1 million and no long-term debt at December 31, 2021. In addition, the Thailand Joint Venture had \$5.0 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 fund remaining development activities at Concession L53.
- At the Annual and Special Meeting of Shareholders January 18, 2022, shareholders approved the previously announced capital reorganization resulting in a \$0.40 per common share return of capital distribution to shareholders on February 10, 2022. The total amount of the distribution was \$19.9 million.

OUTLOOK

CORPORATE

In the fourth quarter of 2021, the Company announced a process to accelerate shareholder value given the mid to late stage development of Thailand, intention to minimize further investment into the Sawn Lake asset, and strength in current oil prices. This process will involve both the Thailand assets and the Sawn Lake, Canada assets and it is expected that there will be two distinct transactions due to the contrasting nature of the assets. It is intended that the proceeds from any potential sale of any of the assets will be paid or distributed to Pan Orient shareholders.

An updated December 31, 2021 independent reserves evaluation for Thailand on-shore Concession L53/48 of Pan Orient Energy (Siam) Ltd. was prepared at the end of January 2022 and financial statements for December 31, 2021 are now available. Both the Brent and Western Canada Select reference prices for oil have continued to increase. Pan Orient is reviewing alternatives and having discussions with interested parties to achieve value for Pan Orient shareholders. The outcome, timing and amount of potential transactions is uncertain at this time.

It is currently proposed that in the period after the sale of the Company's oil and gas interests, and the distribution of the vast majority of cash to shareholders, the Company will continue to pursue international oil and gas opportunities with a substantially scaled down cost structure.

THAILAND

Pan Orient Energy (Siam) Ltd. is currently undertaking an approximately eight to ten well workover program with the aim of increasing oil production and take advantage of the current oil price environment.

Net income from Thailand Joint Venture

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

Income from Joint Venture Pan Orient Energy (Siam) Ltd. (Net to Pan Orient 50.01%)	Three months ended December 31				Year ended December 31			
	2021		2020		2021		2020	
	\$000s	\$ per bbl	\$000s	\$ per bbl	\$000s	\$ per bbl	\$000s	\$ per bbl
Crude oil sales	12,862	98.03	7,810	56.95	43,123	84.69	24,055	54.18
Government royalty	(688)	(5.24)	(419)	(3.06)	(2,308)	(4.53)	(1,252)	(2.82)
Transportation expense	(316)	(2.41)	(314)	(2.29)	(1,208)	(2.37)	(1,005)	(2.26)
Operating expense	(766)	(5.84)	(1,094)	(7.98)	(2,883)	(5.66)	(3,424)	(7.71)
Field netback	11,092	84.54	5,983	43.63	36,724	72.12	18,374	41.38
General and administrative expense	(267)	(2.03)	(297)	(2.17)	(864)	(1.70)	(938)	(2.11)
Foreign exchange gain (loss)	2	0.03	3	0.03	(36)	(0.07)	46	0.10
Interest income	-	-	1	0.01	2	0.00	7	0.02
Current income tax expense	(5,097)	(38.85)	(2,456)	(17.91)	(15,360)	(30.17)	(4,997)	(11.25)
Adjusted funds flow from operations	5,730	43.69	3,234	23.59	20,466	40.20	12,492	28.13
Depletion, depreciation and amortization	(1,845)	(14.06)	(2,474)	(18.04)	(8,537)	(16.77)	(9,276)	(20.89)
Accretion	(16)	(0.12)	(10)	(0.07)	(47)	(0.09)	(34)	(0.08)
Deferred tax recovery (expense)	614	4.68	831	6.06	1,280	2.51	(90)	(0.20)
Net income	4,483	34.18	1,581	11.54	13,162	25.85	3,092	6.96
Amortization of fair value adjustment	(225)	(1.71)	(287)	(2.09)	(1,016)	(2.00)	(1,186)	(2.67)
Net income from Joint Venture	4,258	32.47	1,294	9.45	12,146	23.86	1,906	4.29

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 1,426 and 1,395 BOPD during the three months and year ended December 31, 2021 compared to 1,491 and 1,213 BOPD during the three months and year ended December 31, 2020.

Oil sales revenue from Concession L53 was \$12.9 million and \$43.1 million for the three months and year ended December 31, 2021 compared to \$7.8 million and \$24.1 million during the same periods of 2020. Oil revenue for the three months ended December 31, 2021 were higher than in 2020 due to higher production and realized prices. The realized price per barrel was \$98.03 and \$84.69 for the three months and year ended December 31, 2021 compared to \$56.95 and \$54.18 during the same comparative periods in 2020. The realized sales price from the Thailand Joint Venture was 97% and 95% of the Brent reference price during the three months and year ended December 31, 2021, respectively.

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 expense was \$0.8 million (\$5.84 per barrel) and \$2.9 million (\$5.66 per barrel) for the three months and year ended December 31, 2021 compared to \$1.1 million (\$7.98 per barrel) and \$3.4 million (\$7.71 per barrel) during the same periods of 2020. Operating expenses decreased due to lower water hauling costs as a result of L53-DD and L53-DD12 wells for water injections.

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. Current income tax expense was \$5.1 million and \$15.4 million for the three months and year ended December 31, 2021 compared to \$2.5 million and \$5.0 million during the same periods of 2020. Current income tax increased due to higher taxable income resulted from higher oils sales and realized prices in 2021.

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. Given the recent high price of crude oil, there is an increased chance of SRB tax in 2022.

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 \$14.06 and \$16.77 per barrel for the three months and year ended December 31, 2021 compared to \$18.04 and \$20.89 per barrel for the three months and year ended December 31, 2020. On a per barrel basis, the DD&A was overall lower in 2021 than in 2020 due to lower cost base subject to depletion.

General and Administrative ("G&A") Expenses

(\$thousands)	Three months ended December 31		Year ended December 31	
	2021	2020 ⁽¹⁾	2021	2020 ⁽¹⁾
Canada ⁽¹⁾⁽²⁾	569	546	2,064	2,070
Thailand (excluding Thailand Joint Venture)	19	9	47	30
G&A expense from continuing operations	588	555	2,111	2,100
G&A expense from discontinued operations – Indonesia	45	61	212	284
Share of G&A from Thailand Joint Venture	283	297	911	938
Total G&A attributable to the economic interests of Pan Orient (including 50.01% interest in Thailand Joint Venture)	916	913	3,234	3,322

(1) G&A, net of overhead recoveries (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 \$28 thousand for the years ended December 31, 2021 and 2020.

(2) Excludes capitalized G&A which is allocated to capital projects represents compensation and other directly attributable costs associated with property acquisition, and exploration and development activities. No G&A is capitalized in 2021 and capitalized G&A in 2020 relates to exploration and development activities at the Company's heavy oil demonstration project in Canada in the first quarter of 2020. Subsequent to the impairment of these assets, no G&A is being capitalized.

Capital Expenditures

	Three months ended December 31				Year ended December 31			
	2021		2020		2021		2020	
		Net wells drilled		Net wells drilled		Net wells drilled		Net wells drilled
	\$000s		\$000s		\$000s		\$000s	
Capital expenditures ⁽¹⁾								
Canada	-	-	-	-	-	-	85	-
Share of Thailand joint venture capital expenditures ⁽²⁾	853	-	1,644	0.5	5,803	1.5	10,248	4
Total capital expenditures attributable to the economic interest of Pan Orient (including 50.01% interest in Thailand Joint Venture)	853	-	1,644	0.5	5,803	1.5	10,333	4

(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 \$5.8 million for 2021 consisting of drilling 3 wells (1.5 wells net to Pan Orient) at DD-10, DD-11 and DD12 wells, workover activities, site construction, equipment inventory purchases, capitalized general and administrative expenses and other development activities.

Liquidity and Capital Resources

Pan Orient's capital program, including the 50.01% share of the Thailand Joint Venture, was \$5.8 million for the year ended December 31, 2021 and was financed from existing working capital and adjusted funds flow from operations, including the Thailand Joint Venture. At December 31, 2021, the Company's working capital plus non-current deposits was \$32.1 million compared to \$23.6 million at December 31, 2020. The Company had estimated outstanding capital commitments of \$1.1 million at December 31, 2021. In addition to Pan Orient's consolidated working capital and non-current deposits, its investment in the Thailand Joint Venture includes \$5.0 million of its share of working capital and non-current deposits and \$2.3 million of equipment inventory to be utilized for future operations of the Thailand Joint Venture.

Non-current deposits of \$0.6 million at December 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 December 31, 2021 for wells and facilities in Canada is \$1.2 million. The estimated decommissioning provision for Indonesia discontinued operations at December 31, 2021 is \$1.0 million.

Share Capital

Outstanding (thousands)	March 15, 2022	December 31, 2021	December 31, 2020
Common shares	49,794	49,794	51,744
Stock options	2,865	2,865	2,935
Total	52,659	52,659	54,679

In May 2021, 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 3,920,884 of its common shares (10% of the public float), subject to a maximum of 997,620 common shares (2% of the 49,881,007 issued and outstanding common shares) during any 30 day period. The ability to purchase common shares under the bid commenced on May 21, 2021 and ends one year after commencement or on the earlier date on which Pan Orient has either acquired the maximum number of common shares specified above or otherwise decided not to make any further purchases. The Company filed a notice with the TSX-V containing the Form 5G – "Notice of intention to make a normal course issuer bid" and shareholders can obtain a copy of the notice, without charge, by contacting the Company.

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 December 31, 2021, the Company recognized a provision of \$nil 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 potential blackout periods at the maximum share price under the ASPP.

During the year ended 2021, the Company has repurchased 1,950,100 shares at an average price of \$0.87 per share under the normal course issuer bid which included 1,671,500 shares at an average price of \$0.87 per share repurchased under the ASPP.

In February 2022, the Company paid a \$0.40 per share special distribution to shareholders following shareholder approval of a reorganization of the Company's share capital. The record date for the return of capital distribution was February 2, 2022 and the payment date was February 10, 2022. The amount paid on February 10, 2022 was \$19.9 million.

On May 14, 2021, the Company granted 520,000 restricted share units ("RSUs") to its directors, senior management, employees and consultant. The vesting period of the RSUs granted in 2021 is one-half 6 months after the grant date (November 14, 2021) and one-half 12 months after the grant date (May 14, 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 2021. At December 31, 2021, the Company recorded \$0.4 million in accrued liabilities related to the RSUs which was based on the Company's closing share price of \$1.16 per share on TSX-V Exchange on December 31, 2021. Subsequent to December 31, 2021, as a result of the \$0.40 per common share return of capital to shareholders, the Company also made a cash payment of \$0.40 per RSU to holders of 599,998 RSUs outstanding, or \$0.2 million.

On July 28, 2021, Andora issued 9.8 million stock options to its directors, officers, and employee with an exercise price of \$0.01 per share. One third of the options vests immediately, one third of the options will vest each year thereafter and all options expire in 4 years. Of the \$9.8 million Andora options, 5.3 million options were issued to directors, officers, and employee of Pan Orient.

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			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Rate at end of period								
Thai baht / Cdn \$ exchange	25.76	26.24	25.47	24.47	23.09	23.27	22.25	22.74
Cdn \$ / US \$ exchange	1.27	1.27	1.24	1.26	1.27	1.33	1.36	1.42

The Company holds U.S. dollars within Canada to meet U.S. dollar cash requirements of its foreign operations and at December 31, 2021 the Company held \$14.4 million (December 31, 2020: \$16.6 million) denominated in U.S. dollars as cash and cash equivalents.

Thailand Joint Venture operations use Thai baht as their functional currencies for reporting. The currency is translated into Canadian dollars at each reporting period end with the unrealized translation gain or loss recognized in accumulated other comprehensive income or loss ("AOCI" or "AOCL").

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

(\$thousands)	Three months ended December 31		Year ended December 31	
	2021	2020	2021	2020
AOCI (AOCL), beginning of period	(699)	2,067	2,268	2,903
Foreign currency translation gain (loss) from Thailand Joint Venture	332	201	(2,635)	(635)
AOCI (AOCL), end of period	(367)	2,268	(367)	2,268

Selected Annual Information

	Years Ended December 31		
\$thousands, except for per barrel and per share amounts	2021	2020	2019
Oil revenue before royalties, included in Thailand Joint Venture ⁽¹⁾	43,123	24,055	28,882
Average daily oil sales (BOPD)	1,395	1,213	1,060
Average oil sales price (Cdn\$/bbl)	\$ 84.69	\$ 54.18	\$ 74.65
Total corporate adjusted funds flow (used in) operations by region ⁽²⁾			
Canada	(3,329)	(3,310)	(2,692)
Thailand ⁽³⁾	(47)	(30)	(41)
From continuing operations	(3,376)	(3,340)	(2,733)
Indonesia – Discontinued operations	(400)	395	(392)
Share of Thailand Joint Venture	20,466	12,492	19,984
Total corporate adjusted funds flow from operations ⁽²⁾	16,690	9,547	16,859
Per share – basic and diluted	\$ 0.33	\$ 0.18	\$ 0.31
Cash flow used in operating activity continuing operations ^{(4) (5)}	(3,050)	(1,942)	(1,692)
Per share – basic and diluted	\$ (0.06)	\$ (0.04)	\$ (0.03)
Cash flow used in operating activity discontinued operations ^{(4) (5)}	(153)	(684)	(862)
Per share – basic and diluted	\$ (0.00)	\$ (0.01)	\$ (0.02)
Net income (loss) attributable to common shareholders			
From continuing operations	9,511	(59,904)	2,198
From discontinued operations - Indonesia	(1,032)	273	(27,502)
Net income (loss) attributable to common shareholders	8,479	(59,631)	(25,304)
Per share – basic and diluted	\$ 0.17	\$ (1.13)	\$ (0.46)
Total assets	60,708	56,233	146,656
Total current liabilities	4,117	3,855	4,003
Total non-current liabilities	1,236	2,081	7,253
Working capital	31,472	22,968	21,554
Working capital plus non-current deposits	32,084	23,577	22,158
Long-term debt	-	-	-
Capital expenditures			
Canada	-	85	604
Indonesia – Discontinued Operations ⁽⁵⁾	-	-	12,229
Share of capital expenditures from Thailand Joint Venture ⁽¹⁾	5,803	10,248	9,113
Total capital expenditures	5,803	10,333	21,946
Weighted average shares outstanding			
Basic	50,152	52,789	54,958
Diluted	50,152	52,789	54,958
Shares outstanding			
Basic	49,794	51,744	54,496
Diluted	49,794	51,744	54,496

- (1) The Company holds a 50.01% interest in Pan Orient Energy (Siam) Ltd., which is considered a Joint Venture under IFRS and is accounted for using the equity method. Initial recognition of the investment in Joint Venture was recorded at fair value. The carrying amount is subsequently increased or decreased to recognize the Company's share of the profit or loss from the joint venture. Distributions received from the joint venture reduce the carrying amount of the investment whereas funding to the joint venture increase the carrying amount. The Company's profit or loss includes its share of the joint venture's profit or loss and the Company's other comprehensive income includes its share of the joint venture's other comprehensive income or loss.
- (2) Total corporate adjusted funds flow from operations is cash flow from operating activities prior to changes in non-cash working capital, decommissioning expenditures, unrealized foreign exchange gain or loss plus the corresponding amount from Pan Orient's 50.01% interest in the Thailand Joint Venture which is recorded in Joint Venture for financial statement purposes. This measure is used by management to analyze operating performance and leverage. Adjusted funds flow as presented does not have any standardized meaning prescribed by IFRS and therefore it may not be comparable with the calculation of similar measures of other entities. Adjusted funds flow is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS.
- (3) The nominal amount of adjusted fund flow used in operations shown for Thailand operations related to G&A of the holding company of Pan Orient Energy (Siam) Ltd.
- (4) As set out in the Consolidated Statements of Cash Flows in the Consolidated Financial Statements of Pan Orient Energy Corp.
- (5) The East Jabung 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 for 2020 onwards and the amounts presented for 2019 have been updated for comparative purposes.

Summary of Quarterly Results

	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial (\$thousands) except as indicated ⁽¹⁾								
Interest revenue	13	17	12	6	18	69	23	109
Cash flow used in operating activity, continuing operations ⁽²⁾	(1,212)	(227)	(620)	(991)	(597)	(355)	(591)	(399)
Cash flow from (used in) operating activity, discontinued operations ⁽²⁾	(10)	(7)	(103)	(33)	(46)	(42)	(181)	(415)
Total assets	60,708	57,512	54,799	54,427	56,233	56,879	58,967	60,643
Working capital & non-current deposits	32,048	28,443	29,542	23,415	23,577	26,411	24,801	26,386
Shares outstanding (thousands)	49,794	49,794	49,881	50,303	51,744	52,077	52,175	53,400
Net income (loss) from continuing operations ⁽³⁾	3,190	3,643	1,518	1,160	(463)	(1,052)	(1,737)	(56,652)
Net income (loss) from discontinued operations ⁽³⁾	(239)	(771)	(2)	(20)	46	(11)	703	(465)
Total net income (loss) ⁽³⁾	2,951	2,872	1,516	1,140	(417)	(1,063)	(1,034)	(57,117)
Per share basic and diluted (\$)	0.06	0.06	0.03	0.02	(0.04)	(0.02)	(0.02)	(1.05)
Operations (\$thousands), including 50.01% equity interest in Thailand Joint Venture								
Daily oil sales (BOPD) net to Pan Orient ⁽⁴⁾	1,426	1,402	1,399	1,353	1,491	1,114	1,060	1,186
Total corporate adjusted funds flow from operations ⁽⁵⁾	4,420	5,008	3,880	3,382	1,528	2,410	1,205	4,404
Capital expenditures ⁽⁶⁾	853	1,273	1,848	1,829	1,644	3,410	1,415	3,864
Total corporate adjusted funds flow from (used in) operations (\$/bbl) ⁽⁵⁾								
Realized crude oil price	98.03	88.74	78.43	73.82	56.95	53.38	40.49	63.63
Royalties	(5.24)	(4.74)	(4.23)	(3.93)	(3.06)	(2.77)	(2.02)	(3.28)
Transportation & operating	(8.25)	(7.67)	(7.74)	(8.61)	(10.27)	(10.24)	(10.16)	(9.19)
Field Netback – Thailand Joint Venture	84.54	76.33	66.47	61.27	43.63	40.37	28.31	51.16
Operating expense - Andora ⁽⁷⁾	(0.45)	(0.64)	(0.76)	(0.35)	(0.39)	(0.91)	(0.65)	-
General and administrative ⁽⁸⁾	(6.81)	(5.63)	(5.76)	(6.71)	(6.65)	(7.07)	(8.53)	(7.99)
Stock-based compensation expense on restricted share units	(2.86)	(2.15)	(1.99)	(0.81)	(1.14)	(1.48)	(0.78)	-
Exploration expense (recovery)	(1.25)	0.02	(0.02)	(0.01)	0.01	0.02	6.97	-
Interest income	0.10	0.14	0.10	0.05	0.15	0.67	0.30	1.01
Foreign exchange gain (loss)	(0.74)	3.72	(2.20)	(1.77)	(6.55)	(4.08)	(7.70)	11.51
Current income tax expense	(38.85)	(32.43)	(25.36)	(23.90)	(17.91)	(4.00)	(5.42)	(14.90)
Total corporate adjusted funds flow from operations	33.68	39.36	30.49	27.78	11.15	23.52	12.49	40.79

(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.

(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, settlement of decommissioning provision plus the corresponding amount from Pan Orient's 50.01% interest in the Thailand Joint Venture which is recorded in Investment in Joint Venture for financial statement purposes 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.

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.

Q2 2021 – Total corporate adjusted funds flow from operations of \$3.9 million. Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, adjusted funds flow from operations of \$5.0 million with average daily oil sales from Concession L53 of 1,399 BOPD (\$39.60 per barrel) and working capital and long-term deposits at June 30, 2021 of \$1.4 million. Net income attributable to common shareholders was \$1.5 million (\$0.03 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-DD11 appraisal well, workover activities, equipment inventory purchases, capitalized general and administrative expenses and other development activities. At June 30, 2021, working capital and non-current deposits (including the Thailand Joint Venture) totaled \$30.9 million and the Company had no long-term debt.

Q3 2021 – Total corporate adjusted funds flow from operations of \$5.0 million. Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, adjusted funds flow from operations of \$5.4 million with average daily oil sales from Concession L53 of 1,402 BOPD (\$41.45 per barrel) and working capital and long-term deposits at September 30, 2021 of \$5.3 million. Net income attributable to common shareholders was \$2.9 million (\$0.06 per share) for the quarter. Pan Orient's share of Thailand Joint Venture capital expenditures were \$1.3 million and consisted of workover activities, equipment inventory purchases, capitalized general and administrative expenses and other development activities. At September 30, 2021, working capital and non-current deposits (including the Thailand Joint Venture) totaled \$33.8 million and the Company had no long-term debt.

Q4 2021 – 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 \$5.7 million with average daily oil sales from Concession L53 of 1,426 BOPD (\$43.56 per barrel) and working capital and long-term deposits at December 31, 2021 of \$5.0 million. Net income attributable to common shareholders was \$3.0 million (\$0.06 per share) for the quarter. Pan Orient's share of Thailand Joint Venture capital expenditures were \$0.9 million and consisted of workover activities, equipment inventory purchases, capitalized general and administrative expenses and other development activities. At December 31, 2021, working capital and non-current deposits (including the Thailand Joint Venture) totaled \$37.1 million and the Company had no long-term debt.

Additional Information

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



PAN ORIENT ENERGY CORP.

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PAN ORIENT ENERGY CORP.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021**

May 10, 2022

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 10, 2022 and should be read in conjunction with the unaudited condensed interim consolidated financial statements and notes thereto for the three months ended March 31, 2022 and the audited consolidated financial statements and notes thereto and MD&A for the year ended December 31, 2021. 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 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. The operator is continuing to complete the 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, 2022 into Canadian dollars using March 31, 2022 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 and Canada and estimated costs associated with work commitments in Thailand 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 10, 2022 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, settlement of decommissioning provision plus the corresponding amount from the Thailand operations which is recorded in Joint Venture for financial statement purposes and funds flow from (used in) operations from discontinued operations in Indonesia. This measure is used by management to analyze operating performance and leverage. Adjusted corporate 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 corporate 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	
	2022	2021
Cash flow used in operating activities, continuing operations	(967)	(991)
Changes in non-cash working capital, continuing operations	30	327
Cash flow used in operating activities, discontinued operations	(151)	(33)
Changes in non-cash working capital, discontinued operations	91	13
Unrealized foreign exchange loss	(225)	(260)
Settlement of decommissioning expense	22	-
Share of adjusted funds flow from Investment in Joint Venture	5,694	4,326
Total corporate adjusted funds flow from operations	4,494	3,382

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, settlement of decommissioning provision 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. “Field netback” is calculated by subtracting royalty, transportation and operating expenses from revenues. Field netback per barrel is the amount of revenues received on a per unit of production bases after the royalties, transportation and operating expense are deducted and used to assess profitability on a per barrel of oil equivalent. Pan Orient believes the term provides useful supplemental information to investors.

Working capital represents current assets less current liabilities and is used to assess efficiency, liquidity and general financial strength of the Company. Current assets include cash and cash equivalents, accounts receivable and current liabilities include accounts payable and accrued liabilities, lease liabilities and current portion of decommissioning provision.

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, 2021, 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).

The December 31, 2021 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, 2021 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 2,313 thousand barrels at December 31, 2021 from conventional sandstone reservoirs. Net to Pan Orient’s 50.01% equity interest in Pan Orient Energy (Siam) Ltd., proved, probable and possible crude oil reserves were 2,986 thousand barrels at December 31, 2021. 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 27 sections (24.25 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. Andora is the operator of five oil sands leases with 27 gross sections (24.25 net sections) at Sawn Lake, where it has a working interest of either 75% or 100%.

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, 2022.

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. The exploration and evaluation assets at Sawn Lake were impaired in the first quarter of 2020. Prices for heavy oil and bitumen increased significantly in the past year and the Company will continue to monitor bitumen prices and other factors influencing the timing and extent of potential future SAGD development at Sawn Lake.

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.

In March 2022, Andora entered into an agreement with a joint venture partner at Sawn Lake whereby Andora acquired certain assets and assumed certain liabilities at Sawn Lake. Assets acquired consist of (i) an additional 25% working interest in the Sawn Lake joint venture (Sawn Lake Central Block), (ii) security deposits of the vendor for Sawn Lake placed with the Alberta Energy Regulator and other parties, and (iii) a payment from the vendor of \$578 thousand. In connection with the acquisition, Andora assumed the abandonment and reclamation costs, and natural gas tariff commitments associated with the additional 25% working interest in the Sawn Lake joint venture (note 10). Following the transaction, Andora has a 75% working interest in the Sawn Lake joint venture.

Summarized financial information with respect to Andora is as follows:

Andora Energy Corporation (\$thousands)	As at and for the Three month ended March 31	
	2022	2021
Total assets	2,014	1,168
Total liabilities	5,821	4,751
Net income	114	22

Indonesia

East Jabung PSC (expired 2020)

The undeveloped interests at the East Jabung PSC, where the Company held a 49% non-operated working interest, expired in January 2020 and the operator is continuing to complete the final steps to be taken for formal approval of the expiry by the GOI, including reclamation requirements.

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
(thousands of Canadian dollars except where indicated)

Financial and Operating Summary	Three Months Ended March 31,		% Change
	2022	2021	
(thousands of Canadian dollars except where indicated)			
FINANCIAL			
Financial Statement Results – Excluding 50.01% Interest in Thailand Joint Venture (Note 1)			
Net income attributed to common shareholders	3,514	1,140	208%
Per share – basic and diluted	\$ 0.07	\$ 0.02	208%
Cash flow used in operating activities (Note 2 & 3)	(967)	(991)	-2%
Per share – basic and diluted	\$ (0.02)	\$ (0.02)	-2%
Cash flow from investing activities (Note 2 & 3)	283	2,610	-89%
Per share – basic and diluted	\$ 0.01	\$ 0.05	-89%
Cash flow used in financing activities (Note 2 & 3)	(19,918)	(1,240)	1506%
Per share – basic and diluted	\$ (0.40)	\$ (0.02)	1506%
Change in cash and cash equivalents used in discontinued operations (Note 3)	(151)	(33)	358%
Working capital	10,675	22,805	-53%
Working capital & non-current deposits	11,513	23,415	-51%
Long-term debt	-	-	
Shares outstanding (thousands)	49,794	50,303	-1%
Capital Commitments (Note 4)	1,590	801	99%
Working Capital and Non-current Deposits			
Beginning of period – Excluding Thailand Joint Venture	32,084	23,577	36%
Adjusted funds flow used in continuing operations (Note 3 & 6)	(1,162)	(924)	26%
Adjusted funds flow used in discontinued operations (Note 3)	(38)	(20)	90%
Cash and deposits acquired (Note 13)	752	-	
Special distribution (Note 14)	(19,917)	-	
Amounts received from (advanced to) Thailand Joint Venture	(204)	10	
Dividend received from Thailand Joint Venture	-	2,600	-100%
Finance lease payments	(1)	(2)	-50%
Normal course issuer bid	-	(1,238)	-100%
Automatic shares purchase plan (Note 8)	-	(629)	-100%
Effect of foreign exchange	(1)	41	-102%
End of period – Excluding Thailand Joint Venture	11,513	23,415	-51%
Pan Orient 50.01% interest in Thailand Joint Venture Working Capital and Non-Current Deposits	7,925	4,438	79%
Economic Results – Including 50.01% Interest in Thailand Joint Venture			
Total corporate adjusted funds flow from (used in) operations by region (Note 6)			
Canada	(1,154)	(916)	26%
Thailand (Note 9)	(8)	(8)	0%
From continuing operations	(1,162)	(924)	26%
Indonesia - Discontinued Operations	(38)	(20)	90%
Adjusted funds flow used in operations (excl. Thailand Joint Venture)	(1,200)	(944)	27%
Share of Thailand Joint Venture (Notes 1 & 5)	5,694	4,326	32%
Total corporate adjusted funds flow from operations	4,494	3,382	33%
Per share – basic and diluted	\$ 0.09	\$ 0.07	35%
Capital Expenditures - Petroleum and Natural Gas Properties (Note 7)			
Share of Thailand Joint Venture capital expenditures	1,336	1,829	-27%
Total capital expenditures (incl. Thailand Joint Venture and discontinued operations)	1,336	1,829	-27%
Investment in Thailand Joint Venture			
Beginning of period	24,094	28,329	-15%
Net income from Joint Venture	4,350	1,902	129%
Other comprehensive loss from Joint Venture	(484)	(1,369)	-65%
Dividend paid	-	(2,600)	-100%
Amounts (received from) advanced to Joint Venture	204	(10)	
End of period	28,164	26,252	7%

	Three Months Ended March 31,		%
	2022	2021	Change
<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)	99,424	121,733	-18%
Average daily oil sales (BOPD) by Concession L53	1,105	1,353	-18%
Average oil sales price, before transportation (CDN\$/bbl)	\$ 122.67	\$ 73.82	66%
Reference Price (volume weighted) and differential			
Crude oil (Brent \$US/bbl)	\$ 99.45	\$ 60.41	65%
Exchange Rate \$US/\$Cdn	1.28	1.28	-0%
Crude oil (Brent \$Cdn/bbl)	\$ 127.21	\$ 77.36	64%
Sale price / Brent reference price	96%	95%	1%
Adjusted funds flow from (used in) operations (Note 6)			
Crude oil sales	12,196	8,986	36%
Government royalty	(618)	(479)	29%
Transportation expense	(244)	(292)	-16%
Operating expense	(636)	(756)	-16%
Field netback	10,698	7,459	43%
General and administrative expense (Note 9)	(207)	(247)	-16%
Foreign exchange gain	1	14	-93%
Current income tax	(4,806)	(2,909)	65%
Thailand – Adjusted funds flow from operations	5,686	4,317	32%
Adjusted funds flow from (used in) operations / barrel (CDN\$/bbl) (Note 6)			
Crude oil sales	\$ 122.67	\$ 73.82	66%
Government royalty	(6.22)	(3.93)	58%
Transportation expense	(2.45)	(2.40)	2%
Operating expense	(6.40)	(6.21)	3%
Field netback	107.60	61.27	76%
General and administrative expense (Note 9)	(2.08)	(2.03)	3%
Foreign exchange gain	0.01	0.12	-91%
Current income tax	(48.34)	(23.90)	102%
Thailand – Adjusted funds flow from operations	\$ 57.19	\$ 35.46	61%
Government royalty as percentage of crude oil sales	5.1%	5.3%	0%
Income tax & SRB as percentage of crude oil sales	39%	32%	7%
As percentage of crude oil sales			
Expenses - transportation, operating, G&A and other	9%	14%	-5%
Government royalty, SRB and income tax	44%	38%	7%
Adjusted funds flow from operations, before interest income	47%	48%	-1%
Wells drilled			
Gross	-	2	-100%
Net	-	1.0	-100%
Financial Statement Presentation			
Results – Excl. 50.01% Interest in Thailand Joint Venture (Note 1)			
General and administrative expense (Note 9)	(8)	(9)	-11%
Adjusted funds flow used in consolidated operations	(8)	(9)	-11%
Adjusted fund flow Included in Investment in Thailand Joint Venture			
Net income from Thailand Joint Venture	4,350	1,902	129%
Add back non-cash items in net income	1,344	2,424	-45%
Adjusted funds flow from Thailand Joint Venture	5,694	4,326	32%
Thailand – Economic adjusted funds flow from operations (Note 5)	5,686	4,317	32%
Canada Operations			
Interest income	4	6	-33%
General and administrative expenses (Note 9)	(578)	(520)	11%
Operating expense (Note 10)	(66)	(42)	57%
Stock based compensation on restricted share units (Note 11)	(267)	(99)	170%
Realized foreign exchange loss (Note 12)	(22)	(1)	2100%
Unrealized foreign exchange gain (loss) (Note 12)	(225)	(260)	-13%
Canada – Adjusted funds flow used in operations	(1,154)	(916)	26%
Add Thailand general and administrative expense (note 9)	(8)	(9)	-11%
Add back changes in non-cash working capital, continuing operations	(30)	(327)	-91%
Add back unrealized foreign exchange loss	225	261	-14%
Cash flow used in operating activities, continuing operations	(967)	(991)	-2%

Indonesia - Discontinued Operations

General and administrative expense (Note 9)	(40)	(51)	-22%
Other expense	(82)	(1)	
Unrealized foreign exchange gain (loss)	84	32	163%
Indonesia – Adjusted funds flow used in operations	(38)	(20)	90%
Add back changes in non-cash working capital, discontinued operations	(91)	(13)	600%
Settlement of decommissioning provision	(22)	-	
Cash flow used in operating activities, discontinued operations	(151)	(33)	358%

- (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 continuing to complete the 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, 2022 and March 31, 2021 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. The Company recognized additional \$0.6 million provision during the first quarter of 2021 from \$0.9 million at December 31, 2020 to \$1.5 million at March 31, 2021 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. Thailand operations includes a small amount of G&A shown in the three months ended March 31, 2022 and March 31, 2021 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.
- (11) The Company granted 1,050,000 and 520,000 restricted share units ("RSUs") to directors, senior management, employees and consultant on May 19, 2020 and May 14, 2021, respectively. At March 31, 2022, 599,998 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) In March 2022, Andora entered into an agreement with a joint venture partner at Sawn Lake whereby Andora acquired certain assets and assumed certain liabilities at Sawn Lake. Assets acquired consist of (i) an additional 25% working interest in the Sawn Lake joint venture (Sawn Lake Central Block), (ii) security deposits of the vendor for Sawn Lake placed with the Alberta Energy Regulator and other parties, and (iii) a payment from the vendor of \$578 thousand. In connection with the acquisition, Andora assumed the abandonment and reclamation costs, and natural gas tariff commitments associated with the additional 25% working interest in the Sawn Lake joint venture. Following the transaction, Andora has a 75% working interest in the Sawn Lake joint venture.
- (14) In February 2022, the Company paid a \$0.40 per share special distribution to shareholders following shareholder approval of a reorganization of the Company's share capital. The amount paid on February 10, 2022 was \$19.9 million.
- (15) Tables may not add due to rounding.

HIGHLIGHTS

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

- Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, oil sales from Concession L53 in the first quarter of 2022 were 1,105 BOPD. Oil sales declined 23% from 1,426 BOPD in the fourth quarter of 2021 primarily due to natural declines related to flush production from workovers completed in late 2021 and delays in the commencement of the 2022 multi-well workover program.
- Adjusted Thailand funds flow from operations of \$5.7 million (\$57.19 per barrel) in the first quarter of 2022 compared with \$5.7 million (\$43.56 per barrel) in the fourth quarter of 2021. The average realized oil price per barrel increased 25% in the first quarter of 2022 to \$122.67 per barrel compared with \$98.02 in the fourth quarter of 2021.
- Thailand adjusted funds flow from operations funded \$1.3 million of Thailand exploration and development activities. Pan Orient's share of working capital and long-term deposits in Thailand at March 31, 2022 was \$7.9 million.

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

- Pan Orient is withdrawing from operations in Indonesia and the office in Jakarta was closed March 31, 2020. The East Jabung Production Sharing Contract expired in January 2020 and the operator is completing final steps to be taken for formal approval of the expiry from the Government of Indonesia, including reclamation requirements.
- Activities of the Company in Indonesia are reported in 2020 and 2021 as discontinued operations. Discontinued operations in Indonesia for the first quarter of 2022 were \$122 thousand of expenses and \$84 thousand in unrealized foreign exchange gains on currency exchange rates since the end of 2021.

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

- For the first quarter of 2022, Pan Orient reports total operating expenses of \$66 thousand for Sawn Lake, primarily associated with maintaining the suspended Steam Assisted Gravity Drainage ("SAGD") facility and wellpair.
- In March 2022, Andora entered into an agreement with a joint venture partner at Sawn Lake whereby Andora acquired certain assets and assumed certain liabilities at Sawn Lake. Assets acquired consist of (i) an additional 25% working interest in the Sawn Lake joint venture (Sawn Lake Central Block), (ii) security deposits of the vendor for Sawn Lake placed with the Alberta Energy Regulator and other parties, and (iii) a payment from the vendor of \$578 thousand. In connection with the acquisition, Andora assumed the abandonment and reclamation costs, and natural gas tariff commitments associated with the additional 25% working interest in the Sawn Lake joint venture. Following the transaction, Andora has a 75% working interest in the Sawn Lake joint venture.
- An updated contingent bitumen resources evaluation effective March 31, 2022 is being prepared for Andora by an independent qualified reserves evaluator to evaluate all of Andora's Oil Sands Leases at Sawn Lake based on exploitation using SAGD.
- There is continued strength in Western Canada Select reference prices for heavy oil. At May 2, 2022, the price for Western Canada Select was Cdn\$118.42 per barrel and the forward market for Western Canada Select in 2024 was Cdn\$81.07 per barrel. Andora is considering alternatives to move the Sawn Lake project forward with minimum development costs to Andora, including partnership, farmout, sourcing additional funds, partial sale 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 of 2022 were \$4.5 million (\$0.09 per share) compared with \$4.4 million (\$0.09 per share) in the fourth quarter of 2021.
- Net income attributable to common shareholders for the first quarter of 2022 was \$3.5 million (\$0.07 income per share) compared with net income attributable to common shareholders for the fourth quarter of 2021 of \$3.0 million (\$0.06 per share).
- At the Annual and Special Meeting of Shareholders on January 18, 2022, shareholders approved the previously announced capital reorganization resulting in a \$0.40 per common share return of capital distribution to shareholders on February 10, 2022. The total amount of the distribution was \$19.9 million.
- Common shares outstanding were 49.8 million at March 31, 2022. Pan Orient has not repurchased any common shares in 2022 under its normal course issuer bid.
- Pan Orient continues to maintain a strong financial position with working capital and non-current deposits of \$11.5 million and no long-term debt at March 31, 2022. In addition, the Thailand Joint Venture has \$7.9 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 2022.

OUTLOOK

CORPORATE

Pan Orient is currently engaged in the advanced stages of a due diligence process related to the sale of the Company's Thailand interests. We anticipate being in a position to make an announcement regarding this matter by the end of the second quarter 2022.

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			
	2022		2021	
	\$000s	\$ per bbl	\$000s	\$ per bbl
Crude oil revenue	12,196	122.67	8,986	73.82
Government royalty	(618)	(6.22)	(479)	(3.93)
Transportation expense	(244)	(2.45)	(292)	(2.40)
Production and Operating expense	(636)	(6.40)	(756)	(6.21)
Field netback	10,698	107.60	7,459	61.27
General and administrative	(199)	(2.00)	(238)	(1.96)
Foreign exchange gain	1	0.01	14	0.12
Current income tax expense	(4,806)	(48.34)	(2,909)	(23.90)
Adjusted funds flow from operations	5,694	57.27	4,326	35.54
Depletion, depreciation and amortization	(1,426)	(14.34)	(2,206)	(18.12)
Accretion	(15)	(0.15)	(10)	(0.08)
Deferred tax recovery	267	2.69	47	0.39
Net income	4,520	45.46	2,157	17.72
Amortization of fair value adjustment	(170)	(1.71)	(255)	(2.09)
Net income from Joint Venture	4,350	43.75	1,902	15.62

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 1,105 BOPD during the three months ended March 31, 2022 compared to 1,353 BOPD during the first quarter of 2021. Oil sales revenue from Concession L53 was \$12.2 million for the three months ended March 31, 2022 compared to \$9.0 million in the first quarter of 2021. Revenue in the first quarter of 2022 was higher than the first quarter in 2021 due to higher realized price per barrel partially offset by lower oil sales. The realized price per barrel was \$122.67 for the three months ended March 31, 2022 compared to \$73.82 during the first quarter of 2021.

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

Operating costs were \$0.6 million (\$6.40 per barrel) in the first quarter of 2022 compared to \$0.8 million (\$6.21 per barrel) in the first quarter of 2021. On a per barrel basis, operating expenses were higher in the first quarter of 2022 compared to 2021 due to lower production volumes in 2022 and fixed costs that did not decline with production volume.

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. Current income tax expense was \$5.7 million for the three months ended March 31, 2022 compared to \$4.3 million during the first quarter of 2022. Current income tax increased due to higher taxable income resulted from higher realized prices in 2022.

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 \$14.34 for the three months ended March 31, 2022 compared to \$18.12 per barrel for the three months ended March 31, 2021. On a per barrel basis, the DD&A was overall lower in 2022 than in 2021 due to lower cost base subject to depletion.

General and Administrative (“G&A”) Expenses

	Three months ended March 31	
(\$thousands)	2022	2021
Canada ⁽¹⁾	584	520
Thailand (excluding Thailand Joint Venture)	8	9
G&A expense from continuing operations	592	529
G&A expense from discontinued operations – Indonesia	40	51
Share of G&A from Thailand Joint Venture ⁽³⁾	216	238
Total G&A attributable to the economic interests of Pan Orient (including 50.01% interest in Thailand Joint Venture)	848	818

(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 \$4 thousand and \$5 thousand for the three months ended March 31, 2022 and 2021.

Capital Expenditures

	Three months ended March 31			
	2022		2021	
		Net wells drilled		Net wells drilled
Capital expenditures ⁽¹⁾	\$000s		\$000s	
Share of Thailand joint venture capital expenditures ⁽²⁾	1,336	-	1,829	2
Total capital expenditures attributable to the economic interest of Pan Orient (including 50.01% interest in Thailand Joint Venture)	1,336	-	1,829	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 \$1.3 million for the three months ended March 31, 2022 consisted of 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 \$1.3 million for the three months ended March 31, 2022 and was financed from existing working capital and adjusted funds flow from operations within the Thailand Joint Venture. At March 31, 2022 the Company’s working capital plus non-current deposits was \$11.5 million compared to \$32.1 million at December 31, 2021. The Company had estimated outstanding capital commitments of \$1.6 million at March 31, 2022. In addition to Pan Orient’s consolidated working capital and non-current deposits, its investment in the Thailand Joint Venture includes \$7.9 million of its share of working capital and non-current deposits and \$2.9 million of equipment inventory to be utilized for future operations of the Thailand Joint Venture.

Non-current deposits of \$0.8 million at March 31, 2022 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, 2022 for wells and facilities in Canada is \$1.6 million. The estimated decommissioning provision for Indonesia discontinued operations at March 31, 2022 is \$1.0 million.

Share Capital

Outstanding (thousands)	May 10, 2022	March 31, 2022	December 31, 2021
Common shares	49,794	49,794	49,794
Stock options	2,865	2,865	2,865
Total	52,659	52,659	52,659

In February 2022, the Company paid a \$0.40 per share special distribution to shareholders following shareholder approval of a reorganization of the Company’s share capital. The amount paid on February 10, 2022 was \$19.9 million.

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:

	2022	2021				2020		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Rate at end of period								
Thai baht / Cdn \$ exchange	26.25	25.76	26.24	25.47	24.47	23.09	23.27	22.25
Cdn \$ / US \$ exchange	1.25	1.27	1.27	1.24	1.26	1.27	1.33	1.36

The Company holds U.S. dollars within Canada to meet U.S. dollar cash requirements of its foreign operations and at March 31, 2022 the Company held \$10.2 million (December 31, 2021: \$14.4 million) denominated in U.S. dollars as cash and cash equivalents.

Thailand Joint Venture operations use Thai baht as their functional currencies for reporting. The currency is translated into Canadian dollars at each reporting period end with the unrealized translation gain or loss recognized in accumulated other comprehensive income or loss ("AOCI" or "AOCL").

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

	Three months ended	
	March 31	
(\$thousands)	2022	2021
AOCL (AOCL), beginning of period	(367)	2,268
Unrealized foreign currency translation loss from Thailand Joint Venture	(484)	(1,369)
AOCL (AOCL), end of period	(851)	899

Summary of Quarterly Results

	2022	2021				2020		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Financial (\$thousands) except as indicated ⁽¹⁾								
Interest revenue	4	13	17	12	6	18	69	23
Cash flow used in operating activity, continuing operations	(967)	(1,212)	(227)	(620)	(991)	(597)	(355)	(591)
Cash flow used in operating activity, discontinued operations ⁽²⁾	(151)	(10)	(7)	(103)	(33)	(46)	(42)	(181)
Total assets	44,276	60,708	57,512	54,799	54,427	56,233	56,879	58,967
Working capital & non-current deposits	11,513	32,048	28,443	29,542	23,415	23,577	26,411	24,801
Shares outstanding (thousands)	49,794	49,794	49,794	49,881	50,303	51,744	52,077	52,175
Net income (loss) from continuing operations ⁽³⁾	3,553	3,190	3,643	1,518	1,160	(463)	(1,052)	(1,737)
Net income (loss) from discontinued operations ⁽³⁾	(39)	(239)	(771)	(2)	(20)	46	(11)	703
Total net income (loss) ⁽³⁾	3,514	2,951	2,872	1,516	1,140	(417)	(1,063)	(1,034)
Per share basic and diluted (\$)	0.07	0.06	0.06	0.03	0.02	(0.04)	(0.02)	(0.02)
Operations (\$thousands), including 50.01% equity Interest in Thailand Joint Venture								
Daily oil sales (BOPD) net to Pan Orient ⁽⁴⁾	1,105	1,426	1,402	1,399	1,353	1,491	1,114	1,060
Total corporate adjusted funds flow from operations ⁽⁵⁾	4,494	4,420	5,008	3,880	3,382	1,528	2,410	1,205
Capital expenditures ⁽⁶⁾	1,336	853	1,273	1,848	1,829	1,644	3,410	1,415
Total corporate adjusted funds flow from (used in) operations (\$/bbl) ⁽⁵⁾								
Realized crude oil price	122.67	98.03	88.74	78.43	73.82	56.95	53.38	40.49
Royalties	(6.22)	(5.24)	(4.74)	(4.23)	(3.93)	(3.06)	(2.77)	(2.02)
Transportation & operating	(8.95)	(8.25)	(7.67)	(7.74)	(8.61)	(10.27)	(10.24)	(10.16)
Field Netback – Thailand Joint Venture	107.60	84.54	76.33	66.47	61.27	43.63	40.37	28.31
Operating expense - Andora ⁽⁷⁾	(0.66)	(0.45)	(0.64)	(0.76)	(0.35)	(0.39)	(0.91)	(0.65)
General and administrative ⁽⁸⁾	(8.30)	(6.81)	(5.63)	(5.76)	(6.71)	(6.65)	(7.07)	(8.53)
Stock-based compensation expense on restricted share units	(2.69)	(2.86)	(2.15)	(1.99)	(0.81)	(1.14)	(1.48)	(0.78)
Exploration and other expense (recovery)	(0.82)	(1.25)	0.02	(0.02)	(0.01)	0.01	0.02	6.97
Interest income	0.04	0.10	0.14	0.10	0.05	0.15	0.67	0.30
Foreign exchange gain (loss)	(1.63)	(0.74)	3.72	(2.20)	(1.77)	(6.55)	(4.08)	(7.70)
Current income tax expense	(48.34)	(38.85)	(32.43)	(25.36)	(23.90)	(17.91)	(4.00)	(5.42)
Total corporate adjusted funds flow from operations	45.20	33.68	39.36	30.49	27.78	11.15	23.52	12.49

(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 as discontinued operations.

(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, settlement of decommissioning provision plus the corresponding amount from Pan Orient's 50.01% interest in the Thailand Joint Venture which is recorded in Investment in Joint Venture for financial statement purposes 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 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.

Q2 2021 – Total corporate adjusted funds flow from operations of \$3.9 million. Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, adjusted funds flow from operations of \$5.0 million with average daily oil sales from Concession L53 of 1,399 BOPD (\$39.60 per barrel) and working capital and long-term deposits at June 30, 2021 of \$1.4 million. Net income attributable to common shareholders was \$1.5 million (\$0.03 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-DD11 appraisal well, workover activities, equipment inventory purchases, capitalized general and administrative expenses and other development activities. At June 30, 2021, working capital and non-current deposits (including the Thailand Joint Venture) totaled \$30.9 million and the Company had no long-term debt.

Q3 2021 – Total corporate adjusted funds flow from operations of \$5.0 million. Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, adjusted funds flow from operations of \$5.4 million with average daily oil sales from Concession L53 of 1,402 BOPD (\$41.45 per barrel) and working capital and long-term deposits at September 30, 2021 of \$5.3 million. Net income attributable to common shareholders was \$2.9 million (\$0.06 per share) for the quarter. Pan Orient's share of Thailand Joint Venture capital expenditures were \$1.3 million and consisted of workover activities, equipment inventory purchases, capitalized general and administrative expenses and other development activities. At September 30, 2021, working capital and non-current deposits (including the Thailand Joint Venture) totaled \$33.8 million and the Company had no long-term debt.

Q4 2021 – 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 \$5.7 million with average daily oil sales from Concession L53 of 1,426 BOPD (\$43.56 per barrel) and working capital and long-term deposits at December 31, 2021 of \$5.0 million. Net income attributable to common shareholders was \$3.0 million (\$0.06 per share) for the quarter. Pan Orient's share of Thailand Joint Venture capital expenditures were \$0.9 million and consisted of workover activities, equipment inventory purchases, capitalized general and administrative expenses and other development activities. At December 31, 2021, working capital and non-current deposits (including the Thailand Joint Venture) totaled \$37.1 million and the Company had no long-term debt.

Q1 2022 – Total corporate adjusted funds flow from operations of \$4.5 million. Net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture, adjusted funds flow from operations of \$5.7 million with average daily oil sales from Concession L53 of 1,105 BOPD (\$57.19 per barrel) and working capital and long-term deposits at March 31, 2022 of \$7.9 million. Net income attributable to common shareholders was \$3.5 million (\$0.07 per share) for the quarter. Pan Orient's share of Thailand Joint Venture capital expenditures were \$1.3 million and consisted of workover activities, equipment inventory purchases, capitalized general and administrative expenses and other development activities. In March 2022, Andora entered into an agreement with a joint venture partner at Sawn Lake whereby Andora acquired certain assets and assumed certain liabilities at Sawn Lake. Following the transaction, Andora has a 75% working interest in the Sawn Lake joint venture. In February 2022, the Company paid a \$0.40 per share special distribution to shareholders following shareholder approval of a reorganization of the Company's share capital. The amount paid on February 10, 2022 was \$19.9 million. At March 31, 2022, working capital and non-current deposits (including the Thailand Joint Venture) totaled \$19.4 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

Schedule 5 – Statement of Executive Compensation



PAN ORIENT ENERGY CORP.

STATEMENT OF EXECUTIVE COMPENSATION

JUNE 29, 2022

This statement of executive compensation of Pan Orient Energy Corp. ("**Pan Orient**" or the "**Corporation**") contains the disclosure required by Canadian Securities Administrators Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*.

Compensation Governance

Compensation Committee

The board of directors has appointed a Compensation Committee, the members of which are Michael Hibberd (Chair), Richard Alexander and Gerald Macey. Each is an independent director. Mr. Hibberd is a member of the compensation committee of two other public companies and Mr. Alexander is a member of the compensation committee of one other public company. By virtue of education, professional designation and experience in other public oil and gas companies, the Committee members collectively have the skills and experience that enable the Committee to make decisions on the suitability of the Corporation's compensation policies and practices.

The Corporation adopted a Compensation Committee Charter in May 2016. The mandate of the Committee is to (a) review annually and recommend to the board of directors the Corporation's executive officer and director compensation philosophy, strategy and principles, which will take into account the Corporation's strategic and annual business plans, the link between executive officer pay and financial and non-financial performance and the Corporation's risk profile, and (b) oversee the design and administration of the Corporation's executive officer and director compensation plans, policies and programs.

2020 Compensation Review

In January 2020, the board of directors authorized the Compensation Committee to retain Lane Caputo Compensation Inc., a Calgary and Vancouver firm of compensation consultants, to conduct an updated review of Pan Orient's compensation practices. Lane Caputo previously performed compensation analysis for the Corporation in 2007, 2009, 2011 and 2013. Lane Caputo was formally retained in February 2020 to assist Pan Orient in the review of compensation for its executive team and non-executive directors by benchmarking compensation practices against a group of peer companies reflecting the Corporation's size and stage of development.

Lane Caputo's initial advice was to describe various long-term incentive plan alternatives and what Pan Orient's peer companies use. Lane Caputo was then asked to prepare a report comparing Pan Orient's executive and director compensation with its peer companies and making recommendations for any changes.

A report from Lane Caputo in May 2020 recommended no change to cash compensation for Pan Orient senior executives or non-executive directors but to adopt a cash settled restricted share unit plan in place of future stock option grants. The Compensation Committee accepted that advice and in turn recommended, and the directors subsequently approved, the adoption of a long-term incentive plan and grant of restricted share units.

Executive compensation-related fees billed by Lane Caputo in 2020 were \$23,100 including GST. No services were provided by Lane Caputo in 2021 and none have been provided to date in 2022.

Compensation Discussion and Analysis

The Corporation's executive compensation program has been designed to attract and retain highly qualified and motivated individuals, and to provide fair and competitive compensation in accordance with industry standards and with the individual's expertise and experience. The compensation program consists of three principal components: (i) base salaries; (ii) annual bonuses; and (iii) long-term compensation comprised of stock options and restricted share units. The Compensation Committee reviews the various aspects of the compensation program from time to time to ensure its effectiveness and whether it adequately reflects the Corporation's business objectives.

Base Salaries

The annual base salaries for the President & Chief Executive Officer and the Vice President, Finance & Chief Financial Officer are intended to be comparable to amounts paid to executives of similar sized companies in Canada with international oil and gas operations. Salary increases for each executive are established based on the performance of the executive and competitiveness with the market. This is periodically determined by consulting with compensation consultants and participating in third party salary surveys as well as by reviewing other external market data.

The total compensation of the President & Chief Executive Officer was intended to be competitive with amounts paid to expatriate executives of similar sized companies with international oil and gas operations.

Annual Bonuses

Each of the executive officers is eligible for an annual bonus based on the performance of the Corporation, including relative to its peers, and on the officer's individual performance. Factors considered for evaluating performance and determining bonus amounts include specific targets (reserves, production and stock performance) and other factors such as operating efficiencies, cash flow, the development of new areas and sale and farm-out transactions. The evaluation considers these factors and also

recognizes a number of other factors, including the multiple roles played by the executives. Special bonuses or retention payments may also be awarded in exceptional cases on the recommendation of the Compensation Committee.

Stock Options

The Corporation has a stock option plan, the purpose of which is to advance the interests of the Corporation by encouraging directors, officers, employees, consultants and other eligible service providers of the Corporation and its subsidiaries to acquire Common Shares, thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs.

The aggregate number of Common Shares that may be reserved for issue upon the exercise of all stock options granted under the stock option plan is limited to 10% of the Corporation's issued and outstanding Common Shares at the date of grant. In addition, the aggregate number of Common Shares that may be issued pursuant to the exercise of stock options to any one individual in a 12-month period cannot exceed 5% of the issued and outstanding Common Shares.

Stock options may be exercisable for up to ten years from the date of grant under the TSX Venture Exchange stock options policy, although the Corporation has only granted options exercisable for five years. The number of stock options, exercise price of each option and vesting of options are determined at the date of grant. The exercise price cannot be lower than the last closing price of the Common Shares on the Exchange before the option grant.

As of the date of this statement of executive compensation, the Corporation has outstanding stock options to purchase 2,865,000 Common Shares of the Corporation, comprised of 1,500,000 options exercisable at \$0.69 and expiring on February 7, 2023 and 1,365,000 options exercisable at \$1.50 and expiring on March 19, 2024. No stock options were granted in 2021 and none have been granted to date in 2022.

The exercise prices of the Corporation's outstanding stock options were reduced by \$0.40, to the exercise prices noted in the previous paragraph, on February 10, 2022. The exercise price reduction was to correspond with a \$0.40 per Common Share return of capital to shareholders on the same date and made pursuant a provision in the Corporation's stock option plan. In May 2022, the stock option plan was amended at the request of the TSX Venture Exchange to remove that provision. No shareholder approval was required for the amendment.

On June 6, 2022, the Corporation announced that it had entered into an agreement to be acquired by a subsidiary of DIALOG Group Berhad of Malaysia and for Pan Orient's non-Thailand business to be transferred to CanAsia Energy Corp., a new company to be owned by Pan Orient shareholders, by way of a plan of arrangement (the "**Plan of Arrangement**") under the *Business Corporations Act* (Alberta) (the "**Arrangement**"). A holder of a Common Share of Pan Orient will receive, for each such Common Share, cash consideration of USD \$0.788 and one common share of CanAsia Energy Corp. It is anticipated that the Arrangement will be completed in late August 2022. It is also anticipated that each holder of stock options will enter into an option surrender agreement to either (a) elect to transfer and surrender to Pan Orient his options pursuant to the Plan of Arrangement for cancellation in consideration of a cash payment equal to the in-the-money value of the options or for no cash consideration for out-of-the-money options, or, failing that, (b) exercise his in-the-money options.

The Corporation adopted a new long-term incentive plan in May 2020, described below under "*Restricted Share Units*". The stock option plan will continue in effect until the exercise or expiry of stock options previously granted thereunder. Beginning in 2020, the Corporation has not asked its shareholders at an annual meeting to approve the stock option plan for another year, which would be required by the TSX Venture Exchange for any new options to be granted without shareholder approval.

Restricted Share Units

Based on the recommendation of the Compensation Committee, after completing the compensation review described above in "*Compensation Governance – 2020 Compensation Review*", the directors of the Corporation adopted a new long-term incentive plan in May 2020.

The purpose of the long-term incentive plan is to encourage and permit selected employees, officers, directors and consultants of the Corporation and its affiliates to work towards and participate in the success of the Corporation. The plan seeks to achieve that purpose by providing for awards in the form of restricted share units ("**RSUs**") and share appreciation rights. Only RSUs have been granted under the long-term incentive plan.

An RSU represents the right to receive a payment in cash equal to the fair market value of a Common Share, its equivalent paid in Common Shares acquired on the open market or a combination of cash and Common Shares. The payments are made on the vesting date of the RSU. All RSUs that have vested to the date of this statement of executive compensation have been paid in cash and it is anticipated that RSUs that vest in the future will also be paid in cash.

The vesting date or dates of RSUs is determined at the time of grant but cannot be later than December 15 of the third year following the end of the service year in respect of which the RSU is granted. RSUs may also be designated as performance RSUs, which vest, in whole or in part, based on performance criteria specified at the time of grant.

The fair market value of a Common Share is the average closing price of the Common Shares on the TSX Venture Exchange for the ten trading days on which the Common Shares traded immediately preceding the relevant vesting date. If an RSU is paid on vesting in the form of Common Shares (which is not anticipated), then those Common Shares must be issued and outstanding Common Shares acquired by an independent broker, as trustee, on the open market. No Common Shares will be issued from treasury to pay a restricted share unit on vesting. As a consequence, no shareholder approval of the long-term incentive plan is required by the TSX Venture Exchange.

The Corporation granted 1,050,000 RSUs effective May 19, 2020, to directors, executive officers, employees and a consultant. Those RSUs are each payable in an amount equal to the fair market value of a Common Share on vesting of the RSU and vest as to one-third six 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). Some of these RSUs expired before vesting when a holder who was a non-executive employee left the Corporation.

The Corporation granted 520,000 RSUs effective May 14, 2021, to directors, executive officers, an employee and a consultant. Those RSUs were each payable in an amount equal to the fair market value of a Common Share on vesting of the RSU and vested as to one-half six months after the grant date (November 14, 2021) and the remaining one-half 12 months after the grant date (May 14, 2022). Some of these RSUs expired before vesting when a holder who was a non-executive employee left the Corporation.

No RSUs have been granted to date in 2022. As of the date of this statement of executive compensation, the Corporation has outstanding 339,998 RSUs with a vesting date of November 19, 2022.

In February 2022, holders of the 599,998 then outstanding RSUs received a \$0.40 cash payment for each RSU. The payment was to correspond with a \$0.40 per Common Share return of capital to shareholders on February 10, 2022 and made pursuant a provision in the Corporation's equity incentive plan.

Pursuant the long-term incentive plan, the vesting of all outstanding RSUs will be accelerated immediately before the effective time of the Arrangement described above in "*Stock Options*", and an amount equal to the fair market value of the Common Shares underlying those RSUs will be paid in cash to holders of the RSUs.

Securities Authorized for Issuance under Equity Compensation Plans

The following table sets forth information with respect to the Corporation's stock option plan, the only compensation plan under which equity securities of the Corporation are authorized for issuance, as at December 31, 2021.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options	Weighted Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Equity compensation plan approved by securityholders	2,865,000	\$1.48 ⁽¹⁾	2,114,390 ⁽²⁾

Notes:

- (1) The exercise prices of the outstanding stock options were reduced by \$0.40 on February 10, 2022, to correspond with a \$0.40 per Common Share return of capital to shareholders on the same date. The weighted average exercise price of outstanding options is now \$1.08.
- (2) The Corporation adopted a new long-term incentive plan in May 2020 and it is anticipated that no further stock options will be granted under the stock option plan.

Executive Compensation

Named Executive Officer and Director Compensation

The following table discloses all compensation, other than stock options and other compensation securities, paid by Pan Orient or its subsidiaries in the two financial years ended December 31, 2021 and 2020 to the President & Chief Executive Officer, the Vice President, Finance, Chief Financial Officer & Corporate Secretary, and the Vice President, Operations of Pan Orient's 71.8% owned subsidiary, Andora Energy Corporation ("**Andora**") (the "**Named Executive Officers**") and to the directors of Pan Orient.

Table of Compensation Excluding Compensation Securities

Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus ⁽³⁾ (\$)	Committee or meeting fees (\$)	Value of perquisites ⁽⁴⁾ (\$)	Value of all other compensa- tion (\$)	Total compensation (\$)
Jeff Chisholm ⁽¹⁾	2021	350,000	0	0	346,571	0	696,571
President, Chief Executive Officer & Director	2020	350,000	0	0	404,945	0	754,945
William Ostlund	2021	380,843	0	0	5,714	0	386,557
Vice President, Finance, Chief Financial Officer & Corporate Secretary	2020	380,843	0	0	6,542	0	387,415
Craig Pichach ⁽²⁾	2021	175,000	0	0	6,283	0	181,283
Vice President, Operations, Andora Energy Corporation	2020	175,000	0	0	6,929	0	181,929
Richard Alexander	2021	0	0	58,000	0	0	58,000
Director	2020	0	0	58,000	0	0	58,000
Michael Hibberd	2021	0	0	56,000	0	0	56,000
Director	2020	0	0	56,000	0	0	56,000
Gerald Macey	2021	0	0	81,000	0	0	81,000
Director (Chairman)	2020	0	0	76,500	0	0	76,500
Cameron Taylor	2021	0	0	54,500	0	0	54,500
Director	2020	0	0	56,000	0	0	56,000

Notes:

- (1) Mr. Chisholm provides services to Pan Orient Energy Corp. and its subsidiaries, and to Pan Orient Energy (Siam) Ltd. He receives compensation from Pan Orient Energy (Siam) Ltd., a company that is 50.01% owned by Pan Orient Energy Corp., as President and Thailand General Manager. The economic effect is that the other shareholder of Pan Orient Energy (Siam) Ltd. indirectly incurs a portion of Mr. Chisholm's compensation from Pan Orient Energy (Siam) Ltd. Perquisites were comprised of personal income tax in Thailand (CAD \$230,069 in 2021 and CAD \$246,615 in 2020), accommodation (CAD \$105,774 in 2021 and CAD \$122,855 in 2020), and other items (utilities, annual air fares and medical insurance of, collectively, CAD \$10,729 in 2021 and CAD \$35,475 in 2020). Perquisites were paid in United States dollars or Thai Baht but for purposes of presentation have been converted to Canadian dollars at the average exchange rate in effect for the applicable year. Mr. Chisholm did not receive any additional cash compensation for service as a director of Pan Orient.
- (2) Mr. Pichach is the Vice President, Operations of the Corporation's 71.8% owned subsidiary Andora Energy Corporation. The economic effect is that Pan Orient incurs 71.8% of Mr. Pichach's compensation.
- (3) Bonuses are approved by the board of directors of the Corporation on the recommendation of the compensation committee or approved by the board of directors of Andora Energy Corporation on the recommendation of its compensation committee. No bonuses were paid by either Pan Orient or Andora for 2021 or 2020 performance.
- (4) Perquisites for Messrs. Ostlund and Pichach in Canada were comprised of parking and life insurance and for Mr. Chisholm in Thailand are described in note (1) above.

Stock Options and Other Compensation Securities

The following table discloses all compensation securities granted or issued to each Named Executive Officer and director by Pan Orient or its subsidiaries in the financial year ended December 31, 2021 for services provided or to be provided, directly or indirectly, to Pan Orient or any of its subsidiaries.

Compensation Securities Granted

Name and position	Type of compensation security	Number of compensation securities granted, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Jeff Chisholm President, Chief Executive Officer & Director	RSUs	135,000	May 14/21	0	0.83	1.16	May 14/22
William Ostlund Vice President, Finance, Chief Financial Officer & Corporate Secretary	RSUs	85,000	May 14/21	0	0.83	1.16	May 14/22
Craig Pichach Vice President, Operations, Andora Energy Corporation	-	0	-	-	-	-	-
Richard Alexander Director	RSUs	60,000	May 14/21	0	0.83	1.16	May 14/22
Michael Hibberd Director	RSUs	60,000	May 14/21	0	0.83	1.16	May 14/22
Gerald Macey Director (Chairman)	RSUs	60,000	May 14/21	0	0.83	1.16	May 14/22
Cameron Taylor Director	RSUs	60,000	May 14/21	0	0.83	1.16	May 14/22

Notes:

- (1) All Named Executive Officers and directors other than Mr. Pichach hold Pan Orient restricted share units and options to purchase Common Shares of Pan Orient. Messrs. Chisholm, Ostlund, Pichach, Hibberd and Macey also hold options to purchase common shares of Andora.
- (2) Pan Orient restricted share units issued May 14, 2021 were each payable in an amount equal to the fair market value of a Common Share on vesting of the restricted share unit and vested as to one-half six months after the grant date (November 14, 2021) and the final one-half 12 months after the grant date (May 14, 2022).
- (3) At December 31, 2021, the number of restricted share units held by each Named Executive Officer and director (comprised of unvested restricted share units issued on May 19, 2020 and May 14, 2021) was: Jeff Chisholm – 157,000; William Ostlund – 99,166; Richard Alexander – 70,000; Michael Hibberd – 70,000; Gerald Macey – 70,000; and Cameron Taylor – 70,000. At the date of this statement of executive compensation, the number of restricted share units held by each Named Executive Officer and director (comprised of unvested restricted share units issued on May 19, 2020) is: Jeff Chisholm – 90,000; William Ostlund – 56,666; Richard Alexander – 40,000; Michael Hibberd – 40,000; Gerald Macey – 40,000; and Cameron Taylor – 40,000.
- (4) Pan Orient also has outstanding options to purchase Common Shares of the Corporation. Pan Orient options are each exercisable to purchase one Pan Orient Common Share, vest as to one-third on the grant date and the first and second anniversaries of the grant date and expire on the fifth anniversary of the grant date. Further details regarding number, weighted average exercise price and weighted average remaining contractual life of Pan Orient options are contained in note 8(c) to Pan Orient's unaudited consolidated financial statements as at and for the three months ended March 31, 2022. At December 31, 2021 and the date of this statement of executive compensation, the number of Pan Orient options held by each Named Executive Officer and director was: Jeff Chisholm – 870,000; William Ostlund – 725,000; Richard Alexander – 250,000; Michael Hibberd – 245,000; Gerald Macey – 280,000; and Cameron Taylor – 245,000.
- (5) Andora granted options on July 28, 2021, each exercisable to purchase one Andora common share at an exercise price of \$0.01, vesting as to one-third on the grant date and the first and second anniversaries of the grant date and expiring on the fourth anniversary of the grant date. Further details regarding number, weighted average exercise price and weighted average remaining contractual life of Andora options are contained in note 8(e)(ii) to Pan Orient's unaudited consolidated financial statements as at and for the three months ended March 31, 2022. At December 31, 2021 and the date of this statement of executive compensation, the number of Andora options held by Named Executive Officers and directors who are also officers and/or directors of Andora, is: Jeff Chisholm – 1,400,000; William Ostlund – 1,400,000; Craig Pichach – 2,000,000; Michael Hibberd – 1,100,000; and Gerald Macey – 1,100,000. Andora common shares are not listed on any stock exchange.

The following table discloses the exercise of compensation securities by each Named Executive Officer and director during the financial year ended December 31, 2021.

Compensation Securities Exercised

Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)⁽¹⁾	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Jeff Chisholm President, Chief Executive Officer & Director	RSUs	90,000	-	Nov.19/21	1.22	1.22	109,800
	RSUs	67,500	-	Nov.14/21	1.23	1.23	83,025
William Ostlund Vice President, Finance, Chief Financial Officer & Corporate Secretary	RSUs	56,667	-	Nov.19/21	1.22	1.22	69,134
	RSUs	42,500	-	Nov.14/21	1.23	1.23	52,275
Craig Pichach Vice President, Operations, Andora Energy Corporation	-	-	-	-	-	-	-
Richard Alexander Director	RSUs	40,000	-	Nov.19/21	1.22	1.22	48,800
	RSUs	30,000	-	Nov.14/21	1.23	1.23	36,900
Michael Hibberd Director	RSUs	40,000	-	Nov.19/21	1.22	1.22	48,800
	RSUs	30,000	-	Nov.14/21	1.23	1.23	36,900
Gerald Macey Director (Chairman)	RSUs	40,000	-	Nov.19/21	1.22	1.22	48,800
	RSUs	30,000	-	Nov.14/21	1.23	1.23	36,900
Cameron Taylor Director	RSUs	40,000	-	Nov.19/21	1.22	1.22	48,800
	RSUs	30,000	-	Nov.14/21	1.23	1.23	36,900

Note:

- (1) For restricted share units, the closing price on date of exercise is the fair market value defined and calculated in accordance with the long-term incentive plan (average closing price of the Common Shares on the TSX Venture Exchange for the ten trading days on which the Common Shares traded immediately preceding the relevant vesting date).

Executive Employment Agreements

Executive employment agreements were entered into by Pan Orient with (a) Jeff Chisholm (President & Chief Executive Officer) in November 2007 (and amended effective September 2012 related to reassignment to Thailand and further amended and restated on February 15, 2022) and (b) William Ostlund (Vice President, Finance, Chief Financial Officer & Corporate Secretary) in October 2008 (and amended and restated in January and April 2009). An executive employment agreement was entered into by Andora Energy Corporation with Craig Pichach (Vice President of Operations of Andora) in August 2012.

The agreements with Messrs. Chisholm, Ostlund and Pichach provide for a payment to the executive if his employment is terminated (a) by Pan Orient or Andora (as applicable, and referred to in this and the next paragraph as the "**employer**") without cause, (b) by the executive upon a change of control coupled with a diminished level of responsibility or (c) by the employer upon permanent disability of the executive. A change of control is defined (in summarized form) as: (a) the acquisition of voting securities of the employer to hold more than 40% of all outstanding voting securities (other than by Pan Orient in the case of securities of Andora); (b) an amalgamation, arrangement or other business combination of the employer with another entity that results in the holders of securities of that other entity holding more than 50% of the voting securities of the resulting entity; (c) the sale, lease or exchange of all or substantially all of the property of the employer, other than in the ordinary course of business; (d) a change in the composition of the board of directors of the employer over any twelve month period such that more than 50% of the persons who were directors at the beginning of the period are no longer directors at the end of the period,

unless as a consequence of normal attrition; or (e) any determination by the majority of incumbent members of the board of directors of the employer that a change of control has occurred or is about to occur.

If the employment of Mr. Chisholm, Mr. Ostlund or Mr. Pichach is terminated without cause or upon a change of control, coupled with a diminished level of responsibility, then he is entitled to a termination payment of: (a) two times his annual base salary (one times for Mr. Pichach); plus (b) an amount equal to the annual bonus payment, if any, in respect of the previous year; plus (c) an additional 10% (20% for Mr. Chisholm) of the amount in (a) for the loss of group benefits; less (d) withholdings for income taxes and other purposes required by law, and accelerated vesting of any unvested stock options and restricted share units. Amounts (a) and (c) paid to Mr. Chisholm are to be net of withholding tax and other salary-based deductions required by law, meaning that the full amounts of (a) and (c) will be paid to him and withholding tax and other salary-based deductions (calculated on a "grossed-up" pre-tax and other deductions amount) will be made to appropriate government authorities on behalf of Mr. Chisholm and be an employment benefit to him.

If the executive's employment is terminated upon permanent disability, then he is entitled to a payment of: (a) one year (Mr. Chisholm) or one-quarter (Messrs. Ostlund and Pichach) of his base salary; plus (b) accrued but unpaid salary and vacation pay to the termination date; plus (c) relocation allowances and expenses (Mr. Chisholm); less (d) withholdings for income taxes and other purposes required by law, and will continue to be entitled to such insurance and other benefits which may be provided pursuant to any long-term disability plan or the benefits plan of the employer. Amounts paid to Mr. Chisholm are to be net of withholding tax and other salary-based deductions required by law, as described in the previous paragraph.

The following table sets forth for each Named Executive Officer the estimated incremental payments, payables, and benefits under the agreements due to termination of employment for the particular Named Executive Officer, assuming that the triggering event took place on December 31, 2021.

Name	Salary (\$)	Bonus ⁽²⁾ (\$)	Benefits (\$)	RSUs ⁽³⁾ (\$)	Options ⁽⁴⁾ (\$)	Total Payment (\$)
Jeff Chisholm	700,000	0	70,000	181,125	32,900	984,025
William Ostlund	761,686	0	76,169	114,041	29,750	981,646
Craig Pichach ⁽¹⁾	175,000	0	17,500	0	0	192,500

Notes:

- (1) Compensation is paid to Mr. Pichach by Pan Orient's 71.8% owned subsidiary Andora Energy Corporation. The economic effect is that Pan Orient would incur 71.8% of any termination payment.
- (2) No bonuses are payable or were paid for 2021 performance.
- (3) Calculated using \$1.15 fair market value per restricted share unit as defined in the long-term incentive plan (average closing price of the Common Shares on the TSX Venture Exchange for the ten trading days on which the Common Shares traded immediately preceding December 31, 2021). Includes restricted share units that would vest if the triggering event were a change of control.
- (4) Calculated for Pan Orient options as the difference between the \$1.16 closing price of Pan Orient Common Shares on the TSX Venture Exchange on December 31, 2021 and the exercise price of in-the-money options held by them on that date. Includes vested options on that date plus unvested options that would vest if the triggering event were a change of control.
- (5) Pan Orient entered into an Amended and Restated Executive Employment Agreement with Jeff Chisholm February 15, 2022 which would have increased the Benefits to \$477,400 and the total payment to \$1,461,425 if the triggering event took place on December 31, 2021.

Pension Plan Benefits

The Corporation does not have any defined benefit or defined contribution pension plans or deferred compensation plans for Named Executive Officers.

Schedule 6 – Charter of the Audit Committee

There is an audit committee (the "**Audit Committee**") of Pan Orient Energy Corp. (the "**Corporation**"), composed of directors, to assist the Board of Directors in carrying out their responsibility for the Corporation's financial reporting, the system of internal control and management of financial risks, the audit process, and the Corporation's process for monitoring compliance with laws and regulations and its own corporate policies.

Composition of the Committee

1. The Audit Committee shall consist of at least three directors.
2. A majority of the directors comprising the Audit Committee shall be directors who are not employees, "control persons" or officers of the Corporation or any of its "associates" or "affiliates". The terms "control persons", "associates" and "affiliates" have the meanings ascribed to them in TSX Venture Exchange Policy 1.1, Interpretation. Further, a majority of the members of the Audit Committee shall be "independent" directors. For the purposes of this Charter, a director is considered to be independent if he or she has no direct or indirect material relationship with the Corporation. A "material relationship" is a relationship which could, in the view of the Board of Directors of the Corporation, reasonably interfere with the exercise of a director's independent judgment.
3. A director appointed by the Board of Directors to the Audit Committee shall be a member of the Audit Committee until his or her resignation. Any member may be removed or replaced at any time by the Board of Directors. A member shall cease to be a member of the Audit Committee upon ceasing to be a director of the Corporation.
4. The Board of Directors of the Corporation shall appoint a Chair of the Audit Committee.

Meetings of the Committee

5. The Audit Committee shall convene at such times and places as may be designated by the Chair of the Audit Committee at least on a quarterly basis, and whenever a meeting is requested by the Board of Directors, a member of the Audit Committee, the auditors, or a senior officer of the Corporation.
6. Notice of each meeting of the Audit Committee shall be given to each member and to the auditors who shall be entitled to attend each meeting of the Audit Committee and shall attend whenever requested to do so by a member of the Audit Committee.
7. Notice of a meeting of the Audit Committee shall:
 - (a) be in writing;
 - (b) state the nature of the business to be transacted at the meeting in reasonable detail;
 - (c) to the extent practicable, be accompanied by copies of documentation to be considered at the meeting; and
 - (d) unless waived by the audit committee, be given at least 48 hours preceding the time stipulated for the meeting or such shorter period as the members of the Audit Committee may permit.
8. A quorum for the transaction of business at a meeting of the Audit Committee shall consist of a majority of the members of the Audit Committee.
9. A member or members of the Audit Committee may participate in a meeting of the Audit Committee by means of telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate adequately with each other, and a member participating in such a meeting by any such means is deemed to be present at that meeting.
10. In the absence of the Chair of the Audit Committee, the members of the Audit Committee shall choose one of the members present to be Chair of the meeting period.
11. Senior management of the Corporation and other parties may attend meetings of the Audit Committee; however, the Audit Committee will meet separately with the auditors.

Mandate of the Committee

General Duties

12. The primary duty of the Audit Committee is to assist the Board in the proper discharge of its statutory responsibilities in regard to the review, approval and issuance of the Corporation's financial statements.

13. The Audit Committee shall also assist the Board in its interaction with the Corporation's external auditors, in agreeing on the scope of the audit, implementing financial information and reporting systems, and monitoring investment policies and matters dealing, generally, with finance and compliance.
14. In the performance of any of its duties and responsibilities, the Audit Committee shall have the right to:
 - (a) inspect any and all of the books and records of the Corporation, its subsidiaries and affiliates;
 - (b) discuss with the officers of the Corporation, its subsidiaries and affiliates, the Chief Financial Officer of the Corporation, the Corporation's internal audit department, if any, and any affected party, such accounts, records and other matters as any member of the Audit Committee considers necessary and appropriate;
 - (c) to communicate directly with the internal and external auditors of the Corporation;
 - (d) to engage independent counsel and other advisors as the Audit Committee determines necessary to carry out its duties; and
 - (e) to set and pay the compensation for any advisors employed by the Audit Committee.
15. The Audit Committee shall report the results of reviews undertaken and any associated recommendations to the Board.
16. The Audit Committee shall review the effectiveness and integrity of the Corporation's management information systems and internal financial controls.

Audits and Financial Reporting

Financial statements must be reviewed by the Audit Committee before they are approved by the Board in order to (i) obtain enough information from the Corporation's auditors and management to ensure effective discussion of the statements at Board meetings and (ii) determine that the auditor is satisfied with the financial statement content and disclosure. Therefore, the Audit Committee shall:

17. review the audit plan with the Corporation's external auditors and with management;
18. review with management and, as deemed necessary, review with the external auditors, any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting;
19. review with management and with the external auditors, significant financial reporting issues arising during the fiscal period and the methods of resolution;
20. review any problems experienced by the external auditors in performing an audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
21. review audited annual financial statements, in conjunction with the report of the external auditors, and obtain an explanation from management of all significant variances between comparative reporting periods;
22. review the post audit or management letter(s) containing the recommendations of the external auditors and management's response, if any, including an evaluation of the adequacy and effectiveness of the internal financial controls of the Corporation and subsequent follow up to any identified weaknesses;
23. review interim unaudited financial statements before release to the public;
24. review before release and, if appropriate, recommend for approval by the Board, all public disclosure documents containing audited or unaudited financial information, including any prospectuses, annual reports, annual information forms, and management's discussion and analysis;
25. review the Corporation's financial statements, management's discussion and analysis and annual and interim earnings before the issuer publicly discloses this information;
26. review any evaluation of internal controls by the external auditor with management;
27. review the appointment of the Chief Financial Officer of the Corporation and any other executive officers who are involved in the financial reporting process;
28. review the amount and terms of any insurance to be obtained or maintained by the Corporation;
29. enquire into and determine the appropriate resolution of conflicts of interest in respect of audit or finance matters between or among any officer, director, shareholder, or the external auditors of the Corporation, which are directed to the Audit

Committee by the Chairman of the Board of Directors, the Board of Directors, a shareholder, the external auditors, or management; and

30. enquire into and examine any of the financial affairs of the Corporation, its subsidiaries or affiliates, or any of them and, if deemed appropriate, make recommendations to the Board, to the external auditors, or to management.

Procedures for Review of Publicly Disclosed Extracted Financial Information

31. The Audit Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the Corporation's financial statements, management's discussion and analysis and annual and interim earnings press releases, and must periodically assess the adequacy of those procedures.

Procedures for Complaints and Submissions Relating to Accounting and Audit Matters

The Audit Committee shall:

32. establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls and auditing matters; and
33. review any items reported through the Corporation's Whistleblower Policy.

Hiring Policies

34. The Audit Committee shall review and approve the Corporation's hiring regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.

The External Auditors

Independence

Audit Committee practices intended to preserve the independence of the external audit shall include the following:

35. recommending to the Board of Directors the external auditor to be nominated for the purpose of preparing or issuing an auditors' report or performing other audit, review or attest services for the Corporation;
36. recommending to the Board of Directors the compensation of the external auditor;
37. overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditors' report or performing other audit, review or attest services for the corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting;
38. pre approving all non audit services to be provided to the Corporation or its subsidiary entities by the Corporation's external auditor;
39. when there is to be a change of external auditors, reviewing all issues and provide documentation related to the change of auditors including the information to be included in the notice of change of auditors and documentation called for under securities legislation and the planned steps for an orderly transition period; and
40. reviewing all reportable events, including disagreements, unresolved issues and consultations, as defined by applicable securities policies, on a routine basis, whether or not there is to be a change of external auditors.

Finance

The Audit Committee shall:

41. review with management, on an annual basis, the financial plans and objectives of the Corporation; and
42. review all prospectuses, documents which may be incorporated by reference into a prospectus and all other offering documents of the Corporation.

APPENDIX F – INFORMATION CONCERNING CANASIA ENERGY CORP.

APPENDIX F – INFORMATION CONCERNING CANASIA ENERGY CORP.

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INFORMATION CONCERNING CANASIA ENERGY CORP.

The following describes the proposed business of the CanAsia following the completion of the Arrangement, and should be read together with the Circular, including Appendix E – Information Concerning Pan Orient Energy Corp. Except where the context otherwise requires, all of the information contained in this Appendix "H" is made on the basis that the Arrangement has been completed as described in the Circular. This Appendix "F" is qualified in its entirety by, and should be read together with, the detailed information contained or referred to elsewhere, or incorporated by reference, in the Circular.

Notice to Reader

As at the date of the Circular, CanAsia has not carried on any active business and does not have any assets, other than in connection with the Arrangement. CanAsia was incorporated for the sole purpose of acquiring the Non-Thailand Business pursuant to the Arrangement. The Arrangement provides Pan Orient Shareholders with the opportunity to participate in CanAsia. Assuming the Arrangement is completed as contemplated, each Shareholder (other than Dissenting Shareholders) will receive, through a series of steps, for each Pan Orient Share held, USD \$0.788 in cash and one CanAsia Share, and CanAsia will acquire the Non-Thailand Business, all in accordance with the Plan of Arrangement.

Advisories

Forward-Looking Statements

This Appendix F contains forward-looking statements or and forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of Canadian Securities Laws. All statements other than statements of present or historical fact are forward-looking statements. Such forward-looking statements relate to future events or CanAsia's future performance. See "*Forward-Looking Statements*" in the Circular. Readers should also carefully consider the matters and cautionary statements discussed under the heading "*The Arrangement - Risks Related to the Arrangement*" in the Circular, and under the heading "*Risk Factors*" in each of this Appendix F and in Appendix E. Readers are also referred to the risk factors described in other documents that Pan Orient files from time to time with securities regulatory authorities.

Non-IFRS Financial Measures

See "*Non-IFRS Financial Measures*" in *Appendix E – Information Concerning Pan Orient Energy Corp.* to the Circular.

Glossary of Terms

In this Appendix F, unless the context otherwise requires, the following terms have the meaning set forth below. All capitalized terms used in this Appendix F but not otherwise defined herein have the meanings set forth in "*Glossary of Terms*" in the Circular.

"**ABCA**" means the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, together with any amendments thereto and all regulations promulgated thereunder;

"**Andora**" means Andora Energy Corporation;

"**Andora December 2021 Resources Report**" means the report by Sproule in respect of Andora's resources in its oil sands leases at Sawn Lake, Alberta based on exploitation using SAGD effective December 31, 2021, with a preparation date of June 14, 2022, and prepared in accordance with the COGE Handbook and NI 51-101;

"**Andora March 2022 Resources Report**" means the report by Sproule dated June 8, 2022 in respect of Andora's resources in its oil sands leases at Sawn Lake, Alberta based on exploitation using SAGD effective March 31, 2022, with a preparation date of June 6, 2022, and prepared in accordance with the COGE Handbook and NI 51-101;

"**Arrangement**" means an arrangement under the provisions of Section 193 of the ABCA on the terms and subject to the conditions set forth in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the provisions of the Arrangement Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of Pan Orient and Purchaser, each acting reasonably;

"**Arrangement Agreement**" means the Arrangement Agreement dated June 6, 2022 among Purchaser, DIALOG, Pan Orient and CanAsia, including the recitals and Schedules, as it may be amended, modified or supplemented from time to time;

"**Batu Gajah PSC**" means the PSC in respect of Batu Gajah;

"**best estimate**" is a classification of estimated resources described in the COGE Handbook as being considered to be the best estimate of the quantity that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the Best Estimate. If probabilistic methods are used, there should be a 50% probability (P50) that the quantities actually recovered will equal or exceed the Best Estimate;

"**bitumen**" means a naturally occurring solid or semi-solid hydrocarbon (a) consisting mainly of heavier hydrocarbons, with a viscosity greater than 10,000 millipascal-seconds (mPa's) or 10,000 centipoise (cP) measured at the hydrocarbon's original temperature in the reservoir and at atmospheric pressure on a gas-free basis, and (b) that is not primarily recoverable at economic rates through a well without the implementation of enhanced recovery methods;

"**Circular**" means the management information circular dated Jul 20, 2022 of Pan Orient to which this Appendix F is attached;

"**COGE Handbook**" means the Canadian Oil and Gas Evaluation Handbook prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum;

"**contingent resources**" are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies;

"**crude oil**" or "**oil**" means a mixture consisting mainly of pentanes and heavier hydrocarbons that exists in the liquid phase in reservoirs and remains liquid at atmospheric pressure and temperature, may contain small amounts of sulphur and other non-hydrocarbons but does not include liquids obtained from the processing of natural gas;

"**East Jabung PSC**" means the PSC in respect of East Jabung PSC;

"**exploration costs**" means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells;

"**exploration well**" means a well that is not a development well, a service well or a stratigraphic test well;

"**GOI**" means Government of Indonesia;

"**gross acres**" means the total number of acres in which Pan Orient has a working interest;

"**high estimate**" means at least a 10% probability (P10) that the quantities actually recovered will equal or exceed the high estimate;

"**low estimate**" means at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate;

"**net acres**" means Pan Orient's working interest owned in gross acres expressed as whole numbers and fractions thereof;

"**NGL**" means natural gas liquids;

"**Pan Orient**" means Pan Orient Energy Corp. and, where the context requires, includes its subsidiaries;

"**PSC**" or "**Production Sharing Contract**" is specific to Pan Orient's Indonesia operations and means an agreement between the parties to a well or property and the host country regarding the percentage of production each party will receive after the participating parties have recovered a specified amount of costs and expenses;

"**SAGD**" or "**Steam Assisted Gravity Drainage**" means a thermal production method for heavy oil that pairs a high-angle injection well with a nearby production well drilled along a parallel trajectory. Steam is injected into the reservoir through the upper well and as it rises and expands it heats up the heavy oil, reducing its viscosity and gravity forces the oil to drain into the lower well where it is produced;

"**Sawn Lake SAGD project**" means Andora's oil sands interests in the Sawn Lake, Alberta region, which are focused on developing the bitumen resources using SAGD development;

"**Sproule**" means Sproule Associates Limited of Calgary, Alberta, Canada;

"**SRB**" means Special Remuneratory Benefit expense, a tax specific to Thailand;

"**TSXV**" means the TSX Venture Exchange; and

"**working interest**" means the net interest held by Pan Orient in an oil and natural gas property which normally earns its proportionate share of the production and bears its proportionate share of the costs of exploration, development and operations as well as any royalties or other production burdens.

The Arrangement

The Arrangement involves a series of steps pursuant to an arrangement under Section 193 of the ABCA that will include, generally:

- Pan Orient will sell and transfer the Excluded Assets to CanAsia in exchange for payment of the Purchase Price, being the assumption of the Assumed Liabilities (consisting of all liabilities of any Target Entity arising out of the activities or operations of the Excluded Business or the ownership or use of the Excluded Assets, in each case occurring before, at or after the Effective Time) and the issuance CanAsia to Pan Orient of the aggregate Share Consideration, all in accordance with the Separation Agreement;
- all outstanding Pan Orient Shares will be exchanged for New Pan Orient Shares, which in turn will all be acquired by the Purchaser for Cash Consideration of USD \$0.788 for each New Pan Orient Share; and
- Pan Orient will distribute to Shareholders (other than Dissenting Shareholders) one CanAsia Share for each Pan Orient Share held.

As a result of the Arrangement:

- DIALOG, through the Purchaser, will hold all of the issued and outstanding shares of Pan Orient (being the New Pan Orient Shares), and Pan Orient will continue to own the Thailand Business;
- Shareholders (other than Dissenting Shareholders) will receive, for each New Pan Orient Share held, Cash Consideration of USD \$0.788 and Share Consideration of one CanAsia Share; and
- CanAsia will be a new public company with the initial shareholders to be the Pan Orient Shareholders as at the Effective Time, with the CanAsia Shares expected to be listed on the TSXV (subject to satisfaction of the conditions of the TSXV), and CanAsia will own Pan Orient's Non-Thailand Business, which includes: (i) Pan Orient's 71.8% interest in Andora, which has interests in oil sands properties in Sawn Lake, Alberta; (ii) convertible loans receivable from Andora; (iii) Pan Orient's interests in Indonesia, which operations are, effective January 1, 2020, considered discontinued operations for accounting purposes; and (iv) working capital and long-term deposits (*non-GAAP capital management measure*), estimated to be approximately \$7.1 million.

The Arrangement will be implemented by way of a court-approved plan of arrangement under Section 193 of the ABCA pursuant to the terms of the Arrangement Agreement. The full text of the Arrangement Agreement is attached as Appendix C to this Circular and the full text of the Plan of Arrangement is attached as Schedule A to Appendix C. See "*The Arrangement – Summary*", "*The Arrangement – Effecting the Arrangement*".

Corporate Structure

Name, Address and Incorporation

CanAsia was incorporated under the ABCA on May 27, 2022 for the sole purpose of participating in the Arrangement, and has not carried on any active business other than in connection with the Arrangement. Prior to the Effective Date, the articles of CanAsia will be amended to remove the private issuer restrictions, and set a minimum number of directors at three directors.

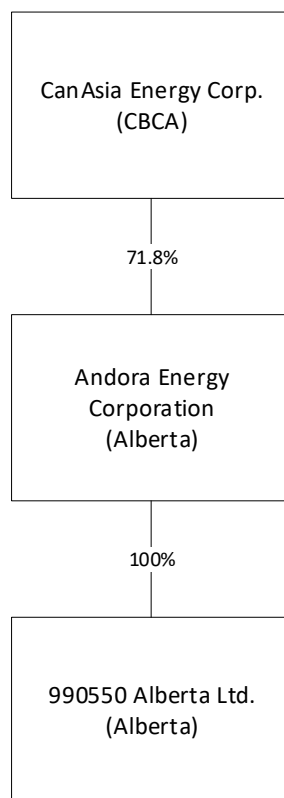
CanAsia's registered office is located at 4500, 855 – 2nd Street SW, Calgary, Alberta, T2P 4K7 and its principal business office is located at Suite 1505, 505 – 3rd Street SW, Calgary, Alberta T2P 3E6.

Intercompany Relationships

As of the date of the Circular, CanAsia is a wholly-owned subsidiary of Pan Orient and CanAsia does not have any subsidiaries.

In accordance with the Arrangement, Pan Orient will distribute to Shareholders (other than Dissenting Shareholders), through a series of steps, one CanAsia Share for each Pan Orient Share held, the consequence of which will be that all CanAsia Shares will be held by former Shareholders at the Effective Time. Following completion of the Arrangement, it is expected that CanAsia will be a reporting issuer in each of Alberta, British Columbia, Québec and Saskatchewan, and that the CanAsia Shares will be listed on the TSXV as a substitutional listing to the Pan Orient Shares under the symbol "CEC".

Following completion of the Arrangement, the subsidiaries of CanAsia will be as set out below.



Name of Subsidiary	Jurisdiction of Incorporation	Location of Operations	Percentage of Voting Securities Owned
Andora Energy Corporation	Alberta	Canada	71.8%
990550 Alberta Ltd. (100% owned by Andora)	Alberta	Canada	-

CanAsia will also hold a 100% direct and indirect interest in a number of other subsidiaries, all of which have immaterial assets and revenue. Those subsidiaries (POEH and its subsidiaries) have been historically engaged in the oil exploration business in Indonesia formerly carried on by Pan Orient, which operations are, effective January 1, 2020, considered discontinued operations for accounting purposes.

Employees

At the Effective Time, CanAsia will have two employees: Jeff Chisholm will be the President & Chief Executive Officer and Marcel Nunes will be the Vice President Finance, Chief Financial Officer & Corporate Secretary. Craig Picach will continue as the Vice President, Operations of Andora. In addition, it is anticipated that Jeff Chisholm will be appointed as the President & Chief Executive Officer of Andora and Marcel Nunes will be appointed as the Vice President Finance, Chief Financial Officer of Andora, which services will be provided to Andora under a management services agreement between CanAsia and Andora.

Business of CanAsia

General

CanAsia was incorporated on May 27, 2022 for the sole purpose of participating in the Arrangement and has not carried on any active business other than in connection with the Arrangement and related matters.

As a step of the Arrangement, Pan Orient will transfer to CanAsia all of Pan Orient's Non-Thailand Business, including Pan Orient's 71.8% ownership in Andora, convertible loans receivable from Andora, 100% ownership in POEH and approximately \$7.1 million in working capital and long-term deposits (*non-GAAP capital management measure*) (being the Excluded Assets), and CanAsia will assume all liabilities relating to Pan Orient's Non-Thailand Business (being the Assumed Liabilities) consisting primarily of accounts payable and accrued liabilities included in working capital, the decommissioning provision in

Pan Orient's financial statements, and transaction costs. See *"The Arrangement – Effecting the Arrangement – Separation Agreement"* in the Circular.

Following the completion of the Arrangement, CanAsia will be engaged in the exploration for, and the acquisition, development and production of, crude oil and natural gas reserves, primarily in Sawn Lake, Alberta, through the 71.8% interest in Andora. CanAsia may also participate in potential exploration and development activities in Thailand through an anticipated future bid round for new oil concessions.

Strategy and Business Plan

The strategy and business plan of CanAsia is to create sustainable and profitable per-share growth in the crude oil and natural gas industry. The initial focus will be in western Canada, specifically at Sawn Lake, Alberta, and to consider exploration opportunities in other countries, including Thailand. To accomplish this, CanAsia will pursue an integrated growth strategy including development and rationalization of its initial Sawn Lake project area, operated by Andora. Additionally, CanAsia may pursue strategic asset and corporate acquisitions of crude oil and natural gas properties when it believes that further exploitation, development and exploration opportunities exist, and where acquisition opportunities meet CanAsia's business parameters.

To achieve sustainable and profitable growth, management of CanAsia believes in controlling the timing and costs of its projects wherever possible. Accordingly, CanAsia will seek to be the operator of its properties to the greatest extent possible and strive to maximize its working interest ownership in its properties where reasonably possible. While CanAsia believes that it has the skills and resources necessary to achieve its objectives, participation in the exploration for and development of crude oil and natural gas has inherent risks. See *"Risk Factors"* in this Appendix F.

Management of CanAsia has industry experience in major producing areas in Western Canada and Asia, and direct experience in development and operation of its initial Sawn Lake SAGD project, which is operated through, Andora. CanAsia has the capability to expand the scope of CanAsia's activities as opportunities arise. See *"Backgrounds of Management and Directors"* in this Appendix F.

Andora Energy Corporation

Andora was incorporated under the ABCA on July 21, 2004. Its registered office is located at Suite 4000, 421 - 7th Avenue SW, Calgary, Alberta, T2P 4K9 and its principal business office is located at Suite 1505, 505 – 3rd Street SW, Calgary, Alberta T2P 3E6.

Andora is a private oil company, in which Pan Orient has a 71.8% ownership and is the lender to Andora under convertible loan agreements entered into in 2018 and 2020. Following the completion of the Arrangement, CanAsia will have a 71.8% ownership in Andora and be the lender under the two of Andora's convertible loan agreements.

At March 31, 2022, the amount owing for principal and interest under the 2018 convertible loan agreement, with conversion at \$0.15 per Andora common share if elected, is \$2,885,850, and the amount owing for principal and interest under the 2020 convertible loan agreement, with conversion at \$0.01 per Andora common share if elected, is \$1,238,148. If the 2020 convertible loan had been converted in full at March 31, 2022, the ownership interest of Pan Orient in Andora would have increased to 87.4%. If the 2020 convertible loan and the 2018 convertible loan had both been converted in full at March 31, 2022, the ownership interest of Pan Orient in Andora would have increased to 88.4%. (See *Appendix E – Information Concerning Pan Orient Energy Corp.* to the Circular, including Note 8(e)(iii) to the unaudited interim consolidated financial statements of Pan Orient as at and for the three months ended March 31, 2022 attached at Schedule 3 to Appendix E.)

Sawn Lake, Alberta

Andora has interests in 27 sections (24.25 net sections) of Sawn Lake Alberta Crown oil sands leases within the central Alberta Peace River Oil Sands area. Andora is focused on developing the bitumen resources at the Sawn Lake property using SAGD development. In the Sawn Lake Central area, Andora is the operator with a 75% working interest in two oil sands leases with 11 gross sections (8.25 net sections). In the Sawn Lake South area, Andora is the operator with a 100% working interest in three oil sands leases with 16 gross sections (16 net sections). In March 2022, Andora increased its working interest in the Sawn Lake Central area from 50% to 75%.

The Sawn Lake property is in a pre-commercial stage and the commercial viability of the SAGD recovery process at Sawn Lake has not yet been established. No proved or probable reserves were assigned at December 31, 2021.

A SAGD demonstration project at the Sawn Lake Central area commenced in 2013 and consisted of one SAGD wellpair drilled to a depth of 650 meters and a horizontal length of 780 meters and a 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 reached a steady state production level in February 2016 of 620 BOPD with an instantaneous steam-oil ratio ("**ISOR**") of 2.1.

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 proved 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, ISOR, and provided critical information required for well and facility design associated with future commercial development. Results of the demonstration project were used to update the reservoir model and estimate of contingent bitumen resources. Production results to date are not necessarily indicative of long-term performance or of ultimate recovery and the Sawn Lake SAGD project has not yet proven that it is commercially viable.

The development plan for the Sawn SAGD project is for development in stages with five standardized "battery scale" SAGD facilities where growth is primarily funded by after tax cash flow generated by the project.

The first phase of commercial expansion of the Sawn Lake SAGD project in the Sawn Lake Central area (where Andora is the operator with a 75% working interest) to 2,990 BOPD would be done in two stages. The first stage of commercial development is to reactivate the existing SAGD facility and wellpair and drill an additional wellpair. On a 100% working interest basis, the estimated cost is \$10 million and forecast production is 1,237 BOPD. A further second stage expansion is forecast in year three with the drilling of three more wellpairs plus facilities work, which are estimated on a 100% working interest basis, at a capital cost of \$31 million, to increase production to 2,990 BOPD. Regulatory approval was received in December 2017 for commercial expansion of the existing Sawn Lake Central project to 3200 BOPD using Andora's Produced Water Boiler.

Further phases of development include expansion to 5000 BOPD of the first SAGD battery and then an additional four SAGD batteries which are located in the best parts of the reservoir. The timing of individual batteries is dependent on regulatory approval and after-tax cash flow from existing operations for funding of new investment.

There were no material developments in respect of Andora or its interests in the Sawn Lake SAGD project in the past three years. Significantly lower prices for heavy oil and bitumen in early 2020 due to geopolitical events and the collapse of global demand for crude oil resulting from COVID-19, and the associated deterioration in the economics for commercial expansion at Sawn Lake, indicated there was no expected commercial development at Sawn Lake in that market. Pan Orient reported a non-cash net impairment charge of \$80.2 million, \$57.6 million attributable to Pan Orient Shareholders, on Sawn Lake exploration and evaluation assets at March 31, 2020. After the impairment of Sawn Lake recorded at March 31, 2020, no operating expenses or G&A are capitalized. For the second, third and fourth quarters of 2020, Pan Orient reported total operating expense of \$210 thousand associated with the Sawn Lake suspended SAGD facility and wellpair.

In March 2022, Andora entered into an agreement with a joint venture partner at Sawn Lake whereby Andora acquired certain assets and assumed certain liabilities at Sawn Lake. Assets acquired consist of (i) an additional 25% working interest in the Sawn Lake joint venture (Sawn Lake Central Block), (ii) security deposits of the vendor for Sawn Lake placed with the Alberta Energy Regulator and other parties, and (iii) a payment from the vendor of \$578 thousand. In connection with the acquisition, Andora assumed the abandonment and reclamation costs, and natural gas tariff commitments associated with the additional 25% working interest in the Sawn Lake joint venture. Following the transaction, Andora has a 75% working interest in the Sawn Lake joint venture.

For the first quarter of 2022, Pan Orient reported total operating expenses of \$66 thousand for Sawn Lake, primarily associated with maintaining the suspended SAGD facility and wellpair.

In June 2022, Andora obtained the Andora December 2021 Resources Report and also the Andora March 2022 Resources Report, which evaluate the contingent resources at Andora's oil sands interests at Sawn Lake, Alberta, Canada, as evaluated by Sproule.

Produced Water Boiler

Andora, through its wholly owned subsidiary 990550 Alberta Ltd., owns the Canadian patent for the technology of Andora's proprietary Produced Water Boiler, which was granted in June 2015. The Produced Water Boiler is based on "thermosludge" technology used in oilfields in the 1960s and 1970s, but with patented improvements using new standard oilfield technology (heat exchangers and high temperature pumps). The Produced Water Boiler is designed to enable small oil battery scale SAGD development which establishes production without the extreme upfront capital costs, enables separate development of the best parts of a reservoir and significantly reduces financial, reservoir and execution risk. The Produced Water Boiler is constructed from standard oilfield components and 990550 Alberta Ltd. has completed detailed engineering.

Indonesia

CanAsia will have interests in Indonesia, held through its wholly owned subsidiary, POEH, and its subsidiaries.

East Jabung PSC (expired 2020) – The undeveloped interests at the East Jabung PSC, where Pan Orient held a 49% non-operated working interest, expired in January 2020 and the operator is continuing to complete the final steps to be taken for formal approval of the expiry by the Government of Indonesia, including reclamation requirements. The Anggun-1X exploration well in the East Jabung PSC was drilled in the fourth quarter of 2019. The main targets were the Gumai sandstone zone, which indicated minor amounts of oil and gas but predominantly water, and Batu Raja limestone zone which proved to be a tight, low permeability limestone with no reservoir potential. The well was subsequently plugged and abandoned. In the fourth quarter of 2019 Pan Orient reported a \$28.6 million impairment charge on East Jabung PSC 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.

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

Pan Orient is withdrawing from operations in Indonesia and the Pan Orient office in Jakarta was closed on March 31, 2020. Pan Orient's activities in Indonesia were reported in 2020 as discontinued operations for accounting purposes.

Contingent Resources at December 31, 2021

Andora December 2021 Resources Report

Upon completion of the Arrangement, CanAsia will own 71.8% of the shares of Andora.

The Andora December 2021 Resources Report is a NI 51-101 compliant resources evaluation for Andora's oil sands interests at Sawn Lake, Alberta, Canada, as evaluated by Sproule. The evaluation included all of Andora's oil sands leases at Sawn Lake based on exploitation using SAGD and is effective as of December 31, 2021. The preparation date of the report is June 14, 2022. **The Andora December 2021 Resources Report does not include Andora's increase in working interests in the Sawn Lake Central area from 50% to 75% acquired in March 2022.**

The Andora December 2021 Resources Report represents an update of a September 30, 2019 contingent resources report prepared by Sproule. There was no change to the geology, the well type curves or the assigned development risk. The Andora December 2021 Resources Report was updated for December 31, 2021 price forecasts for crude oil, bitumen, natural gas and exchange rates, adjustment of the development stages, Andora's income tax pools and non-capital loss carry-forwards, Alberta oil sands royalties pre-payout cumulative costs for the Sawn Lake SAGD project, income tax rates, carbon tax legislation and other factors.

The contingent resources information presented below includes 100% of the interests of Andora in the Sawn Lake SAGD project, unless otherwise stated. **CanAsia will have a 71.8% equity ownership in Andora, but will not have any direct interest in, or control over, the contingent resources operations of Sawn Lake. Separate tables and values are presented as at December 31, 2021 for contingent resources as "Net to CanAsia's 71.8% Equity Interest in Andora," which represent 71.8% of Andora's contingent resources and values.**

Significant Factors or Uncertainties

- Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by the application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental political, and regulatory matters, or a lack of markets. It is also appropriate to classify as contingent resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage. The contingent resources volumes estimated in the Andora December 2021 Resources Report are considered contingent until such time as there are additional delineation wells confirming reservoir quality and continuity, refinement of the commercial development plan, regulatory approval for full field development, corporate commitment to move forward and financing for commercial development. Quantities of contingent resources may be estimated using low estimate (high certainty), best estimate (most likely) and high estimate (low certainty) cases.
- All the contingent resources disclosed herein are classified under the product type of bitumen resources. It should not be assumed that the estimates presented herein represent the fair market value of CanAsia's interest in Andora upon completion of the Arrangement. There is no assurance that the forecast prices and cost assumptions will be realized and variances could be material and there is no guarantee that the estimated resources will be recovered or produced. Actual resources may be greater than or less than the estimates provided herein. Other assumptions and qualifications relating to project schedules, costs and other matters are inherent in these estimates. See "*Advisories – Forward-Looking Information*".

- Sproule classifies the project evaluation status of the contingent resource volumes to be at the Development Studies level. A "Development Study" is defined as the most detailed step in the development of a project evaluation scenario. It is based on detailed geological and engineering study and economic analysis of information on the specific *project*, and provides sufficient information for the creation of a development plan, from which a development decision can be made. The contingent resource volumes are classified as Development Pending with respect to project maturity. Development Pending is defined as where resolution of the final conditions for development is being actively pursued (high *chance of development*). Sproule evaluated Andora's development plan for the contingent resources to be economically viable in the aggregate, although there may be individual locations within the project which may be uneconomic.
- Contingent resource volumes in the Andora December 2021 Resources Report have been assigned an 85% chance of development by Sproule. This chance of development risk factor is an aggregation of risk factors attributable to the identified contingencies. There is uncertainty that it will be commercially viable to produce any portion of the reported contingent resources volumes.
- The Andora December 2021 Resources Report identified key positive and negative factors for development of the Bluesky formation in the Sawn Lake area. Key positive factors include: the abundance of well data available from penetrations on and surrounding the Andora lands (petrophysical, geophysical and production history); the presence of successful analog SAGD projects; and the successful demonstration project at the 16-30-91-12W5M location. Key negative factors include: access to the funding required to develop the resource base; sensitivity to low commodity pricing which will impact the economics of development; environmental and regulatory approval for approval of bitumen development, pipelines and other infrastructure; higher Alberta or Federal carbon tax, income tax or royalties; and market egress.
- The Sawn Lake demonstration project and operations were suspended at the end of February 2016 awaiting restart and commercial expansion. The property is in the pre-production stage.
- A number of other factors which are beyond Andora's control can significantly affect the reserves and resources, including product pricing, royalty and tax regimes, changing operating and capital costs, surface lease issues, receipt of regulatory approvals, availability of services and processing facilities and technical issues affecting well performance.
- There is no certainty that it will be commercially viable to produce any portion of the contingent resources.

Summary of Contingent Resources at December 31, 2021

**Summary of Contingent Bitumen Resources of Andora as of December 31, 2021
and Net to CanAsia's 71.8% Equity Interest in Andora**

Marketable Resources - Company Gross (million barrels)	Andora (Note 1)	CanAsia's 71.8% (Note 2)
Riskied (evaluation assigned an 85% chance of development)		
Contingent - Low Estimate "1C"	156.9	112.7
Contingent - Best Estimate "2C"	184.9	132.8
Contingent - High Estimate "3C"	217.6	156.2
Unriskied		
Contingent - Low Estimate "1C"	184.6	132.5
Contingent - Best Estimate "2C"	217.5	156.2
Contingent - High Estimate "3C"	256.0	183.8

Notes:

- 1 Andora December 2021 Resources Report
- 2 CanAsia on completion of Arrangement will have a 71.8% equity ownership in Andora, but will not have any direct interest in, or control over, contingent resources, potential bitumen production, or operations at Sawn Lake.

Summary of Net Present Values of Contingent Resources at December 31, 2021

An estimate of riskied net present value of future net revenue of contingent resources is preliminary in nature and is provided to assist the reader in reaching an opinion on the merit and likelihood of CanAsia proceeding with the required investment to develop the Sawn Lake SAGD project. It includes contingent resources that are considered too uncertain with respect to the chance of development to be classified as reserves. There is uncertainty that the riskied net present value of future net revenue will be realized.

Sawn Lake Oil Sands Project
Summary of Net Present Values as of December 31, 2021
Contingent Resources – Andora December 2021 Resources Report
Andora 100% (CAD \$ million)

Net Present Values Before Tax (Risky)	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>20%</u>
Contingent - Low Estimate "1C"	2,447	596	187	68	25
Contingent - Best Estimate "2C"	3,347	788	253	98	42
Contingent - High Estimate "3C"	4,998	1,050	320	123	54
Net Present Values After Tax (Risky)	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>20%</u>
Contingent - Low Estimate "1C"	1,855	451	138	47	15
Contingent - Best Estimate "2C"	2,561	600	189	71	29
Contingent - High Estimate "3C"	3,835	802	241	91	38
Net Present Values Before Tax (Unrisked)	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>20%</u>
Contingent - Low Estimate "1C"	2,876	700	219	79	29
Contingent - Best Estimate "2C"	3,936	927	297	115	49
Contingent - High Estimate "3C"	5,878	1,234	375	144	63
Net Present Values After Tax (Unrisked)	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>20%</u>
Contingent - Low Estimate "1C"	2,178	528	161	54	17
Contingent - Best Estimate "2C"	3,009	703	221	83	33
Contingent - High Estimate "3C"	4,508	941	282	106	44

Notes:

- 1 For risky resources and values, the evaluation assigned an 85% chance of development for Sawn Lake.
- 2 Resources assessed at forecast crude oil reference prices and costs.
- 3 Bitumen production is forecast to commence in 2023.
- 4 The reference prices for heavy oil per barrel (Western Canada Select "WCS" 20.5 API in Canadian dollars) are \$71.56 for 2023, \$68.74 for 2024, \$70.12 for 2025, \$71.52 for 2026, \$72.95 for 2027, \$74.41 for 2028, \$75.90 for 2029 and increase at 2% per year thereafter.
- 5 Bitumen revenue per barrel for these resources is \$23.37 less than the associated WCS reference price in 2023 and the differential increases approximately 1.5% per year.
- 6 The reference prices for natural gas (AECO-C Spot price per MMBTU in Canadian dollars) are \$3.36 for 2023, \$3.02 for 2024, \$3.08 for 2025, \$3.14 for 2026, \$3.21 for 2027, \$3.27 for 2028, \$3.34 for 2029 and increase at 2% per year thereafter.
- 7 Future development costs (including inflation of 0% per annum for 2023 and 2% per annum thereafter) for Contingent Resources which have been deducted in calculating the before tax NPV:
 - Unrisked Low Estimate – CAD \$2,406 million with the drilling of 358 gross well pairs and building facilities
 - Unrisked Best Estimate – CAD \$2,735 million with the drilling of 358 gross well pairs and building facilities
 - Unrisked High Estimate – CAD \$2,880 million with the drilling of 358 gross well pairs and building facilities
- 8 The values disclosed may not represent fair market value.
- 9 There is uncertainty that it will be commercially viable to produce any portion of the resources.

Sawn Lake Oil Sands Project
Summary of Net Present Values as of December 31, 2021
Contingent Resources
Net to CanAsia's 71.8% Equity Interest in Andora (CAD \$ million)

Net Present Values Before Tax (Risky)	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>20%</u>
Contingent - Low Estimate "1C"	1,757	428	134	49	18
Contingent - Best Estimate "2C"	2,403	566	181	70	30
Contingent - High Estimate "3C"	3,588	754	229	88	39
Net Present Values After Tax (Risky)	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>20%</u>
Contingent - Low Estimate "1C"	1,332	324	99	34	11
Contingent - Best Estimate "2C"	1,838	431	136	51	21
Contingent - High Estimate "3C"	2,754	576	173	65	28
Net Present Values Before Tax (Unrisked)	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>20%</u>
Contingent - Low Estimate "1C"	4,112	1,029	352	57	21
Contingent - Best Estimate "2C"	5,275	1,281	439	83	35
Contingent - High Estimate "3C"	7,406	1,609	522	103	45
Net Present Values After Tax (Unrisked)	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>20%</u>
Contingent - Low Estimate "1C"	1,564	379	115	39	12
Contingent - Best Estimate "2C"	2,160	505	159	59	24
Contingent - High Estimate "3C"	3,237	676	203	76	32

Notes:

- 1 CanAsia on completion of Arrangement will have a 71.8% equity ownership in Andora, but will not have any direct

- interest in, or control over, contingent resources, potential bitumen production, or operations at Sawn Lake. Amounts shown are 71.8% of the corresponding amounts in the Andora December 2021 Resources Report.
- 2 For risked resources and values, the evaluation assigned an 85% chance of development for Sawn Lake.
- 3 Resources assessed at forecast crude oil reference prices and costs.
- 4 Bitumen production is forecast to commence in 2023.
- 5 The reference prices for heavy oil per barrel (Western Canada Select "WCS" 20.5 API in Canadian dollars) are \$71.56 for 2023, \$68.74 for 2024, \$70.12 for 2025, \$71.52 for 2026, \$72.95 for 2027, \$74.41 for 2028, \$75.90 for 2029 and increase at 2% per year thereafter.
- 6 Bitumen revenue per barrel for these resources is \$23.37 less than the associated WCS reference price in 2023 and the differential increases approximately 1.5% per year.
- 7 The reference prices for natural gas (AECO-C Spot price per MMBTU in Canadian dollars) are \$3.36 for 2023, \$3.02 for 2024, \$3.08 for 2025, \$3.14 for 2026, \$3.21 for 2027, \$3.27 for 2028, \$3.34 for 2029 and increase at 2% per year thereafter.
- 8 Future development costs (including inflation of 0% per annum for 2023 and 2% per annum thereafter) for Contingent Resources which have been deducted in calculating the before tax NPV:
- Unrisked Low Estimate – CAD \$1,728million with the drilling of 358 gross well pairs and building facilities
 - Unrisked Best Estimate – CAD \$1,964 million with the drilling of 358 gross well pairs and building facilities
 - Unrisked High Estimate – CAD \$2,068 million with the drilling of 358 gross well pairs and building facilities
- 9 The values disclosed may not represent fair market value.
- 10 There is uncertainty that it will be commercially viable to produce any portion of the resources.

Contingent Resources at March 31, 2022

Andora March 2022 Resources Report

Andora also obtained the Andora March 2022 Resources Report, an updated contingent resources report of its oil sands interests at Sawn Lake Alberta, Canada, effective March 31, 2022. **The Andora March 2022 Resources Report includes Andora's increase in working interests in the Sawn Lake Central area from 50% to 75% acquired in March 2022.**

The Andora March 2022 Resources Report, is a NI 51-101 compliant resources evaluation for Andora's oil sands interests at Sawn Lake Alberta, Canada, as evaluated by Sproule. The evaluation included all of Andora's oil sands leases at Sawn Lake based on exploitation using SAGD. The report is effective as of March 31, 2022 and has a preparation date of June 6, 2022.

The Andora March 2022 Resources Report represents an update of the Andora December 2021 Resources Report which was also prepared by Sproule. There was no change to the geology, the well type curves, development stages, Alberta oil sands royalties pre-payout cumulative costs for the Sawn Lake SAGD project, income tax rates, carbon tax legislation or the assigned development risk. The Andora March 2022 Resources Report has been updated for March 31, 2022 price forecasts for crude oil, bitumen, natural gas and exchange rates and Andora's increase in working interests in Sawn Lake Central area from 50% to 75% acquired in March 2022.

The contingent resources information presented below includes 100% of the interests of Andora unless otherwise stated. **CanAsia will have a 71.8% equity ownership in Andora, but will not have any direct interest in, or control over, the contingent resources operations of Sawn Lake. Separate tables and values are presented as at March 31, 2022 for contingent resources as "Net to CanAsia's 71.8% Equity Interest in Andora" which represent 71.8% of Andora's contingent resources and values.**

Significant Factors or Uncertainties

See "Contingent Resources at December 31, 2021 – Significant Factors or Uncertainties", above.

Summary of Contingent Resources at March 31, 2022

Summary of Contingent Bitumen Resources of Andora as of March 31, 2022 and Net to CanAsia's 71.8% Equity Interest in Andora

Marketable Resources - Company Gross (million barrels)	Andora (Note 1)	CanAsia's 71.8% (Note 2)
Riskd (evaluation assigned an 85% chance of development)		
Contingent - Low Estimate "1C"	221.3	158.9
Contingent - Best Estimate "2C"	248.2	178.2
Contingent - High Estimate "3C"	291.3	209.1
Unrisked		
Contingent - Low Estimate "1C"	260.3	186.9
Contingent - Best Estimate "2C"	292.0	209.6
Contingent - High Estimate "3C"	342.7	246.1

Notes:

- 1 Andora March 2022 Resources Report

- 2 CanAsia on completion of Arrangement will have a 71.8% equity ownership in Andora, but will not have any direct interest in, or control over, contingent resources, potential bitumen production, or operations at Sawn Lake.

Summary of Net Present Values of Contingent Resources at March 31, 2022

An estimate of risked net present value of future net revenue of contingent resources is preliminary in nature and is provided to assist the reader in reaching an opinion on the merit and likelihood of CanAsia proceeding with the required investment to develop the Sawn Lake SAGD project. It includes contingent resources that are considered too uncertain with respect to the chance of development to be classified as reserves. There is uncertainty that the risked net present value of future net revenue will be realized.

Sawn Lake Oil Sands Project
Summary of Net Present Values as of March 31, 2022
Contingent Resources – Andora March 2022 Resources Report
Andora 100% (CAD \$ million)

Net Present Values Before Tax (Risked)	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>20%</u>
Contingent - Low Estimate "1C"	4,871	1,219	417	174	81
Contingent - Best Estimate "2C"	6,247	1,518	521	223	109
Contingent - High Estimate "3C"	8,770	1,907	619	259	126
Net Present Values After Tax (Risked)	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>20%</u>
Contingent - Low Estimate "1C"	3,726	927	312	127	56
Contingent - Best Estimate "2C"	4,788	1,157	392	165	78
Contingent - High Estimate "3C"	6,732	1,457	469	193	92
Net Present Values Before Tax (Unrisked)	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>20%</u>
Contingent - Low Estimate "1C"	5,727	1,432	490	204	95
Contingent - Best Estimate "2C"	7,346	1,784	612	261	127
Contingent - High Estimate "3C"	10,315	2,241	727	304	148
Net Present Values After Tax (Unrisked)	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>20%</u>
Contingent - Low Estimate "1C"	4,379	1,087	365	147	65
Contingent - Best Estimate "2C"	5,628	1,358	459	192	91
Contingent - High Estimate "3C"	7,916	1,711	549	226	107

Notes:

- 1 For risked resources and values, the evaluation assigned an 85% chance of development for Sawn Lake.
- 2 Resources assessed at forecast crude oil reference prices and costs.
- 3 Bitumen production is forecast to commence in 2023.
- 4 The reference prices for heavy oil per barrel (Western Canada Select "WCS" 20.5 API in Canadian dollars) are \$87.81 for 2023, \$74.99 for 2024, \$76.49 for 2025, \$78.02 for 2026, \$79.58 for 2027, \$81.18 for 2028, \$82.80 for 2029 and increase at 2% per year thereafter.
- 5 Bitumen revenue per barrel for these resources is \$23.31 less than the associated WCS reference price in 2023 and the differential increases approximately 1.5% per year.
- 6 The reference prices for natural gas (AECO-C Spot price per MMBTU in Canadian dollars) are \$4.29 for 2023, \$3.02 for 2024, \$3.08 for 2025, \$3.14 for 2026, \$3.21 for 2027, \$3.27 for 2028, \$3.34 for 2029 and increase at 2% per year thereafter.
- 7 Future development costs (including inflation of 0% per annum for 2023 and 2% per annum thereafter) for Contingent Resources which have been deducted in calculating the before tax NPV:
 - Unrisked Low Estimate – CAD \$3,444 million with the drilling of 358 gross well pairs and building facilities
 - Unrisked Best Estimate – CAD \$3,567 million with the drilling of 358 gross well pairs and building facilities
 - Unrisked High Estimate – CAD \$3,765 million with the drilling of 358 gross well pairs and building facilities
- 8 The values disclosed may not represent fair market value.
- 9 There is uncertainty that it will be commercially viable to produce any portion of the resources.

Sawn Lake Oil Sands Project
Summary of Net Present Values as of March 31, 2022

Contingent Resources

CanAsia's 71.8% Equity Interest in Andora (CAD \$ million)

Net Present Values Before Tax (Risky)	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>20%</u>
Contingent - Low Estimate "1C"	3,497	875	300	125	58
Contingent - Best Estimate "2C"	4,485	1,090	374	160	78
Contingent - High Estimate "3C"	6,297	1,369	445	186	90
Net Present Values After Tax (Risky)	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>20%</u>
Contingent - Low Estimate "1C"	2,675	665	224	91	40
Contingent - Best Estimate "2C"	3,438	830	282	118	56
Contingent - High Estimate "3C"	4,834	1,046	337	139	66
Net Present Values Before Tax (Unrisked)	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>20%</u>
Contingent - Low Estimate "1C"	4,112	1,029	352	146	68
Contingent - Best Estimate "2C"	5,275	1,281	439	188	91
Contingent - High Estimate "3C"	7,406	1,609	522	218	106
Net Present Values After Tax (Unrisked)	<u>0%</u>	<u>5%</u>	<u>10%</u>	<u>15%</u>	<u>20%</u>
Contingent - Low Estimate "1C"	3,144	780	262	106	47
Contingent - Best Estimate "2C"	4,041	975	330	138	65
Contingent - High Estimate "3C"	5,683	1,229	394	162	77

Notes:

- 1 **CanAsia on completion of Arrangement will have a 71.8% equity ownership in Andora, but will not have any direct interest in, or control over, contingent resources, potential bitumen production, or operations at Sawn Lake. Amounts shown are 71.8% of the corresponding amounts in the Andora March 2022 Resources Report.**
- 2 For risky resources and values, the evaluation assigned an 85% chance of development for Sawn Lake.
- 3 Resources assessed at forecast crude oil reference prices and costs.
- 4 Bitumen production is forecast to commence in 2023.
- 5 The reference prices for heavy oil per barrel (Western Canada Select "WCS" 20.5 API in Canadian dollars) are \$87.81 for 2023, \$74.99 for 2024, \$76.49 for 2025, \$78.02 for 2026, \$79.58 for 2027, \$81.18 for 2028, \$82.80 for 2029 and increase at 2% per year thereafter.
- 6 Bitumen revenue per barrel for these resources is \$23.31 less than the associated WCS reference price in 2023 and the differential increases approximately 1.5% per year.
- 7 The reference prices for natural gas (AECO-C Spot price per MMBTU in Canadian dollars) are \$4.29 for 2023, \$3.02 for 2024, \$3.08 for 2025, \$3.14 for 2026, \$3.21 for 2027, \$3.27 for 2028, \$3.34 for 2029 and increase at 2% per year thereafter.
- 8 Future development costs (including inflation of 0% per annum for 2023 and 2% per annum thereafter) for Contingent Resources which have been deducted in calculating the before tax NPV:
 - Unrisked Low Estimate – CAD \$2,472 million with the drilling of 358 gross well pairs and building facilities
 - Unrisked Best Estimate – CAD \$2,561 million with the drilling of 358 gross well pairs and building facilities
 - Unrisked High Estimate – CAD \$2,703 million with the drilling of 358 gross well pairs and building facilities
- 9 The values disclosed may not represent fair market value.
- 10 There is uncertainty that it will be commercially viable to produce any portion of the resources.

Other Oil and Gas Information – Sawn Lake, Alberta

The information presented is for Andora at December 31, 2021 and includes 100% of the operations of Andora, unless otherwise stated with certain updates to March 31, 2022 to reflect Andora's increased working interest from 50% to 75%. CanAsia's ownership in Andora will be 71.8% upon completion of the Arrangement.

Oil and Gas Properties and Wells

Andora had no producing wells at December 31, 2021 or March 31, 2022. Andora had one SAGD well producing bitumen from September 16, 2014 to February 28, 2016 and the operations at Sawn Lake were suspended February 28, 2016.

At December 31, 2021, Andora had working interests in 11 gross (6.6 net) non-producing oil wells at Sawn Lake, Alberta. In addition, Andora had before penalty payout interests in four gross non-producing oil wells at Sawn Lake, Alberta at December 31, 2021. At March 31, 2022, Andora had working interests in 11 gross (8.35 net) non-producing oil wells at Sawn Lake, Alberta. In addition, Andora had before penalty payout interests in four gross non-producing oil wells at Sawn Lake, Alberta at December 31, 2021.

Properties With No Attributed Reserves

Andora is focused on developing the bitumen resources at the Sawn Lake property in the Peace River Oil Sands Region using SAGD development. The Sawn Lake property is in a pre-commercial stage. No proved or probable reserves were assigned at December 31, 2021 or March 31, 2022.

Oil Sands Leases

At December 31, 2021, Andora held interests in, and was operator of, 27 sections (21.5 net sections) of oil sands leases at Sawn Lake, within the central Alberta Peace River Oil Sands area (17,280 gross and 13,760 net undeveloped acres).

Interests of Andora at December 31, 2021	Oil Sands Leases without Attributed Reserves (gross sections)	Oil Sands Leases without Attributed Reserves (gross acres)	Working Interest	Oil Sands Leases without Attributed Reserves (net acres)
Sawn Lake South (Andora operated)	16	10,240	100%	10,240
Sawn Lake Central (Andora operated)	11	7,040	50%	3,520
	27	17,280		13,760

At March 31, 2022, Andora held interests in, and was operator of, 27 sections (24.25 net sections) of oil sands leases at Sawn Lake, within the central Alberta Peace River Oil Sands area (17,280 gross and 15,520 net undeveloped acres).

Interests of Andora at March 31, 2021	Oil Sands Leases without Attributed Reserves (gross sections)	Oil Sands Leases without Attributed Reserves (gross acres)	Working Interest	Oil Sands Leases without Attributed Reserves (net acres)
Sawn Lake South (Andora operated)	16	10,240	100%	10,240
Sawn Lake Central (Andora operated)	11	7,040	75%	5,280
	27	17,280		15,520

Andora has no oil sands leases for which Andora expects its rights to explore, develop and exploit to expire by December 31, 2022. There are certain work requirements under the regulations to maintain oil sands leases, however, there are no work commitments associated with any of these leases required by December 31, 2022.

Additional Information Concerning Abandonment and Reclamation Costs

Estimated abandonment and reclamation costs as at December 31, 2021 were based on internal estimates timing of costs required to abandon and reclaim Andora surface leases, wells and facilities in accordance with Canadian regulations. The December 31, 2021 estimate for abandonment and reclamation of surface leases, facilities and 6.6 net wells assumes work done in 2040 and the estimated cost associated with the Sawn Lake SAGD project in the Sawn Lake Central area is based on a third party assessment prepared in 2021.

The Andora December 2021 Resources Report includes a deduction from future net revenue for estimated abandonment costs for all wells with contingent resources assigned, including the SAGD wellpair drilled in 2013. Estimated risked undiscounted abandonment costs in 2042 and onwards for Andora is \$106.5 million in the Low Estimate, \$108.2 million in the Best Estimate, and \$110.4 million in the High Estimate.

Canada Abandonment & Reclamation Costs		
Net Number of Wells	Undiscounted (\$ millions)	Discounted at 10% (\$ millions)
6.6	1.7	0.3

Estimated abandonment and reclamation costs as at March 31, 2022 were based on internal estimates timing of costs required to abandon and reclaim Andora surface leases, wells and facilities in accordance with Canadian regulations. The March 31, 2022 estimate for abandonment and reclamation of surface leases, facilities and 8.35 net wells assumes work done in 2040 and the estimated cost associated with the Sawn Lake project in the Sawn Lake Central area is based on a third party assessment of prepared in 2021.

The Andora March 2022 Resources Report includes a deduction from future net revenue for estimated abandonment costs for all wells with contingent resources assigned, including the SAGD wellpair drilled in 2013. Estimated risked undiscounted abandonment costs in 2042 and onwards for Andora is \$139.7 million in the Low Estimate, \$140.5 million in the Best Estimate, and \$144.3 million in the High Estimate.

Canada Abandonment & Reclamation Costs		
Net Number of Wells	Undiscounted (\$ millions)	Discounted at 10% (\$ millions)
8.4	2.4	0.4

Andora does not expect to incur any abandonment and reclamation costs in Canada within the next three fiscal years.

Forward Contracts

There are no forward contracts, directly or indirectly, under which Andora may be precluded from fully realizing future market prices for oil or gas at Sawn Lake, Alberta.

Tax Horizon

Given that the Sawn Lake SAGD project is in a very early stage of development, it is difficult to estimate when taxes for Andora may become payable. Income earned in Canada by Andora after commercial development is not expected to attract taxes until Andora utilizes its accumulated tax pools and loss-carry forwards. At March 31, 2022, Andora had accumulated tax pools and non-capital loss-carry forwards of \$59.0 million. Based on anticipated capital spending, which augments the tax pools, CanAsia does not expect Andora to pay Canadian income taxes during the next two years. This estimate will be impacted by, among other factors, timing of commercial development, crude oil production levels, construction costs, commodity prices, operating costs, and interest rates.

Capital Expenditures in 2021

There were no capital expenditures in Canada for the year ended December 31, 2021 by Andora for exploration and development activities.

Exploration and Development Activities for the Year Ended 2021

During 2021, Andora maintained the Sawn Lake SAGD project facility and wells and conducted minimal work towards a potential commercial expansion at the Sawn Lake SAGD project. During 2021, no operating expenses or G&A were capitalized.

Production Estimates for 2022

No production of bitumen is anticipated from the Sawn Lake SAGD project in 2022.

Production History in 2021

Andora had no producing wells at December 31, 2021 or March 31, 2022 and did not have any production of crude oil, natural gas, or natural gas liquids for the year ended December 31, 2021.

Other Oil and Gas Information – Indonesia

Oil and Gas Properties and Wells

The Non-Thailand Business has interests in Indonesia, held through wholly owned Pan Orient Energy Holdings Ltd. and its subsidiaries. Pan Orient is withdrawing from operations in Indonesia and the Pan Orient office in Jakarta was closed on March 31, 2020. Pan Orient operations in Indonesia are reported as discontinued operations for accounting purposes, effective January 1, 2020.

East Jabung PCS (expired 2020) – The undeveloped interests at the East Jabung PSC, where Pan Orient held a 49% non-operated working interest, expired in January 2020 and the operator is continuing to complete the final steps to be taken for formal approval of the expiry by the Government of Indonesia, including reclamation requirements.

Batu Gajah PCS (expired 2017) – The Batu Gajah PSC, where Pan Orient had held a 77% operated working interest with a 23% carried interest held by third parties, expired January 15, 2017 and Pan Orient is still waiting for reclamation requirements and final approval of the expiry from the Government of Indonesia.

Properties With No Attributed Reserves

At December 31, 2021 each of the Indonesian PSCs had expired and there were no reserves assigned to any of the Indonesia PSCs.

Indonesia Interests at December 31, 2021

PSC (and year awarded)	Notes	Gross acres without Attributed Reserves (gross)	Interests	Net acres without Attributed Reserves (net)
Batu Gajah PSC (expired 2017)	Notes 1 & 2	-	-	-
East Jabung PSC (expired 2020)	Notes 3 & 4	-	-	-

Note 1 The Batu Gajah PSC expired January 15, 2017 and Pan Orient is awaiting final approval from the Government of Indonesia for the termination of the PSC and requirements for final well abandonment and site reclamation work.

- Note 2 Pan Orient held a 77% operated working interest in the Batu Gajah PSC through a wholly owned subsidiary with a 23% carried interest held by third parties. For capital expenditures and operating expenses at the Batu Gajah PSC, Pan Orient pays its proportionate working interest share plus and an additional amount for a joint venture partner's carried interest.
- Note 3 The operator of the East Jabung PSC provided notice to the Government of Indonesia in January 2020 of withdrawal from the East Jabung PSC. The East Jabung PSC expired in January 2020 and the operator is continuing to complete final steps to be taken for formal approval of the expiry by the Government of Indonesia, including reclamation requirements.
- Note 4 Pan Orient held a 49% non-operated interest in the East Jabung PSC through a wholly owned subsidiary.

Non-Thailand Business Carve-Out Financial Statements and CanAsia Financial Statements

The following financial statements are attached to this Appendix F:

- Schedule 1: audited statement of financial position of CanAsia at May 27, 2022 (the date of its incorporation);
- Schedule 2: combined consolidated carve-out financial statements of the Non-Thailand Business (i) audited as at December 31, 2021 and 2020 and for the years ended December 21, 2021, 2020 and 2019 and (ii) unaudited as at March 31, 2022 and for the three months ended March 31, 2022 and 2021; and
- Schedule 3: unaudited *pro forma* financial statements of CanAsia as at March 31, 2022, for the three months ended March 31, 2022 and for the year ended December 31, 2021, after giving effect to the Arrangement.

The audited combined consolidated carve-out financial statements of the Non-Thailand Business for the periods ended December 31, 2021, 2020 and 2019, and combined consolidated carve-out financial statements of the Non-Thailand Business for the three months ended March 31, 2022 (collectively, the "**carve-out financial statements**") have been prepared based on the proposed terms of the Arrangement as further described in the Circular under the heading "*The Arrangement*", which will result in CanAsia becoming the owner of the Non-Thailand Business.

Selected Financial Information: Non-Thailand Business

Non-Thailand Business

The following is selected financial information from the carve-out financial statements of the Non-Thailand Business, and should be read in conjunction with those financial statements, which are attached as Schedule 2 to this Appendix F.

Consolidated Carve-out Statements of Non-Thailand Business - Selected Financial Information (\$ thousands)	Three Months Ended March 31, 2022 (unaudited)	Years Ended December 31 (audited)		
		2021	2020	2019
Consolidated Carve-out Statements of Operations				
Expenses				
General and administrative	592	2,111	2,120	2,158
Stock-based compensation	279	1,094	651	815
Operating	66	279	210	-
Amortization and depreciation	12	59	52	57
Decommissioning expense (recovery)	(147)	(801)	359	-
Impairment of exploration and evaluation assets of Andora	-	-	85,799	-
Gain on acquisition	(280)	-	-	-
Finance income	(4)	(48)	(219)	(397)
Foreign exchange loss	247	61	867	1,007
Loss before taxes and non-controlling interest	765	2,755	89,839	3,640
Deferred income tax recovery	-	-	(5,574)	(1,125)
Net loss (income) from discontinued operations	39	1,032	(273)	27,502
Net loss	804	3,787	83,992	30,017
Consolidated Carve-out Statements of Financial Position				
Current assets	15,104	35,616	26,881	
Deposits	838	612	609	
Exploration and evaluation assets	-	-	-	
Right-of-use assets and Equipment and other	401	413	472	
Total assets	16,343	36,641	27,962	
Accounts payable, accrued liabilities & lease liabilities	3,244	3,116	3,372	
Decommissioning provision (current and non-current)	2,520	2,237	2,494	
Net Investment	10,579	31,288	22,026	
Total net investments and liabilities	16,343	36,641	27,892	

Consolidated Carve-out Statements of Non-Thailand Business - Selected Financial Information	Three Months Ended March 31, 2022	Years Ended December 31 (audited)		
		2021	2020	2019
(\$ thousands)	(unaudited)			
Working capital and long-term deposits	11,744	32,111	23,635	

Andora

The following is a summary of financial information from the audited financial statements of Andora for the years ended December 31, 2021, 2020 and 2019, and the unaudited financial statements of Andora for the three months ended March 31, 2022.

Andora Energy Corporation - Selected Financial Information		Three Months Ended March 31, 2022	Years Ended December 31 (audited)		
Consolidated into Carve-out Financial Statements (\$ thousands)	Notes	(unaudited)	2021	2020	2019
Total assets		2,014	1,198	1,231	85,197
Current Assets		781	181	178	335
Long-term deposits	1	838	612	609	604
Patent	2	395	405	444	385
Exploration and evaluation assets	3	-	-	-	83,873
Total liabilities (including amount due to Pan Orient)		5,820	5,136	4,842	9,291
Accounts payable and accrued liabilities (trade)		145	107	95	77
Due to Pan Orient (convertible debenture, interest and G&A)	4	4,109	3,793	2,736	1,922
Deferred tax liabilities	3	-	-	-	5,613
Decommissioning provision (current and non-current)	5	1,566	1,236	2,011	1,679
Expenses					
Gain on acquisition	6	280	-	-	-
General and administrative, net of overhead recovery		(139)	(467)	(373)	(239)
General and administrative - bad debt expense	7	(13)	(113)	(172)	-
Operating expense	8	(66)	(279)	(210)	-
Finance expense for Pan Orient convertible debentures		(91)	(299)	(223)	(173)
Decommissioning expense	5	147	801	(359)	-
Other income or recovery (expense)		(5)	(80)	(20)	(22)
Impairment of exploration and evaluation assets of Andora	3	-	-	(83,821)	-
Deferred tax recovery	3	1	13	5,624	1,062
Net income (loss)		114	(424)	(79,554)	628
Cash flow used in operating activities		(131)	(1,016)	(489)	(282)
Net income (loss)		114	(424)	(79,554)	628

Notes:

- Deposits with Alberta Energy Regulator for Sawn Lake.
- Canadian patent associated with Andora's proprietary Produced Water Boiler.
- With the severe decline in crude oil prices in March 2020, no commercial development at Sawn Lake was expected in those market conditions. Andora reported a non-cash impairment charge of \$83.8 million on Sawn Lake Exploration and Evaluation assets in 2020 Q1 offset by the associated \$5.6 million reduction in deferred tax liabilities for a net impairment expense of \$78.2 million. Amounts excluded impairment related to consolidation entries at the Pan Orient level.
- For accounting purposes, the convertible debenture is separated into its liability and equity component. Excluding the reduction for the equity component of the convertible debenture, the amount due at March 31, 2022 is \$4.2 million.
- Decommissioning provision for Sawn Lake which decreased in 2021 based on a third-party evaluation at Sawn Lake and increased in 2022 with the increase in working interests at Sawn Lake in March 2022.
- In March 2022, Andora acquired an additional 25% working interest in the Sawn Lake joint venture (Sawn Lake Central area), security deposits of the vendor for Sawn Lake and payment from the vendor of \$578 thousand. Andora assumed abandonment and reclamation costs, and natural gas tariff commitments associated with the additional 25% working interest.
- Bad debt expense is associated with non-payment by two joint venture partners at Sawn Lake. Actions are being taken to collect amounts.
- Operating expenses for Sawn Lake were capitalized to exploration and evaluation assets prior to the impairment recorded in March 2020.

Management's Discussion and Analysis: Non-Thailand Business

The following management's discussion and analysis for the Non-Thailand Business has been prepared by Pan Orient, and should be read in conjunction with the carve-out financial statements, which financial statements have been prepared based on the proposed terms of the Arrangement, which will result in CanAsia becoming the owner of the Non-Thailand Business.

The carve-out financial statements represent the activities, assets and liabilities of the Non-Thailand Business on a “carve-out” basis, rather than representing a legal structure. These financial statements have been prepared for the purpose of presenting the financial position, financial performance and cash flows of the Non-Thailand Business to be sold to CanAsia on a stand-alone basis. Where appropriate, certain transactions and balances have been attributed to the Non-Thailand Business based on specific identification or allocation. The financial statements may not be indicative of the Non-Thailand Business' future performance and they do not necessarily reflect what the results of operations, financial position and cash flows would have been had the Non-Thailand Business operated as an independent entity and had it presented stand-alone financial statements during the periods presented. Certain information contained herein is forward-looking and based upon assumptions and anticipated results that are subject to risks, uncertainties and other factors. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly. See "*Forward-Looking Statements*" and "*Risk Factors*" in this Appendix F and Circular.

The Non-Thailand Business is described under the heading "*Business of CanAsia*" in this Appendix F, and includes Pan Orient's 71.8% ownership of Andora, convertible loans receivable from Andora, Pan Orient's 100% ownership in POEH and approximately \$7.1 million in working capital and long-term deposits (*non-GAAP capital management measure*), and all of Pan Orient's related liabilities, consisting primarily of accounts payable and accrued liabilities included in working capital, the decommissioning provision for East Jabung PSC and Batu Gajah PSC of \$1.0 million, and transaction costs.

The Non-Thailand Business's interests in principal properties are undeveloped Canadian oil sands leases in Sawn Lake, held by Andora, with no material business developments in the last three years. Operations in Indonesia for accounting purposes are considered discontinued operations effective January 1, 2020 and include the East Jabung PSC (which expired in January 2020) and the Batu Gajah PSC (which expired in 2017) where final steps are being taken for formal approval of the expiry from the Government of Indonesia, including reclamation requirements. Pan Orient is withdrawing from operations in Indonesia.

Sawn Lake (Operated by Andora)

The Non-Thailand Business includes a 71.8% equity interest in Andora and the accounts of Andora are included in the carve-out financial statements and the 28.2% of non-controlling interest in the net assets of Andora are identified separately from Pan Orient's net investment. The principal assets of Andora is its 75% working interest in the Sawn Lake oil sands project.

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 resulting from COVID-19 and the associated deterioration in the economics for commercial expansion at Sawn Lake, indicated there was no expected commercial development at Sawn Lake in that market. As a result of this decision, Pan Orient (and Andora) reported a non-cash net impairment charge of \$80.2 million on Sawn Lake exploration and evaluation assets as at March 31, 2020, with impairment of exploration and evaluation assets of \$85.8 million partially offset by the associated \$5.6 million reduction in deferred tax liabilities for a net impairment expense of \$80.2 million.

Operating expenses in respect of Andora relate mainly to maintaining the Sawn Lake suspended SAGD facility and well pair. After the impairment of Sawn Lake recorded at March 31, 2020, no operating expenses or G&A have been capitalized. Operating expenses in 2019 of \$327,229 were capitalized and subsequently impaired. Operating expenses were \$247,819 in 2020 (including operating expenses in the first quarter of 2020 capitalized and subsequently impaired), \$279,030 in 2021 and \$65,771 in the first quarter of 2022.

The estimated decommissioning provision for Sawn Lake is reassessed periodically. The decommissioning provision estimates for 2020, 2021 and the first quarter of 2022 reflect changes to estimates of inflation rates and discount rates. The provision in 2021 decreased based on an assessment of Sawn Lake by a specialized third-party reclamation company. The provision increased in 2022 as a result of the increase in Andora's working interests at Sawn Lake from 50% to 75% in March 2022. At March 31, 2022, the non-current decommissioning provision of Andora for Sawn Lake is \$1.6 million.

In March 2022, Andora entered into an agreement with a joint venture partner at Sawn Lake whereby Andora acquired certain assets and assumed certain liabilities at Sawn Lake. Assets acquired consist of (i) an additional 25% working interest in the Sawn Lake joint venture (Sawn Lake Central Block), (ii) security deposits of the vendor for Sawn Lake placed with the Alberta Energy Regulator and other parties, and (iii) a payment from the vendor of \$578 thousand. In connection with the acquisition, Andora assumed the abandonment and reclamation costs and natural gas tariff commitments associated with the additional 25% working interest in the Sawn Lake joint venture. Following the acquisition, Andora has a 75% working interest in the Sawn Lake joint venture. The Andora March 2022 Resources Report, an updated contingent bitumen resources evaluation effective March 31, 2022, was prepared for Andora by Sproule to reflect such asset acquisition to evaluate all of Andora's oil sands leases at Sawn Lake based on exploitation using SAGD.

Management of Pan Orient believes there is continued strength in Western Canada Select benchmark prices for heavy oil to support the commercial development of Sawn Lake. Andora is considering alternatives to move the Sawn Lake project forward

with limited development costs to Andora, including partnership, farmout, sourcing additional funds, partial sale or outright sale, and achieve value for Andora and shareholders.

Indonesia: Discontinued Operations

The Anggun-1X exploration well in the East Jabung PSC (Pan Orient is non-operator with a 49% ownership interest) was drilled in the fourth quarter of 2019. The estimated cost of the well was \$15.1million net to Pan Orient, with \$3.3 million reported in 2018 and \$11.8 million reported in 2019. The well was subsequently plugged and abandoned. In the fourth quarter of 2019 a net impairment expense of \$27.0 million was recorded, with 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.

The operator of the East Jabung PSC provided notice to the Government of Indonesia in January 2020 of withdrawal from the East Jabung PSC and is continuing to complete final steps to be taken for formal approval of the expiry from the Government of Indonesia, including reclamation requirements. Pan Orient began withdrawing from operations in Indonesia in 2020 and the office in Jakarta was closed March 31, 2020. At March 31, 2022, the current decommissioning provision for East Jabung and Batu Gajah PSCs is \$1.0 million.

Since January 1, 2020, the activities related to Indonesia have been reported as discontinued operations for accounting purposes. Discontinued operations in Indonesia for 2020 were \$295 thousand of G&A expense, \$4 thousand in realized and unrealized foreign exchange gains on currency exchange rates since the end of 2019 and a \$675 thousand recovery of exploration expense resulting from adjustment of previously booked capital expenditures at the East Jabung PSC. Discontinued operations in Indonesia for 2021 were \$212 thousand of G&A expense, \$23 thousand in foreign exchange loss and \$165 thousand increase of impairment expense for the East Jabung PSC. Discontinued operations in Indonesia for the first quarter of 2022 were \$122 thousand of expenses and \$83 thousand in unrealized foreign exchange gains on currency exchange rates since the end of 2021.

Corporate

Cash flow used in operating activities as it relates to the Non-Thailand Business was \$1.7 million in 2019, \$1.9 million in 2020, \$3.1 million in 2021 and \$1.0 million in the first quarter of 2022.

Pan Orient Shareholders on January 18, 2022 approved a capital reorganization resulting in a \$0.40 per Common Share return of capital distribution to Pan Orient Shareholders on February 10, 2022. The total amount of the distribution by Pan Orient to the Pan Orient Shareholders was \$19.9 million.

Foreign Exchange

CanAsia's reporting currency will be the Canadian dollar and its functional currencies will be the Canadian dollar for Canadian operations and the U.S. dollar for discontinued Indonesian operations. In each reporting period, the changes in the values of the U.S. dollar relative to CanAsia's reporting currency will be recognized. The period end rates used to translate the U.S. dollar denominated financial statement items into Canadian dollars for the reporting periods are 1.30 at December 31, 2019, 1.27 at December 31, 2020, 1.27 at December 31, 2021 and 1.25 at March 31, 2022. U.S. dollars were held in respect of the Non-Thailand Business within Canada at March 31, 2022, in an amount equal to \$10.2 million (December 31, 2021: \$14.4 million) was denominated in U.S. dollars as cash and cash equivalents.

Liquidity, Capital Resources and Financial Instruments

The Non-Thailand Business includes estimated liabilities of \$5.8 million as at March 31, 2022 (including the estimated decommissioning provision for Indonesia discontinued operations at March 31, 2022 of \$1.0 and the estimated decommissioning provision for Andora at March 31, 2022 for wells and facilities in Canada of \$1.6 million), and also the 71.8% interest in Andora, which owns interests in the Sawn Lake oil sands. Any development of Andora's interests in the Sawn Lake SAGD project will require significant funds.

Pan Orient has, and CanAsia intends to, reviews the asset retirement obligations of its properties on a quarterly basis, and provision will be made for such obligations by way of charges against income via both accretion and depletion expense.

CanAsia intends to maintain an insurance program consistent with industry practice to protect against losses due to accidental destruction of assets, well blowouts, pollution and other business interruptions.

Although CanAsia has no set policy, CanAsia may use financial instruments to reduce corporate risk in certain situations.

The need for capital for the Non-Thailand Business will relate to advancing the evaluation and development of Sawn Lake SAGD project, the potential acquisition of other exploration opportunities, the estimated decommissioning provision for

Andora, the estimated decommissioning provision for the Indonesia discontinued operations and general and administrative expenses. .

The Non-Thailand Business includes approximately \$7.1 million in working capital and long-term deposits (*non-GAAP capital management measure*) which management plans to use to advance the evaluation and development of Sawn Lake SAGD project and the potential acquisition of other exploration opportunities] the Non-Thailand Business requires capital both in the short-term and long term. Short-term working capital will be required to finance accounts receivable, drilling deposits and other similar short-term assets, while any development of the Sawn Lake SAGD project or any acquisition and development of petroleum and natural gas properties requires large amounts of long-term capital. There are essentially four methods of financing the capital needs of the Non-Thailand Business – debt, equity, internally-generated cash and farmout arrangements.

Operating expenses and exchange rates may change significantly due to factors not controllable by CanAsia. All of CanAsia's expenditures will subject to the effects of inflation and prices which may be received for products sold are not readily adjustable to cover any increase in expenses resulting from inflation. CanAsia has no control over government intervention or taxation levels in the oil and gas industry.

Description of Securities

CanAsia is authorized to issue an unlimited number of CanAsia Shares. Holders of CanAsia Shares are entitled to one vote per share at meetings of holders of CanAsia Shares, to receive dividends if, as and when declared by the CanAsia directors and to receive *pro rata* the remaining property and assets of CanAsia upon its dissolution or winding-up.

On May 27, 2022, CanAsia issued one CanAsia Share to Pan Orient at a price of \$1.00 to facilitate its organization. As a step of the Arrangement, CanAsia will issue CanAsia Shares to Pan Orient in accordance with the Separation Agreement

That one CanAsia Share will be included in the CanAsia Shares to be distributed to Shareholders pursuant to the Arrangement.

Dividend Policy

CanAsia has not declared or paid any dividends on the CanAsia Shares since its incorporation. Any decision to pay dividends on the CanAsia Shares will be made by the CanAsia directors based on CanAsia's earnings, financial requirements and other conditions existing at the time. It is not currently contemplated that any dividends will be paid on the CanAsia Shares.

Capitalization

The following table sets forth the capitalization of CanAsia as at May 27, 2022 (the date of its incorporation), both before after giving effect to the Arrangement. The table should be read in conjunction with the CanAsia financial statements attached as Schedule 1 to this Appendix and the CanAsia unaudited *pro forma* financial statements attached as Schedule 3 to this Appendix F.

	Authorized	Outstanding at May 27, 2022 prior to giving effect to the Arrangement	Outstanding at May 27, 2022 after giving effect to the Arrangement ⁽¹⁾
Common shares	Unlimited	1 share	49,793,907 shares
Debt		Nil	Nil

Note:

- (1) Assumes that the Arrangement is completed in accordance with its terms, no Dissent Rights are exercised and all Pan Orient Options are transferred and surrendered to Pan Orient pursuant to the Plan of Arrangement for cancellation in consideration of a cash payment equal to (in effect) the in-the-money value of the options or for no cash consideration for out-of-the-money options.

Prior Sales

On May 27, 2022, CanAsia issued one CanAsia Share to Pan Orient at an issue price of \$1.00 to facilitate its organization. That CanAsia Share will be included in the CanAsia Shares to be distributed to Shareholders pursuant to the Arrangement.

Trading Price and Volume

The CanAsia Shares are not currently traded or quoted on a Canadian marketplace. Application has been made to list the CanAsia Shares on the TSXV. It is anticipated that the CanAsia Shares will be listed on the TSXV as a substitutional listing to the Pan Orient under the symbol "CEC".

Listing of the CanAsia Shares on the TSXV will be subject to CanAsia fulfilling the continued listing requirements of the TSXV. There can be no assurance that the TSXV will list the CanAsia Shares. However, completion of the Arrangement is conditional on the TSXV conditionally approving the listing of the CanAsia Shares.

Pan Orient will issue a press release, as required by the TSXV, when the Effective Date of the Arrangement is known. On the Effective Date, Pan Orient Shareholders will be entitled to receive the Consideration payable pursuant to the Arrangement (USD \$0.788 in cash and one CanAsia Share for each Pan Orient Share).

Escrowed Securities

As of the date of the Circular, no CanAsia Shares are held in escrow or are subject to a contractual restriction on transfer. It is anticipated that no CanAsia Shares will be held in escrow or be subject to a contractual restriction on transfer following completion of the Arrangement.

Principal Shareholders

As of the date of the Circular, CanAsia is a wholly-owned subsidiary of Pan Orient, and Pan Orient holds the one issued and outstanding CanAsia Share.

Upon completion of the Arrangement, assuming that no Dissent Rights are exercised, 49,793,907 CanAsia Shares will be issued and outstanding (which includes the one CanAsia Share issued to Pan Orient upon incorporation).

To the knowledge of CanAsia's directors and executive officers, no person or company will beneficially own, or control or direct, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to the issued and outstanding CanAsia Shares at the Effective Time of the Arrangement, other than as set out below.

Name of Shareholder	Number of Shares Owned ⁽¹⁾	Percentage of Shares Owned ⁽²⁾
Gulf Overseas Investment Trading Corporation ⁽³⁾ Portcullis Trustnet Chambers P.O. Box 3444, Road Town, Tortola, British Virgin Islands	6,208,100	12.5%

Notes:

- (1) Information as to the number of Pan Orient Shares beneficially owned or over which control or direction is exercised is not within the knowledge of CanAsia and has been derived from public sources available to CanAsia and from the principal shareholder.
- (2) Based on 49,793,907 issued and outstanding Pan Orient Shares as at the Record Date. On completion of the Arrangement, it is anticipated that the principal shareholder will beneficially own, or control or direct, directly or indirectly, 6,208,100 CanAsia Shares, representing (if no Pan Orient Shareholders exercise Dissent Rights) approximately 12.5% of the issued and outstanding CanAsia Shares.
- (3) CanAsia understands that Gulf Overseas Investment Trading Corporation is controlled by Mr. Chatchai Yenbamroong and members of his family. In connection with the Arrangement Agreement, a Support Agreement was entered into by Mr. Yenbamroong in favor of the Purchaser. Pursuant to the Support Agreement, Mr. Yenbamroong has agreed to vote the Pan Orient Shares beneficially owned or controlled by him in favor of the Arrangement Resolution and the CanAsia Equity Incentive Plan and to otherwise support the Arrangement and other related matters to be considered at the Meeting.

Directors and Executive Officers

Name, Address and Occupation

The following table sets out the name of each of the directors and executive officers of CanAsia; all positions and offices in CanAsia presently held by the individual; the individual's principal occupation at present and the individual's principal occupation during the preceding five years; the period during which the individual has served as a director or executive officer; and the number of Shares (which will be exchanged for an equal number of CanAsia Shares pursuant to the Arrangement) that the individual has advised are beneficially owned by him, directly or indirectly, or over which control or direction is exercised by him, as of the date hereof.

Name and Place of Residence	Present and Principal Occupation during the last five years	Date of Appointment as Director	Shares Beneficially Owned ⁽⁶⁾
Jeff Chisholm ⁽⁵⁾ Bangkok, Thailand	President and Chief Executive Officer of CanAsia since May 27, 2022. President, Chief Executive Officer and a director of Pan Orient since 2005.	May 27, 2022	1,795,500

Name and Place of Residence	Present and Principal Occupation during the last five years	Date of Appointment as Director	Shares Beneficially Owned ⁽⁶⁾
Marcel Nunes Calgary, Alberta, Canada	Vice President Finance, Chief Financial Officer and Corporate Secretary of CanAsia since July 18, 2022. Accounting Manager and other positions with Pan Orient since 2010.	-	-
Richard Alexander ⁽²⁾⁽³⁾⁽⁴⁾ Calgary, Alberta, Canada	Corporate director and retired oil and gas company executive.	July 18, 2022	250,000
Michael Hibberd ⁽²⁾⁽³⁾⁽⁴⁾ Calgary, Alberta, Canada	President of MJH Services Ltd. (corporate finance advisory company).	July 18, 2022	420,000
Gerald Macey ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ Calgary, Alberta, Canada	Retired oil and gas company executive.	July 18, 2022	1,438,800
Cameron Taylor ⁽²⁾⁽⁵⁾ Wolseley, Saskatchewan, Canada	Chairman and Chief Executive Officer of ROK Resources Inc. (oil and gas company) since November 2019. President and Chief Executive Officer and other executive positions with Villanova 4 Oil Corp. (oil and gas company) from April 2013 to July 2018.	July 18, 2022	411,767

Notes:

- (1) Non-executive chairman of the board of directors.
- (2) Member of the audit committee. Richard Alexander is the chair of the audit committee.
- (3) Member of the compensation committee. Michael Hibberd is the chair of the compensation committee.
- (4) Member of the governance committee. Gerald Macey is the chair of the governance committee.
- (5) Member of the reserves committee. Cameron Taylor is the chair of the reserves committee.
- (6) Shares beneficially owned are Pan Orient Shares that will be exchanged for the same number of CanAsia Shares on completion of the Arrangement. The information as to Pan Orient Shares beneficially owned, not being within the knowledge of CanAsia, has been furnished by the respective individuals or has been extracted from public filings or the register of shareholdings maintained by Pan Orient's transfer agent.

Each of the directors of CanAsia will hold office until the first annual meeting of the holders of CanAsia Shares or until his successor is duly elected or appointed, unless his office is earlier vacated in accordance with CanAsia's articles or by-laws or the ABCA.

On completion of the Arrangement, it is anticipated that the directors and officers of CanAsia will own, directly or indirectly, 4,316,067 CanAsia Shares, representing approximately 8.7% of the issued and outstanding CanAsia Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of management of Pan Orient and CanAsia, other than as set out below, no director or executive officer of CanAsia is, as at the date hereof, or was within 10 years before the date hereof, a director, chief executive officer or chief financial officer or chief operating officer of any company (including CanAsia) that: (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer. For the purposes of this paragraph, "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days.

To the knowledge of management of CanAsia, other than as set out below, no director or executive officer of CanAsia, or shareholder of CanAsia holding sufficient securities of CanAsia to materially affect the control of CanAsia: (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any company (including CanAsia) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets; or (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Richard Alexander was a director and the President and Chief Executive Officer of Parallel Energy Trust ("Parallel") when Canadian securities regulatory authorities issued orders in November 2015 that trading or purchasing securities of Parallel cease for its failure to file interim unaudited financial statements, interim management's discussion and analysis, and certification of interim filings for the interim period ended September 30, 2015. Mr. Alexander was also a director and the President and Chief Executive Officer of Parallel and a director and officer of certain of its subsidiaries when, in November 2015, Parallel and its Canadian subsidiaries obtained a creditor protection order under the *Companies' Creditors Arrangement Act* (Canada) and its United States subsidiaries filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Bankruptcy Code. Parallel's United States assets (being substantially all of Parallel's assets) were sold in January 2016 and bankruptcy proceedings in the United States were completed in October 2016. Parallel and its Canadian subsidiaries were assigned into bankruptcy under the *Bankruptcy and Insolvency Act* (Canada), and the *Companies' Creditors Arrangement Act* (Canada) proceedings were terminated, in March 2016.

Michael Hibberd was formerly a director of Skope Energy Inc. (a TSX listed oil and gas company), which commenced proceedings in the Court of Queen's Bench of Alberta under the *Companies' Creditors Arrangement Act* (Canada) to implement a restructuring in November 2012, which was completed in February 2013.

Mr. Hibberd was a director of Montana Exploration Corp. in May 2018 when a cease trade order was issued by the Alberta Securities Commission for failure to file annual audited financial statements and related documents for the year ended December 31, 2017. That cease trade order remains in effect.

Mr. Hibberd is a director of Sunshine Oilsands Ltd., which has been the subject of cease trade orders issued by the Alberta and Ontario securities commissions beginning in October 2020 for failure to file annual audited financial statements prepared in accordance with requirements of securities laws for the year ended December 31, 2020 and failure to file annual audited financial statements and related documents for the year ended December 31, 2020. Those cease trade orders remain in effect.

No director or executive officer of CanAsia, or a shareholder holding a sufficient number of securities of CanAsia to affect materially the control of CanAsia, has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of CanAsia will be subject in connection with the operations of CanAsia. In particular, certain of the directors and officers of CanAsia are involved in managerial and/or director positions with other oil and gas companies whose operations may, from time to time, be in direct competition with those of CanAsia or with entities may, from time to time, provide financing to, or make equity investments in, competitors of CanAsia. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides that if a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

Backgrounds of Management and Directors

Profiles of the directors and officers of CanAsia and certain of the directors and officers of Andora are set forth below.

Jeff Chisholm – President, Chief Executive Officer and Director

Jeff Chisholm has been the President & Chief Executive Officer and a director of Pan Orient since 2015. He is also a member of the Pan Orient reserves committee. Mr. Chisholm was appointed as a director of CanAsia and to the same executive positions at CanAsia on May 27, 2022. His employment as an officer of CanAsia will be full time after completion of the Arrangement.

Mr. Chisholm is also the Chairman of the Board of Directors and Chief Executive Officer of Andora and a member of the Andora reserves committee. It is anticipated that he will also be appointed as the President of Andora (due to the resignation of William Ostlund as Andora's President, Chief Financial Officer and Corporate Secretary) on completion of the Arrangement.

Mr. Chisholm is a geoscientist with 30 years of international development and new venture evaluations experience with Orion Securities, Bow Valley Energy, Canadian Occidental Petroleum, PanCanadian Petroleum and Niko Resources. Mr. Chisholm is also a director of ROK Resources Inc. and a member of its reserves and environmental, health and safety committee.

Marcel Nunes – Vice President Finance and Chief Financial Officer

Marcel Nunes has been the Accounting Manager of Pan Orient since 2013 and employed by Pan Orient since 2010. He was recently appointed as CanAsia's Vice President Finance, Chief Financial Officer and Corporate Secretary. His employment as an officer of CanAsia will be full time after completion of the Arrangement.

It is anticipated that Mr. Nunes will also be appointed as Vice President, Chief Financial Officer and Corporate Secretary of Andora on completion of the Arrangement.

Mr. Nunes has 15 years of experience in oil and gas accounting and previously worked for Deloitte LLP Canada. He has a Bachelor of Arts degree in Economics from the University of Calgary and is a chartered accountant.

Craig Pichach – Vice President, Operations of Andora Energy Corporation

Craig Pichach has been the Vice President, Operations of Andora since 2012.

Mr. Pichach is primarily responsible for development and operation of the Sawn Lake SAGD project. He has 18 years of engineering experience and has worked for ConocoPhillips, Nexen, Sherritt and Worley. He has a Bachelor of Science in Chemical Engineering from the University of North Dakota, a Bachelor of Science in Mechanical Engineering from the University of Calgary, a Bachelor of Management from Athabasca University and a Master of Business Administration from Texas A&M University Corpus Christi. Mr. Pichach is a Professional Engineer licensed by the Association of Professional Engineers and Geoscientists of Alberta and a Project Management Professional registered with the Project Management Institute.

Richard Alexander – Director

Richard Alexander has been a director of Pan Orient since 2015. He is the chairman of the Pan Orient audit committee and is also a member of the Pan Orient compensation committee and governance committee. On July 18, 2022, Mr. Alexander was appointed as a director of CanAsia, and to the same committee positions.

Mr. Alexander has a breadth of financial and operational experience in the energy sector. From January 2013 to March 2016, he was a director and the President and Chief Executive Officer of Parallel Energy Trust. From July 2011 to December 2012, he was a director of Marquee Energy Ltd. From May 2006 to June 2011, he held various positions at AltaGas Ltd., including the position of President. He was also the Vice President Finance and Chief Financial Officer of Niko Resources Ltd. from September 2003 to April 2006 and the Vice President, Investor Relations and Communications of Husky Energy Inc. from July 2000 to August 2003. Mr. Alexander received a Bachelor of Business Management from Ryerson Polytechnical Institute (now named Toronto Metropolitan University) and is a Certified Management Accountant and a Chartered Financial Analyst. Mr. Alexander is the lead independent director and the chair of the audit committee of Global Water Resources, Inc. and was until June 2018 the lead independent director and a member of the audit committee of Oryx Petroleum Corporation Limited.

Michael Hibberd – Director

Michael Hibberd has been a director of Pan Orient since 2005. He is the chairman of the Pan Orient compensation committee and is also a member of the Pan Orient audit committee and governance committee. On July 18, 2022, Mr. Hibberd was appointed as a director of CanAsia, and to the same committee positions. Mr. Hibberd is also a director of Andora and a member of the Andora audit committee.

Mr. Hibberd has significant energy project planning and capital markets experience. He spent 12 years with ScotiaMcLeod (now named Scotia Capital Inc.) in corporate finance in Toronto and Calgary, focusing on oil and gas, mining and communications companies. He was a Director and Senior Vice-President, Corporate Finance at ScotiaMcLeod until 1995. In 1995, Mr. Hibberd established a corporate finance advisory business focused on providing advice to companies based in Calgary with North American and International operations. He has been actively involved in development and privatization projects in North America, Central Asia, the Middle East and South America. Mr. Hibberd is a director of Canacol Energy Ltd., PetroFrontier Corp. and Sunshine Oilsands Ltd. He is the chairman of the audit committee of Canacol and PetroFrontier. He is the Chairman of Canacol and GreenFields and the Non-Executive Vice-Chairman of Sunshine.

Gerald Macey – Director

Gerald Macey has been a director of Pan Orient since 2005. He is the chairman of the Pan Orient board of directors and is a member of the Pan Orient audit committee, compensation committee, reserves committee and governance committee. On July 18, 2022, Mr. Macey was appointed as a director of CanAsia, and to the same committee positions. Mr. Macey is also a director of Andora and a member of the Andora audit committee and reserves committee.

Mr. Macey has over 40 years of international and domestic oil industry experience and was an Executive Vice President Exploration at EnCana Corporation until 2004. He has been a director of Addax Petroleum Corporation, Gran Tierra Energy Inc., Oryx Petroleum Corporation Limited and Verenex Energy Inc., each of which was or is an international oil and gas company listed on the TSX. Mr. Macey was a member of the audit committee of Gran Tierra, Oryx and Verenex.

Cameron Taylor – Director

Cameron Taylor has been a director of Pan Orient since 2005. He is the chairman of the Pan Orient reserves committee and is also a member of the Pan Orient audit committee. On July 18, 2022, Mr. Taylor was appointed as a director of CanAsia, and to the same committee positions.

Mr. Taylor is a geoscientist with over 30 years of experience in frontier, foothills, deep Devonian and heavy oil exploration. He the Chairman, Chief Executive Officer and a member of the audit committee of ROK Resources Inc. Mr. Taylor held executive positions with Villanova 4 Oil Corp., Villanova Oil Corp., Villanova Resources Inc. and Villanova Energy Corp. until their respective sales and prior to that with Keystone Energy Corp., Keystone Energy Inc. and Canadian 88 Energy Corp. Each company is or was an oil and gas company focused on exploration and production in Western Canada.

Executive Compensation

To date, CanAsia has not carried on any active business and has not completed a fiscal year of operations. No compensation has been paid by CanAsia to its executive officers or directors and none will be paid until after the Arrangement has been completed.

Compensation Committee

The CanAsia board of directors has appointed a compensation committee, the members of which are Michael Hibberd (Chair), Richard Alexander and Gerald Macey. Each is an independent director. Mr. Hibberd is a member of the compensation committee of two other public companies and Mr. Alexander is a member of the compensation committee of one other public company. By virtue of education, professional designation and experience in other public oil and gas companies, the committee members collectively have the skills and experience that enable the committee to make decisions on the suitability of CanAsia's compensation policies and practices.

CanAsia intends to adopt a compensation committee charter. The mandate of the committee will be to (a) review annually and recommend to the board of directors CanAsia's executive officer and director compensation philosophy, strategy and principles, which will take into account CanAsia's strategic and annual business plans, the link between executive officer pay and financial and non-financial performance and CanAsia's risk profile, and (b) oversee the design and administration of CanAsia's executive officer and director compensation plans, policies and programs.

Compensation Discussion and Analysis

CanAsia's executive compensation program will be designed to attract and retain highly qualified and motivated individuals, and to provide fair and competitive compensation in accordance with industry standards and with the individual's expertise and experience. The compensation program will consist of three principal components: (i) base salaries; (ii) annual bonuses; and (iii) long-term compensation comprised of stock options and potentially other awards. The compensation committee will review the various aspects of the compensation program from time to time to ensure its effectiveness and whether it adequately reflects CanAsia's business objectives.

Base Salaries

The annual base salaries for executive officers will be intended to be comparable to amounts paid to executives of similar sized companies in Canada with oil and gas operations. Salary increases for each executive will be established based on the performance of the executive and competitiveness with the market. This may be periodically determined by consulting with compensation consultants and participating in third party salary surveys as well as by reviewing other external market data.

Annual Bonuses

Each of the executive officers will be eligible for an annual bonus based on the performance of CanAsia, including relative to its peers, and on the officer's individual performance. Factors considered for evaluating performance and determining bonus amounts will include specific targets based on CanAsia's operations. Special bonuses or retention payments may also be awarded in exceptional cases on the recommendation of the compensation committee.

Long-Term Compensation

See "*Equity Incentive Plan*".

Executive Employment Agreements

Executive employment agreements will be entered into by CanAsia with Jeff Chisholm (President & Chief Executive Officer) and Marcel Nunes (Vice President Finance, Chief Financial Officer & Corporate Secretary). It is anticipated that the agreements will contain terms similar to those described in *"Executive Compensation – Executive Employment Agreements"* in Appendix E – *Information Concerning Pan Orient Energy Corp.* to the Circular, subject to agreement of the executive and the compensation committee.

An executive employment agreement was entered into by Andora with Craig Pichach (Vice President of Operations of Andora) in August 2012. Mr. Pichach's agreement is described under *"Executive Compensation – Executive Employment Agreements"* in Appendix E – *Information Concerning Pan Orient Energy Corp.* to the Circular. That agreement continues in effect.

Pension Plan Benefits

It is not anticipated that CanAsia will have any defined benefit or defined contribution pension plans or deferred compensation plans for its executive officers.

Equity Incentive Plan

The CanAsia directors have adopted the CanAsia Equity Incentive Plan. At the Meeting, Pan Orient Shareholders will be asked to consider and, if deemed advisable, to approve, with or without variation, a resolution, the full text of which is set forth in Appendix H to the Circular, to approve the CanAsia Equity Incentive Plan. The CanAsia Equity Incentive Plan is described under *"CanAsia Equity Incentive Plan and Other Business – CanAsia Equity Incentive Plan"* in the Circular. The full text of the CanAsia Equity Incentive Plan is attached as Appendix H to the Circular.

Audit Committee

The CanAsia board of directors has appointed an audit committee, the members of which are Richard Alexander (Chair), Michael Hibberd, Gerald Macey and Cameron Taylor. Each of them is considered "independent" and "financially literate" within the meaning of NI 52-110. The education and experience of each audit committee member that is relevant to the performance of his responsibilities is described in *"Backgrounds of Management and Directors"*.

CanAsia intends to adopt an audit committee charter. NI 52-110 requires that CanAsia adopt a written charter that sets out its mandate and responsibilities.

Corporate Governance

CanAsia's board of directors considers good corporate governance to be central to the effective and efficient operation of CanAsia. The Canadian Securities Administrators have published guidelines for issuers to consider in developing their own corporate governance practices. Annual disclosure of those practices is required. CanAsia's corporate governance practices are set forth below.

Board of Directors

CanAsia currently has five directors, four of whom are independent, within the meaning of NI 52-110. A director is independent if he or she has no direct or indirect material relationship with CanAsia. A "material relationship" is a relationship which could, in the view of the board, be reasonably expected to interfere with the exercise of a director's independent judgment. Certain types of relationships are by their nature considered to be material relationships.

Directors Richard Alexander, Michael Hibberd, Gerald Macey and Cameron Taylor are independent. Director Jeff Chisholm is not independent because he is the President and Chief Executive Officer of CanAsia. Gerald Macey is the non-executive Chairman of the CanAsia board.

CanAsia intends to adopt a board of directors charter. The board is responsible for the overall stewardship of CanAsia and for supervising the management of the business and affairs of CanAsia with a view to the best interests of CanAsia.

The CanAsia board will exercise its independent supervision over CanAsia's management through a combination of formal meetings of the board as well as informal discussions amongst the board members. The independent directors can also hold scheduled meetings at which non-independent directors or members of management are not in attendance. Where matters arise at board meetings which require decision making and evaluation by independent or non-management directors, the meeting will break into an *in camera* session among the independent or non-management directors.

Directorships

In addition to being directors of Pan Orient and CanAsia, certain directors are also directors of other issuers that are reporting issuers (or the equivalent), as follows:

Director	Other Directorships	Stock Exchange Listing
Richard Alexander	Global Water Resources, Inc.	Toronto Stock Exchange & NASDAQ
Jeff Chisholm	ROK Resources Inc.	TSXV
Michael Hibberd	Canacol Energy Ltd.	Toronto Stock Exchange, OTCQX & Bolsa de Valores de Colombia
	PetroFrontier Corp.	TSXV
	Sunshine Oilsands Ltd.	Stock Exchange of Hong Kong
Cameron Taylor	ROK Resources Inc.	TSXV

Orientation and Continuing Education

Changes to the CanAsia board of directors are expected to be infrequent so there is no need for a formal orientation program for directors.

The board will not provide formal continuing education for directors. Directors will maintain the skill and knowledge necessary to meet their obligations as directors through a combination of their existing education, experience as businessmen and managers, service as directors of other issuers and advice from CanAsia's legal counsel, auditor and other advisers.

Ethical Business Conduct

The CanAsia board will take various steps to encourage and promote a culture of ethical business conduct at CanAsia. This will include required adherence to a code of business conduct and ethics that CanAsia intends to adopt. The skill and knowledge of board members and advice from counsel will ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Directors and officers will be required to disclose dealings in any of the geographic areas in which CanAsia operates. They are also subject to the general obligation under corporate law to disclose and not vote on any material contract or transaction with CanAsia in which the director or officer has an interest.

Nomination of Directors

The governance committee will review, from time to time, the size of the board of directors; assess the competencies, skills and personal qualities required of directors in light of CanAsia's circumstances, business strategies and applicable regulatory requirements; review the competencies, skills and personal qualities of, and contributions made by, each existing director; make recommendations for any changes to the composition of the board of directors; and identify individuals qualified to become new directors and submit recommendations to the board of directors for its consideration and decision.

Compensation

The compensation committee will determine director compensation. It is anticipated that non-management directors will receive a base annual retainer and a fee for each directors' meeting and committee meeting attended. Committee chairs and members may receive additional amounts. It is anticipated that non-management directors will also be compensated through grants of stock options, and potentially other awards, under the CanAsia Equity Incentive Plan.

The compensation to be paid to Mr. Chisholm, the President and Chief Executive Officer, will be established pursuant to an executive employment agreement, which will be negotiated by the compensation committee and approved by the board.

Other Board Committees

In addition to the audit committee and the compensation committee, each of which is described above, the directors have also appointed a governance committee and a reserves committee.

The governance committee is comprised of Messrs. Macey (Chair), Alexander and Hibberd. CanAsia intends to adopt a governance committee charter. The mandate of the committee will include the composition of the board of directors; board and committee mandates; board, committee and director monitoring and evaluation; dealings with management; succession planning and executive development; director and officer insurance; and corporate governance disclosure.

The reserves committee is comprised of Messrs. Taylor (Chair), Macey and Chisholm. CanAsia intends to adopt a reserves committee charter. The mandate of the committee will be to assist the board of directors and make recommendations in respect of any required independent evaluation and review of CanAsia's oil and gas reserves, any voluntary independent evaluation and review of CanAsia's contingent resources or prospective resources and the disclosure of reserves data, any resources data and other oil and gas information.

Assessments

The governance committee is responsible for assessing the effectiveness of the board as a whole, the committees of the board and the contribution of individual directors.

Risk Factors

An investment in CanAsia should be considered highly speculative due to the nature of CanAsia's business and the present stage of its development. For a discussion of risk factors associated with CanAsia and the ownership of CanAsia Shares, see below and "Risk Factors" in Appendix E – Information Concerning Pan Orient Energy Corp. to the Circular, many of which risk factors also apply to CanAsia. A prospective investor should consider carefully such risk factors. An investment in CanAsia Shares should only be made by persons who can afford a significant or total loss of their investment.

No Operational History

CanAsia was only recently organized and has no history or operations. As such, it is subject to many of the risks common to early-stage companies, including undercapitalization, cash shortages, lack of revenues and limited resources, including personnel and financial. There is no guarantee that CanAsia will achieve a return on shareholders' investment and the likelihood of success must be considered given the early-stage nature of the development of operations.

Substantial Capital Requirements: Liquidity

CanAsia anticipates that it will make substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves and resources in the future. If CanAsia does not have, or is unable to increase, revenues or reserves in the future, CanAsia may have limited ability to attract the capital necessary to undertake or complete future development programs. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet those requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to CanAsia. Moreover, future activities may require CanAsia to alter its capitalization significantly. The inability of CanAsia to access sufficient capital for its operations could have a material adverse effect on CanAsia's financial conditions, results of operations or prospects.

Additional Funding Requirements

CanAsia's future cash flow will not be sufficient to fund its ongoing activities at all times. From time to time, CanAsia will require additional financing in order to satisfy the financial requirements of Andora (including funds to develop the Sawn Lake SAGP project) and to directly carry out any oil and gas acquisition, exploration and development activities. Failure to obtain such financing on a timely basis could cause CanAsia to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If CanAsia's prospectus for potential revenues decrease as a result of lower oil and natural gas prices or otherwise, it will affect CanAsia's ability to attract the necessary capital to identify and increase resources or reserves or to maintain its operations. If CanAsia's existing working capital and cash flow from operations is not sufficient to satisfy its expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or available on terms acceptable to CanAsia.

Absence of Established Market for CanAsia Shares

CanAsia is a newly incorporated company. There currently is no public market for CanAsia Shares and there is no guarantee that such securities will be listed on the TSXV. If listed, CanAsia cannot predict at what price CanAsia Shares will trade and there can be no assurance that an active trading market for such securities will develop or be sustained. If an active public market does not develop or is not sustained, Shareholders may have difficulty selling their CanAsia Shares.

Reliance on Operators and Key Employees

To the extent CanAsia is not the operator of its oil and gas properties, CanAsia will be dependent on such operators for the timing of activities related to such properties and will largely be unable to direct or control the activities of the operators. In addition, the success of CanAsia will be largely dependent upon the performance of its management and key employees.

CanAsia does not have any key man insurance policies, and therefore there is a risk that the death or departure of any member of management or any key employee could have a material adverse effect on CanAsia.

Potential Conflict of Interest

Certain of the directors and officers of CanAsia are also directors and officers of other oil and gas companies involved in oil and natural resource exploration and development, and conflicts of interest may arise between their duties as officers and directors of CanAsia and as officers and directors of such other companies. Such conflicts must be disclosed in accordance with, and are subject to, such other procedures and remedies as applicable under the ABCA.

Separation Agreement

As set out in the Arrangement Agreement, the Separation Agreement will be entered into on the Effective Date between Pan Orient and CanAsia, substantially in the form contained in the Arrangement Agreement, to effect: (i) the sale and transfer of Excluded Assets from Pan Orient to CanAsia; and (ii) the assumption of the Assumed Liabilities by CanAsia, all effective at the time specified in the Plan of Arrangement. Pursuant to the Separation Agreement, CanAsia will assume all liabilities, including environmental liabilities, relating to the Excluded Assets (as defined in the Arrangement Agreement),

Under the Separation Agreement, CanAsia will agree to indemnify and hold harmless Pan Orient and its subsidiaries from and against all losses which arise out of result from, among other things, the Excluded Assets, the Excluded Business and the Assumed Liabilities for a period of 18 months following the Effective Date, and will also indemnify Pan Orient with respect to non-performance of its obligations under the Separation Agreement, and any Leakage Amount less any Contribution Amount that has not been taken into account in calculating the purchase price.

Although Pan Orient are not aware of any material liabilities relating to the Excluded Assets which are not set out in the Pan Orient unaudited consolidated financial statements as at March 31, 2022 or any Leakage Amount that will not been taken into account in calculating the purchase price, it is possible that CanAsia could become aware of certain liabilities or unaccounted Leakage Amount after the completion of the Arrangement which would have a material adverse effect on CanAsia.

Issuance of Debt

From time to time CanAsia may enter into transactions to acquire assets or shares of other corporations. These transactions may be financed partially or wholly with debt, which may increase CanAsia's debt levels above industry standards. Neither CanAsia's articles nor its by-laws limit the amount of indebtedness that CanAsia may incur. The level of CanAsia's indebtedness from time to time could impair CanAsia's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Dilution

CanAsia may make future acquisitions or enter into financing or other transactions involving the issuance of securities of CanAsia which may be dilutive.

Third Party Credit Risk

CanAsia is or may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations to CanAsia, such failures could have a material adverse effect on CanAsia and its cash flow from operations.

Dividends

CanAsia does not anticipate the payment of any dividends on the CanAsia Shares for the foreseeable future.

Legal Proceedings

There are no legal proceedings to which CanAsia is a party to, or in respect of which any of the property of CanAsia (assuming completion of the Arrangement) is subject, which are or will be material to CanAsia, and CanAsia is not aware of any such proceedings that are contemplated.

Regulatory Actions

There have been: (i) no penalties or sanctions imposed against CanAsia by a court relating to securities legislation or by a securities regulatory authority; (ii) no other penalties or sanctions imposed by a court or regulatory body against CanAsia; and

(iii) no settlement agreements entered into by CanAsia with a court relating to securities legislation or with a securities regulatory authority.

Indebtedness of Directors and Executive Officers

No director, executive officer or other senior officer of CanAsia, or any associate of any such director or officer (a) is, or at any time has been, indebted to CanAsia or any of its subsidiaries or (b) whose indebtedness to another entity is, or at any time has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by CanAsia or any of its subsidiaries.

Interests of Management and Others in Material Transactions

Except as disclosed in the Circular or this Appendix F, none of the directors or executive officers of CanAsia, or any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of CanAsia's outstanding voting securities, or an associate or affiliate of any of the foregoing persons or companies, has or has had any material interest, direct or indirect, in any transaction that has materially affected or is reasonably expected to materially affect CanAsia.

Auditors, Transfer Agent and Registrar

Auditors

The auditors of CanAsia are KPMG LLP, Suite 3100, 205 – 5th Avenue SW, Calgary, Alberta, T2P 4B9. KPMG LLP has advised they are independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

Transfer Agent and Registrar

The transfer agent and registrar for the CanAsia Shares will be Computershare Trust Company of Canada, at its principal offices in Calgary, Alberta and Toronto, Ontario where transfers of securities may be recorded.

Material Contracts

The only contract entered into by CanAsia or by Pan Orient, that materially affects CanAsia or to which either of them will become a party on or prior to the Effective Date, that can reasonably be regarded as material to a proposed investor in the CanAsia Shares, other than contracts entered into in the ordinary course of business, is the Arrangement Agreement. The Arrangement Agreement prescribes the form of Separation Agreement to be entered into on the Effective Date between Pan Orient and CanAsia. See "*The Arrangement – Effecting the Arrangement – Separation Agreement*" and "*The Arrangement Agreement*" in the Circular.

Experts

See "*Other Matters – Experts*" in the Circular.

Schedule 1 – CanAsia Financial Statements



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of CanAsia Energy Corp.

Opinion

We have audited the financial statements of CanAsia Energy Corp. (the Entity), which comprise:

- the statement of financial position as at the date of incorporation on May 27, 2022
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at the date of incorporation on May 27, 2022 in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statement*" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada
July 20, 2022

CanAsia Energy Corp.
Statement of Financial Position

(Expressed in Canadian dollars, unless otherwise noted)

As at the date
of incorporation
on May 27,
2022

(\$)	
Assets	
Current	
Cash	1
Total current assets	1
Total assets	1
Shareholder's equity	
Share capital	1
Total shareholder's equity	1
Total shareholder's equity	1

See accompanying notes to the financial statements.

Approved on behalf of the Board of Directors:

(signed "Richard Alexander")

Director

(signed "Gerald Macey")

Director

CanAsia Energy Corp.
Notes to the Statement of Financial Position as at May 27, 2022

1) Business and structure of CanAsia

CanAsia Energy Corp. ("CanAsia" or the "Company") was incorporated under the Business Corporations Act (Alberta) on May 27, 2022 and is a wholly owned subsidiary of Pan Orient Energy Corp. ("Pan Orient"). CanAsia was incorporated for the purposes of participating in an arrangement described in Note 3 and not expected to carry on any active business prior to the Arrangement Agreement (defined below in Note 5). Its registered office is located at 4500, 855 – 2nd Street S.W., Calgary, Alberta T2P 4K7 and its principal business office is located at 1505, 505 – 3rd Street S.W., Calgary, Alberta T2P 3E6.

2) Basis of presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements were approved by the Board of Directors on July 18, 2022.

These financial statements are presented in Canadian dollars, which is the Company's functional currency. As there have been no operations, statements of income and comprehensive income, cash flows, and changes in shareholder's equity have not been presented.

3) Significant accounting policies

- a) Cash and cash equivalents
Cash and cash equivalents consist of cash on deposit and short-term investments with an original maturity date of three months or less.
- b) Share capital
Costs directly attributable to the issue of common shares are recognized as a reduction of equity, net of deferred income taxes.

4) Share capital

The authorized share capital of the Company includes an unlimited number of common shares.

On the date of incorporation on May 27, 2022, the Company issued one common share to Pan Orient at \$1 per share.

5) Subsequent event

On June 6, 2022, Pan Orient, its wholly-owned subsidiary CanAsia, Dialog Systems (Asia) Pte Ltd. ("DIALOG") and its wholly-owned subsidiary 2432707 Alberta Ltd. (the "Purchaser"), entered into an arrangement agreement (the "Arrangement Agreement") whereby, among other things, the parties agreed to complete a series of steps pursuant to an arrangement under the Business Corporations Act (Alberta) (the "Arrangement") that will include:

- (i) Pan Orient will sell and transfer its "Non-Thailand Business" to CanAsia in accordance with the Separation Agreement to be entered into between Pan Orient and CanAsia, effective at the time specified in the Plan of Arrangement, all as contemplated by the Arrangement Agreement. The "Non-Thailand Business" refers to the Excluded Assets and Assumed Liabilities (as such terms are defined in the Arrangement Agreement);
- (ii) the Purchaser will acquire all of the issued and outstanding shares of Pan Orient in consideration of cash consideration of USD \$0.788 for each share of Pan Orient; and
- (iii) shareholders of Pan Orient (other than dissenting shareholders) will also receive one common share of CanAsia for each share of Pan Orient held.

Upon completion of the transactions contemplated by the Arrangement Agreement:

- (i) DIALOG, through the Purchaser, will hold all of the issued and outstanding shares of Pan Orient, which will continue to own the Thailand Business (as such term is defined in the Arrangement Agreement), which includes Pan Orient's indirect 50.01% interest in Pan Orient Energy (Siam) Ltd., which holds the Petroleum Concession No. 1/2550/77 in relation to the Exploration Block No. L53/48 in Thailand and the Supplementary Petroleum Concession (No. 1) to the Petroleum Concession No. 1/2550/77;
- (ii) shareholders of Pan Orient (other than dissenting shareholders) will receive, for each Pan Orient share held, a cash payment of USD \$0.788 and one common share of CanAsia; and
- (iii) CanAsia will own the Non-Thailand Business, which includes: (A) Pan Orient's 71.8% interest in Andora Energy Corporation ("Andora"), which has interests in oil sands properties in Sawn Lake in northern Alberta, Canada; (B) convertible loans receivable from Andora; (C) Pan Orient's 100% interest in Pan Orient Energy Holdings Ltd. ("POEH"), which has interests in Indonesia, which operations are, effective January 1, 2020, considered discontinued

operations for accounting purposes; and (D) working capital and long-term deposits. The Arrangement must be approved by Pan Orient shareholders, the Court of Queen's Bench of Alberta and the TSX Venture Exchange (the "TSXV"). It is anticipated that the CanAsia common shares will be listed on the TSXV as a substitutional listing to the Pan Orient common shares and that a new stock symbol will be allocated.

Schedule 2 – Carve-out Financial Statements

COMBINED CONSOLIDATED CARVE-OUT FINANCIAL STATEMENTS OF THE NON-THAILAND BUSINESS

**AS AT DECEMBER 31, 2021 AND DECEMBER 31, 2020
AND FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019**



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Pan Orient Energy Corp.

Opinion

We have audited the combined consolidated carve-out financial statements of the Non-Thailand Business of Pan Orient Energy Corp. (the Entity), which comprise:

- the combined consolidated carve-out statements of financial position as at December 31, 2021 and December 31, 2020
- the combined consolidated carve-out statements of operations and comprehensive loss for the years ended December 31, 2021, December 31, 2020 and December 31, 2019
- the combined consolidated carve-out statements of changes in net investment for the years ended December 31, 2021, December 31, 2020 and December 31, 2019
- the combined consolidated carve-out statements of cash flows for the years ended December 31, 2021, December 31, 2020 and December 31, 2019
- and notes to the combined consolidated carve-out financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the combined consolidated carve-out financial position of the Entity as at December 31, 2021 and December 31, 2020, and its combined consolidated carve-out financial performance and its combined consolidated carve-out cash flows for the years ended December 31, 2021, December 31, 2020 and December 31, 2019 in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our auditors' report.



We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Preparation

We draw attention to Note 2 to the financial statements which describes the basis of preparation used in these financial statements and the purpose of the financial statements.

Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. Other information comprises

- the information included in Management's Discussion and Analysis to be included in Pan Orient Energy Corp.'s information circular dated July 20, 2022.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada
July 20, 2022

Non-Thailand Business
Combined Consolidated Carve-out Statements of Financial Position
(Expressed in Canadian dollars)

	December 31 2021	December 31 2020
(\$000s)		
Assets		
Current		
Cash and cash equivalents	35,079	26,412
Accounts receivable	537	469
	35,616	26,881
Deposits	612	609
Right-of-use assets	1	19
Exploration and evaluation (note 5)	-	-
Equipment and other (note 6)	412	453
Total assets	36,641	27,962
Liabilities		
Current		
Accounts payable and accrued liabilities	3,112	3,352
Lease liabilities	4	20
Decommissioning provision (note 7)	1,001	483
	4,117	3,855
Other liabilities	-	70
Decommissioning provision (note 7)	1,236	2,011
Total liabilities	5,353	5,936
Net Investment		
Net Investment	36,878	27,496
Non-controlling interest	(5,590)	(5,470)
Total net investments	31,288	22,026
Total net investments and liabilities	36,641	27,962
Commitments (note 16)		
Subsequent event (note 17)		

See accompanying notes to the combined consolidated carve-out financial statements.

Approved on behalf of the Board of Directors:

(signed "Richard Alexander")	(signed "Gerald Macey")
_____ Director	_____ Director

Non-Thailand Business
Combined Consolidated Carve-out Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)

	Year Ended December 31		
(\$000s, except per share amounts)	2021	2020	2019
Expenses (Income)			
General and administrative	2,111	2,120	2,158
Operating expense	279	210	-
Stock-based compensation (note 10)	1,094	651	815
Amortization and depreciation (note 6)	59	52	57
Decommissioning expense (recovery) (note 7)	(801)	359	-
Impairment (note 5)	-	85,799	-
Finance income	(48)	(219)	(397)
Foreign exchange loss	61	867	1,007
	2,755	89,839	3,640
Loss before taxes and non-controlling interest	(2,755)	(89,839)	(3,640)
Taxes			
Deferred income tax recovery (note 8)	-	(5,574)	(1,125)
Net loss from continuing operations	(2,755)	(84,265)	(2,515)
Net income (loss) from discontinued operations (note 4)	(1,032)	273	(27,502)
Net loss	(3,787)	(83,992)	(30,017)
Other comprehensive loss			
Foreign exchange loss on translation of foreign operations	-	-	(906)
Total comprehensive loss	(3,787)	(83,992)	(30,923)
Net income (loss) attributable to:			
Net investment	(3,667)	(61,537)	(30,194)
Non-controlling interest (note 14)	(120)	(22,455)	177
Net loss	(3,787)	(83,992)	(30,017)
Total comprehensive income (loss) attributable to:			
Net investment	(3,667)	(61,537)	(31,100)
Non-controlling interest (note 14)	(120)	(22,455)	177
Total comprehensive loss	(3,787)	(83,992)	(30,923)

See accompanying notes to the combined consolidated carve-out financial statements.

Non-Thailand Business
Combined Consolidated Carve-out Statements of Changes in Net Investment
(Expressed in Canadian dollars)

(\$000s)	Net Investment ⁽¹⁾	NCI	AOCI	Net Investment
Balance as at December 31, 2018	108,139	16,808	2,513	127,460
Net income (loss)	(30,194)	177	-	(30,017)
Stock-based compensation expense	815	-	-	815
Options exercised	222	-	-	222
Other changes in net investment (note 9)	5,321	-	-	5,321
Other comprehensive loss	-	-	(906)	(906)
AOCI on impaired assets (note 4)	-	-	(1,607)	(1,607)
Balance as at December 31, 2019	84,303	16,985	-	101,288
Net loss	(61,537)	(22,455)	-	(83,992)
Stock-based compensation expense	268	-	-	268
Other changes in net investment (note 9)	4,462	-	-	4,462
Balance as at December 31, 2020	27,496	(5,470)	-	22,026
Net loss	(3,667)	(120)	-	(3,787)
Stock-based compensation expense	93	-	-	93
Other changes in net investment (note 9)	12,956	-	-	12,956
Balance as at December 31, 2021	36,878	(5,590)	-	31,288

(1) Net investment before non-controlling interest and accumulated other comprehensive income (loss)

See accompanying notes to the combined consolidated carve-out financial statements.

Non-Thailand Business
Combined Consolidated Carve-out Statements of Cash Flows
(Expressed in Canadian dollars)

	Years Ended December 31		
(\$000s)	2021	2020	2019
Cash Provided by (Used in)			
Operating Activities			
Net loss from continuing operations	(2,755)	(84,265)	(2,515)
Adjustments for non-cash items:			
Deferred income tax recovery	-	(5,574)	(1,125)
Amortization and depreciation	59	52	57
Stock-based compensation (non-cash portion)	93	268	815
Accretion	28	21	33
Impairment (note 5)	-	85,799	-
Decommissioning expense (recovery)	(801)	359	-
Unrealized foreign exchange loss	114	869	1,008
Changes in non-cash working capital	212	529	35
Cash flow used in operating activities	(3,050)	(1,942)	(1,692)
Investing Activities			
Exploration and evaluation	-	(85)	(605)
Other changes in net investment (note 9)	13,715	7,112	6,624
Changes in non-cash working capital	(3)	(43)	(993)
Cash flow provided by investing activities	13,712	6,984	5,026
Financing Activities			
Issuance of common shares	-	-	222
Other changes in net investment (note 9)	(1,704)	(1,705)	(799)
Finance lease payments	(24)	(28)	(8)
Cash flow used in financing activities	(1,728)	(1,733)	(585)
Change in cash and cash equivalents from continuing operations	8,934	3,309	2,749
Change in cash and cash equivalents from discontinued operations (note 4)	(153)	(795)	(8,593)
Effect of foreign exchange on cash and cash equivalents	(114)	(869)	(1,051)
Cash and cash equivalents, beginning of year	26,412	24,767	31,662
Cash and cash equivalents, end of year	35,079	26,412	24,767

See accompanying notes to the combined consolidated carve-out financial statements.

1) REPORTING ENTITY AND BACKGROUND

Pan Orient Energy Corp. ("Pan Orient" or the "Company") is an Alberta, Canada oil and gas corporation with its common shares listed on the TSX Venture Exchange. The records office and principal address of Pan Orient is located at 1505, 505 – 3rd Street S.W., Calgary, Alberta, T2P 3R6.

On June 6, 2022, Pan Orient, its wholly-owned subsidiary CanAsia Energy Corp. ("CanAsia"), Dialog Systems (Asia) Pte Ltd. ("DIALOG") and its wholly-owned subsidiary 2432707 Alberta Ltd. (the "Purchaser"), entered into an arrangement agreement (the "Arrangement Agreement") whereby, among other things, the parties agreed to complete a series of steps pursuant to an arrangement under the Business Corporations Act (Alberta) (the "Arrangement") that will include:

- (i) Pan Orient will sell and transfer its "Non-Thailand Business" to CanAsia in accordance with the Separation Agreement to be entered into between Pan Orient and CanAsia, effective at the time specified in the Plan of Arrangement, all as contemplated by the Arrangement Agreement. The "Non-Thailand Business" refers to the Excluded Assets and Assumed Liabilities (as such terms are defined in the Arrangement Agreement);
- (ii) the Purchaser will acquire all of the issued and outstanding shares of Pan Orient in consideration of cash consideration of USD \$0.788 for each share of Pan Orient; and
- (iii) shareholders of Pan Orient (other than dissenting shareholders) will also receive one common share of CanAsia for each share of Pan Orient held.

Upon completion of the transactions contemplated by the Arrangement Agreement:

- (i) DIALOG, through the Purchaser, will hold all of the issued and outstanding shares of Pan Orient, which will continue to own the Thailand Business (as such term is defined in the Arrangement Agreement), which includes Pan Orient's indirect 50.01% interest in Pan Orient Energy (Siam) Ltd., which holds the Petroleum Concession No. 1/2550/77 in relation to the Exploration Block No. L53/48 in Thailand and the Supplementary Petroleum Concession (No. 1) to the Petroleum Concession No. 1/2550/77;
- (ii) shareholders of Pan Orient (other than dissenting shareholders) will receive, for each Pan Orient share held, a cash payment of USD \$0.788 and one common share of CanAsia; and
- (iii) CanAsia will own the Non-Thailand Business, which includes: (A) Pan Orient's 71.8% interest in Andora Energy Corporation ("Andora"), which has interests in oil sands properties in Sawn Lake in northern Alberta, Canada; (B) convertible loans receivable from Andora; (C) Pan Orient's 100% interest in Pan Orient Energy Holdings Ltd. ("POEH"), which has interests in Indonesia, which operations are, effective January 1, 2020, considered discontinued operations for accounting purposes; and (D) working capital and long-term deposits.

These carve-out financial statements represent the activities, assets and liabilities of the Non-Thailand Business on a "carve-out" basis, rather than representing a legal structure. These financial statements have been prepared for the purpose of presenting the financial position, financial performance and cash flows of the Non-Thailand Business to be sold to CanAsia on a stand-alone basis. Where appropriate, certain transactions and balances have been attributed to the Non-Thailand Business based on specific identification or allocation. The financial statements may not be indicative of the Non-Thailand Business' future performance and they do not necessarily reflect what the results of operations, financial position and cash flows would have been had the Non-Thailand Business operated as an independent entity and had it presented stand-alone financial statements during the periods presented.

2) BASIS OF PRESENTATION AND MEASUREMENT

These combined consolidated carve-out financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and were authorized for issuance by the Board of Directors of Pan Orient on July 18, 2022. These carve-out financial statements are based on the terms of the proposed Arrangement and present the historic carve-out financial position, results of operations, changes in net investment and cash flow of the Non-Thailand Business to be transferred from Pan Orient to CanAsia. The data presented in these carve-out financial statements is derived from the accounting records of Pan Orient on a carve-out basis and should be read in conjunction with Pan-Orient's annual audited consolidated financial statements and notes thereto for the years ended December 31, 2021, 2020 and 2019.

These carve-out financial statements have been prepared using the predecessor values method. As a result of the Arrangement, proportions of the financial statement line items were required to be carved-out for those items directly attributable to the Non-Thailand Business, using certain estimates, judgments, assumptions and allocations for the creation of these carve-out financial statements.

These carve-out financial statements include the accounts of:

- a) Pan Orient's 71.8% ownership in Andora and the accounts of its subsidiary and a non-controlling interest representing 28.2% of Andora's assets and liabilities not owned by Pan Orient. (Note 14)
- b) The assets and liabilities associated with the discontinued operations in Indonesia accounted for under "IFRS 5 – Non-current assets held for sale and discontinued operations". (Note 4)
- c) Other assets and liabilities not included above and a part of the Non-Thailand Business.

The carve-out financial statements have been prepared on a going concern basis and do not necessarily reflect what the results of operations, financial position, and cash flows would have been, had the carved-out assets and liabilities been a separate entity, or the future results of the business, as it will exist upon the completion of the Arrangement.

Use of Estimates and Judgments

The preparation of these carve-out financial statements requires management to make estimates, assumptions, and judgments that affect the reported amounts of Excluded Assets and Assumed Liabilities as at the dates of the statements of financial position as well as the reported amounts of carved-out income, expenses, and cash flows during the periods presented. Such estimates relate primarily to unsettled transactions and events as of the dates of the financial statements. Actual results could differ materially from estimated amounts. Management believes that the estimates and assumptions underlying these carve-out financial statements are reasonable. However, due to the measurement uncertainty inherent in estimates, assumptions, and judgments, these carve-out financial statements may not reflect the Non-Thailand Business results of operations, financial position and cash flows in the future, or what the results of operations, financial position and cash flows would have been if the Non-Thailand Business had been a stand-alone company.

Amounts recorded for depletion and depreciation and amounts used for equipment and other and exploration and evaluation cost impairment calculations are based on a number of factors including estimates of oil and natural gas reserves, contingent resources, and future costs required to develop those reserves and contingent resources. To test impairment, costs are allocated into cash generating units ("CGUs") based on their ability to generate largely independent cash flows. The determination of CGUs is subject to judgment. The transfer of exploration and evaluation assets to property, plant and equipment is based on management's judgment of technical feasibility and commercial viability.

Stock-based compensation is subject to the estimation of what the ultimate payout will be using pricing models such as Black-Scholes which is based on significant assumptions such as expected volatility, dividend yield and expected term.

Amounts recorded for decommissioning provision and the related accretion expense requires the use of estimates with respect to the amount and timing of abandonment costs, inflation and interest rates.

The provision for income taxes is based on judgments in applying income tax law and estimates on the applicable tax rates, timing, likelihood and reversal of temporary differences between the accounting and tax bases of assets and liabilities. These estimates are subject to measurement uncertainty and changes in these estimates could materially impact the financial statements of future periods.

3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The financial statements of subsidiaries are included in the carve-out financial statements from the date that control commences until the date that control ceases. Control exists when an entity is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from net investment. Non-controlling interest consists of the non-controlling interest at the date of the original business combination plus the non-

controlling interest's share of changes in equity since the date of acquisition. The carve-out financial statements include a non-controlling interest representing 28.2% of Andora's assets and liabilities not owned by Pan Orient. Accounting policies are applied consistently throughout all consolidated entities and the reporting dates of Pan Orient and its subsidiaries are coterminous.

(b) Joint Arrangements

A joint arrangement represents an arrangement where two or more parties hold joint control. Joint control is deemed to exist where decisions regarding relevant activities of the arrangement require the unanimous consent of those parties sharing control.

A joint operation is a joint arrangement in which each venturer holds the rights to the assets and obligations of the arrangement. Interests in joint operations are accounted for by recognizing the share of the assets, liabilities, revenue and expenses in these carve-out financial statements.

(c) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and short-term investments with an original maturity date of three months or less.

(d) Exploration and Evaluation ("E&E")

Pre-exploration and pre-licensing costs associated with the investigating, bidding and acquisition of petroleum properties are expensed prior to obtaining a petroleum lease or concession.

Costs incurred prior to establishing commercial viability and technical feasibility, such as land and lease acquisition costs, and geological and geophysical costs, are initially classified as E&E assets. The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable based on several factors including the assignment of proven and probable reserves. Upon determination of technical feasibility and commercial viability, E&E assets attributable to those reserves are first tested for impairment and then reclassified from E&E assets to property, plant and equipment.

(e) Property, Plant and Equipment ("PP&E")

Unless initially classified as E&E assets, all costs related to the acquisition, exploration and development of petroleum and natural gas properties are capitalized and measured at cost less accumulated depletion and depreciation and accumulated impairment losses. These costs include land and lease acquisition costs, geological and geophysical costs, costs of drilling and equipping productive and non-productive wells, decommissioning costs, and carrying costs.

Petroleum and natural gas assets are accumulated in components, which generally are fields or groups of fields and then aggregated into CGUs. Depletion is provided on costs accumulated using the unit-of production method based on an independent engineering estimate of the proved plus probable reserves, before royalties. Included in the depletion base are estimated future costs to be incurred in developing proved and probable reserves. Estimated salvage values are excluded from the depletion base.

Gains and losses on disposal of an item of property, plant and equipment, including oil and natural gas interests, are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized within profit or loss.

Cost incurred subsequent to the determination of technical feasibility and commercial viability and the costs of replacing parts, including major inspection, of property, plant and equipment are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. The carrying amount of any replaced or sold component is derecognized. Directly attributable expenses incurred for major capital projects and site preparation are capitalized until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent these are recognized as a provision. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit and loss as incurred.

(f) Impairment of Assets

An impairment test is performed whenever events and circumstances indicate that the carrying value of the asset or CGU may exceed the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use. E&E assets are allocated to the CGU or groups of CGUs to which they relate for purposes of impairment testing. If there is indication of an impairment loss, the costs carried on the statements of financial position in excess of the recoverable amount are charged to the statements of operations.

Impairment losses from prior periods are assessed at each reporting date for indications that the impairment loss no longer exists or has decreased. Impairment losses can be reversed if there is a change in the estimates used to determine the recoverable amount. Reversal of impairment losses cannot exceed the carrying value of the asset prior to impairment less any depreciation and depletion that would have been taken if no impairment was recognized.

(g) Leases

A right-of-use asset and a lease liability is recognized at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or Pan Orient's incremental borrowing rate if that rate cannot be readily determined.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option in which there is reasonably certain to exercise, lease payment in an optional renewal period if there is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless there is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payment arising from a change in an index or rate, if there is a change in the estimate of the amount expected to be payable under a residual value guarantee, or if there are changes in the assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

An election was made not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are expensed on a straight-line basis over the lease term.

(h) Decommissioning Provision

A liability is recognized when it is related to statutory, contractual or other legal obligations associated with the retirement of assets, when a reasonable estimate of the provision can be determined. A corresponding increase to the carrying amount of the related asset is recorded. The liability is increased as accretion is recognized over time through charges to accretion, which is included in finance costs. The costs capitalized to the related assets are amortized to earnings in a manner consistent with the depletion and depreciation of the underlying assets. Revisions to the estimated timing of cash flows, inflation rates, discount rates or to the original estimated undiscounted costs also result in an increase or decrease to the obligation. Actual costs incurred upon settlement of the retirement obligation are charged against the obligation to the extent of the liability recorded.

(i) Revenue Recognition

Revenue is recognized when the performance obligations are satisfied and revenue can be reliably measured. Revenue is measured at the consideration specified in the contracts and represents amounts receivable for goods or services provided in the normal course of business, net of discounts, customs duties and sales taxes.

(j) Stock-Based Compensation

Stock-based compensation is accounted for using the fair value method of accounting for stock options granted to directors, officers, employees and consultants using the Black-Scholes option-pricing model and based on the grant date fair value of the shares for restricted share units. Stock-based compensation associated with options is measured at fair value at

the grant date and expensed over the vesting period with a corresponding increase to net investment. Consideration paid upon the exercise of stock options is recorded as an increase to net investment. Stock-based compensation for restricted share units is accounted for as a liability award as the awards are settled in cash. Compensation cost is recognized over the vesting period with the offset included in accounts payable. The amount recognized as expense is adjusted for an estimated forfeiture rate for options and restricted share units that will not vest, which is adjusted as actual forfeitures occur, until the shares are fully vested.

(k) Income Taxes

These carve-out financial statements follow the liability method of accounting for income taxes. Under this method, deferred income tax assets or liabilities are recorded to reflect the difference between the accounting and tax base of assets and liabilities, and income tax loss carry forwards. Deferred income taxes are measured using tax rates that are expected to apply to the period when the deferred tax asset is realized or deferred tax liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period. The effect of a change in income tax rate is recognized in income in the period that the change occurs.

Deferred income tax assets are recognized for deductible temporary differences to the extent it is probable that future taxable profit will be available against which the deferred tax assets can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow the assets to be recovered. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination.

Deferred tax assets and deferred tax liabilities are offset when they are relating to the same taxable entity. Deferred tax assets and deferred tax liabilities may also be offset when they are relating to different taxable entities, where the amounts relate to income taxes levied by the same taxation authority and the entities intend to realize the assets and settle the liabilities simultaneously.

(l) Foreign Currency

The reporting currency of these carve-out financial statements is the Canadian dollar. The functional currencies of the carved-out Non-Thailand Business are the Canadian dollar and the U.S. dollar.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Canadian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Canadian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognized in other comprehensive income. When a foreign operation is disposed of, or deemed to be disposed of, the relevant amount in AOCI (in the cumulative translation account) is transferred to profit or loss as part of the gain or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income in the cumulative translation account.

(m) Financial Instruments

All financial assets, liabilities and financial derivatives are initially recognized in the statements of financial position at fair value and must be classified as one of the following three categories:

- Amortized Cost: Includes assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest;
- Fair Value through Other Comprehensive Income ("FVOCI"): Includes assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, where its contractual terms give rise on specified dates to cash flows that represent solely payments of principal and interest; or
- Fair Value through Profit and Loss ("FVTPL"): Includes assets that do not meet the criteria for amortized cost or FVOCI and are measured at fair value through profit or loss. This includes all derivative financial assets.

Cash and cash equivalents, accounts receivable, deposits and accounts payable and accrued liabilities in these carve-out statements are classified as amortized cost.

4) DISCONTINUED OPERATIONS

The undeveloped onshore interests in Indonesian East Jabung PSC expired in January 2020 and the operator is continuing to complete the final steps to be taken for formal approval of the expiry from the Government of Indonesia, including reclamation requirements. Pan Orient is withdrawing operations from Indonesia and the office in Jakarta was closed on March 31, 2020. The operation in Indonesia for accounting purposes effective January 1, 2020 is considered a discontinued operation under "IFRS 5 – Non-current assets held for sale and discontinued operations".

The following tables summarize financial information related to discontinued operations in Indonesia:

Net loss (income) from discontinued operations for the years ended December 31, 2021, 2020 and 2019 is as follow:

	Year Ended December 31		
(\$000s)	2021	2020	2019
Expenses			
General and administrative	212	295	470
Amortization	-	111	95
Decommissioning expense (recovery)	632	-	(14)
Impairment	-	-	27,001
Exploration expense (recovery)	165	(675)	-
Foreign exchange loss (gain)	23	(4)	(50)
Net loss (income) from discontinued operations	1,032	(273)	27,502

2019 Impairment

Indonesia – East Jabung Production Sharing Contract ("PSC")

Pursuant to a June 1, 2015 farmout agreement entered into by Pan Orient, Pan Orient transferred a 51% direct working interest and operatorship of the East Jabung PSC. The farminee committed to funding US\$10.2 million towards the first and second exploration wells and a contingent commitment to fund the first US\$5.1 million towards an appraisal well, if justified. The drilling of the Ayu-1X and Elok-1X exploration wells in 2017 qualified for the two wells under the firm three year exploration work program. The original November 21, 2017 expiry date of the East Jabung PSC was extended by the Government of Indonesia to January 20, 2019. On January 11, 2019 the East Jabung PSC joint venture received approval for a four year exploration extension period with an exploration area of 1,245.56 square kilometers, where the joint venture had the option of exiting or continuing the PSC on an annual basis. The Anggun-1X well was drilled unsuccessfully in the fourth quarter of 2019. In January 2020 the PSC joint venture provided notice to the Government of Indonesia of withdrawal from the East Jabung PSC. As a result, an impairment expense was recognized on the East Jabung PSC in 2019. The East Jabung PSC utilizes US dollars as its functional and presentation currency. The strengthening of the US dollar compared to the Canadian dollar has resulted in a foreign currency translation gain included in Accumulated Other Comprehensive Income. Given no future exploration plans in East Jabung and the expiry of the East Jabung PSC in January 2020, the cumulative amount of exchange differences were reclassified from Accumulated Other Comprehensive Income to profit or loss through the impairment expense recognized on the East Jabung PSC.

(\$000s)	Total
Exploration and Evaluation assets – impairment of East Jabung PSC	28,608
Accumulated Other Comprehensive Income – foreign currency translation of East Jabung PSC	(1,607)
Impairment expense	27,001

Discontinued operations reported in the carve-out statements of cash flows are as follows:

(\$000s)	Year Ended December 31		
	2021	2020	2019
Cash flow used in operating activities	(153)	(684)	(862)
Cash flow used in investing activities	-	-	(7,608)
Cash flow used in financing activities	-	(111)	(122)
Change in cash and cash equivalents from discontinued operations	(153)	(795)	(8,593)

5) EXPLORATION AND EVALUATION

A reconciliation of the carrying amount of exploration and evaluation assets as at December 31, 2021 and December 31, 2020 is set out below.

(\$000s)	Canada
At December 31, 2019	85,851
Additions	83
Transfer to property, plant and equipment	(99)
Impairment	(85,789)
Changes in decommissioning costs	(46)
At December 31, 2021 and 2020	-

Impairment of Andora's exploration and evaluation assets

Impairment expense of \$85.8 million (\$80.2 million net of a \$5.6 million deferred tax recovery) was recorded on the exploration and evaluation assets related to the carrying value of Andora's Sawn Lake steam assisted gravity drainage project and related capitalized costs at March 31, 2020. In early 2020, the severe decline in crude oil prices resulting from geopolitical events and collapse of global crude oil demand due to COVID-19 resulted in lower prices for heavy oil and bitumen and deterioration in the economics for commercial development at Sawn Lake, and as a result, in that market there was no expected commercial development at Sawn Lake.

6) EQUIPMENT AND OTHER

A reconciliation of the carrying amount of property, plant and equipment as at December 31, 2021 and December 31, 2020 is set out below.

(\$000s)	Patent	Corporate Assets	Total
Cost			
At December 31, 2021 and 2020	699	755	1,454
Accumulated amortization and depreciation			
At December 31, 2019	(225)	(733)	(958)
Amortization and depreciation	(30)	(3)	(33)
Impairment	-	(10)	(10)
At December 31, 2020	(255)	(746)	(1,001)
Amortization and depreciation	(39)	(2)	(41)
At December 31, 2021	(294)	(748)	(1,042)
Net book value			
At December 31, 2020	444	9	453
At December 31, 2021	405	7	412

7) DECOMMISSIONING PROVISION

A reconciliation of the carved-out decommissioning provision at December 31, 2021 is set out below.

(\$000s)	Andora	Indonesia	Total
At December 31, 2019	1,679	536	2,215
Revisions to obligations	313	-	313
Settlement	-	(45)	(45)
Accretion	19	-	19
Foreign currency translation	-	(8)	(8)
At December 31, 2020	2,011	483	2,494
Revisions to obligations	(801)	632	(169)
Settlement	-	(136)	(136)
Accretion	26	-	26
Foreign currency translation	-	22	22
At December 31, 2021	1,236	1,001	2,237
Less current portion	-	(1,001)	(1,001)
Non-current portion	1,236	-	1,236

The decommissioning provision is based on Pan Orient's net ownership of wells and facilities in Indonesia and Canada, management's estimates of costs to abandon and reclaim those wells and facilities and the potential future timing of the costs to be incurred. Total undiscounted cash flows, escalated at 1.82% for inflation (December 31, 2020 – 1.37%), required to settle the decommissioning provision are estimated to be \$2.7 million at December 31, 2021 (December 31, 2020 – \$3.2 million). Payments to settle the provision will be made over the operating lives of the underlying assets and are estimated to be incurred between 2022 and 2040. Estimated costs have been discounted at the risk-free interest rate in the jurisdiction in which the expenditure is expected to be incurred which averaged at 1.68% at December 31, 2021 (December 31, 2020 – 1.09%). Revision to obligations for the Canadian and Indonesian provisions are recognized directly in income or loss and discontinued operations as decommissioning expense as the corresponding assets were fully impaired.

8) INCOME TAXES

A reconciliation of income taxes calculated at the statutory income tax rate to the income tax recovery included in the carve out statements of operations is as follows:

(\$000s)	Year ended		
	2021	2020	2019
Loss before taxes and non-controlling interest - continuing operations	(2,755)	(89,839)	(3,640)
Statutory income tax rate	23%	24%	26.5%
Expected income recovery at statutory rate	(634)	(21,561)	(965)
Increase (decrease) resulting from:			
Impact on income tax rate adjustment on deferred taxes	44	882	(890)
Non-deductible impairment	-	856	-
Change in unrecognized deferred tax assets	564	14,163	495
Non-deductible stock-based compensation	21	64	216
Other	5	22	19
Income tax recovery	-	(5,574)	(1,125)

The following table provides details of deductible temporary differences and loss carry-forwards for which no deferred tax asset has been recognized:

(\$000s)	December 31 2021	December 31 2020
Petroleum and natural gas properties	27,800	27,792
Decommissioning provision	1,236	2,011
Non-capital ⁽¹⁾ and capital losses	31,199	30,166
Total	60,235	59,969

(1) Non-capital loss carry-forwards expire from 2026 to 2041.

9) OTHER CHANGES IN NET INVESTMENT

Other changes in net investment include Pan Orient's capital transactions and dividends received from Pan Orient's joint venture in Thailand.

10) STOCK-BASED COMPENSATION

Pan Orient Stock-Options and Restricted Share Units ("RSU")

Pan Orient has granted stock-options and restricted share units to its directors, senior management, employees and consultant. Pan Orient's stock options and RSUs give rise to stock-based compensation expense and are fully allocated to the Non-Thailand Business and included in these carve-out financial statements.

Andora Stock-Options

Andora has granted stock-options to its directors, senior management and employees with an exercise price of \$0.01 per share of Andora. One third of the options vest immediately, one third will vest each year thereafter and all options expire in 4 years.

11) CONVERTIBLE CREDIT FACILITY

Andora entered into a convertible loan agreement with Pan Orient on January 30, 2018 whereby Andora can draw up to \$2 million against a revolving credit facility. The loan bears interest at HSBC Canada prime rate for commercial loans in Canadian dollars plus three percent, per annum. Any principal drawn against the credit facility, including accrued interest (collectively, "outstanding amount"), is repayable upon demand or by December 31, 2022, whichever is earlier. Security for repayment of any outstanding amount is provided by a general security agreement creating a first fixed charge over all of Andora's property, subject to certain permitted encumbrances. Pan Orient has the option under the loan agreement to convert the outstanding amount, or a portion thereof, into Andora's common shares at a price of \$0.15 per share. In March 2020, Pan Orient increased the revolving credit facility limit by \$500,000 under the same terms and conditions as the existing credit facility.

Andora entered into a second convertible loan agreement with Pan Orient on November 10, 2020 whereby Andora can draw up to \$500,000 against a revolving credit facility. The loan bears interest at HSBC Canada prime rate for commercial loans in Canadian dollars plus three percent, per annum. Any principal drawn against the credit facility, including accrued interest (collectively, "outstanding amount"), is repayable upon demand or by December 31, 2022, whichever is earlier. Security for repayment of any outstanding amount is provided by a general security agreement creating a first fixed charge over all of Andora's property, subject to certain permitted encumbrances. Pan Orient has the option under the loan agreement to convert the outstanding amount, or a portion thereof, into Andora's common shares at a price of \$0.01 per share. In September 2021, Pan Orient increased the revolving credit facility limit by \$800,000 under the same terms and conditions as the existing credit facility.

As at December 31, 2021, a total of \$2.5 million (December 31, 2020 - \$2.5 million) was fully drawn against the first credit facility and \$1.0 million was drawn against the second credit facility. Subsequent to December 31, 2021, Andora drew \$100,000 against the second convertible loan and the undrawn balance of \$200,000 is available for use. As a result of the impairment of Andora's E&E assets recorded in 2020, the amounts due from Andora is not expected to be collected in the foreseeable future (note 5).

12) CAPITAL MANAGEMENT

The capital in these carve-out financial statements consists of the following:

(\$000s)	December 31	
	2021	2020
Working capital and non-current deposits	32,111	23,635
Net investment	31,288	22,026

The primary objective for managing capital structure in these carve-out financial statements is to maintain financial capacity for the purpose of sustaining future development of the business and maintaining investor, creditor and market confidence.

Capital structure in these carve-out financial statements includes net investment and working capital plus non-current deposits. Management is continually monitoring changes in economic conditions and the risk characteristics of the underlying petroleum and natural gas industry. In the event that adjustments to the capital structure are necessary, management may consider raising debt or revising its capital investment programs.

13) FINANCIAL INSTRUMENTS

Overview

The operations associated with these carved-out assets and liabilities are exposed to credit risk, liquidity risk and market risk. These risks are assessed and managed by management. Changes in commodity prices, foreign exchange rates and interest rates may have a material effect on cash flows, net loss and comprehensive loss. This note provides information about the exposure to each of the risks below as assessed by management.

Fair Value

Financial instruments included in these carve-out financial statements consist of cash and cash equivalents, accounts receivable, deposits and accounts payable and accrued liabilities. Due to the short term nature, these financial instruments the fair value approximates the carrying value.

Credit Risk

Cash and cash equivalents consist of cash bank balances and short-term deposits maturing in less than 90 days. Short-term investments consist of bankers' acceptances and term deposits and there are no utilization of complex, higher-risk investment vehicles.

The carrying amount of accounts receivable and cash and cash equivalents represents the maximum credit exposure.

Andora recognized a bad debt expense of \$0.1 million (December 31, 2020: \$0.2 and December 31, 2019: \$nil) resulting from the write-off of outstanding joint interest billings due from two joint venture partners.

Liquidity Risk

Liquidity risk is the risk that operations association with these carved-out assets and liabilities will not be able to meet work commitments and other financial obligations as they come due. Pan Orient's approach to managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meets its liabilities when due without incurring unacceptable losses.

At December 31, 2021, working capital is \$31.5 million and cash and cash equivalents is \$35.1 million to meet the work commitments and other financial obligations as they come due. The financial liabilities at December 31, 2021 are accounts payable and accrued liabilities, lease liabilities and current portion of decommissioning provision totaling \$4.1 million which will mature within one year and commitments of \$1.1 million.

Market Risk

Market risk is the risk that changes in foreign exchange rates, commodity prices and interest rates will affect the cash flows, net loss and comprehensive loss. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

Interest Rate Risk

The cash and cash equivalents in these carve-out financial statements are exposed to interest rate risk. Changes in interest rates could impact the cash flows, net loss and comprehensive loss. A 1% change in the interest rate would impact net loss before tax by approximately \$0.4 million (2020 - \$0.3 million loss and 2019 - \$0.2 million loss) based on the cash balances at year end.

Foreign Currency Exchange Rate Risk

Foreign currency exchange rate risk is the risk that future cash flows, net loss and comprehensive loss will fluctuate as a result of changes in foreign exchange rates. Changes in foreign exchange rates between the Canadian dollar and the U.S. dollar can affect net loss and other comprehensive loss as a portion of the cash are held in U.S. dollars and a portion of the discontinued operations in Indonesia use the U.S. dollar as its functional currency. The reporting currency in these carve-out financial statements is the Canadian dollar. Changes in foreign exchange rates between the Canadian dollar and the U.S. dollar can affect earnings.

As at December 31 the following financial instruments were denominated in currencies other than the Canadian dollar:

	December 31	
	2021	2020
	US dollar	US dollar
	(\$000s)	(\$000s)
Cash and cash equivalents	14,400	16,582
Deposits	19	25
Accounts payable and accrued liabilities	(1,868)	(1,580)
Net exposure in foreign currency	12,551	15,027
Net exposure in Canadian dollars ⁽¹⁾ (\$000s)	15,890	19,122

(1) Translated at December 31, 2021 and 2020 exchange rates.

Based on financial instruments held at December 31, 2021, 2020 and 2019, fluctuations in the exchange rates as indicated below would have the following estimated effect on net loss and other comprehensive loss:

	December 31		
	2021	2020	2019
(\$000s)			
Effect of 1% increase in USD to CAD exchange rate:			
Pre-tax net income	182	191	168
Other comprehensive loss	(23)	-	(28)

14) NON-CONTROLLING INTERESTS

The following represents the non-controlling interest ("NCI"):

	Ownership interest held by NCI at		
	December 31		
Name	2021	2020	2019
Andora Energy Corporation ("Andora")	28.2%	28.2%	28.2%

The following is summarized financial information for Andora before any intercompany eliminations:

	Year Ended December 31		
(\$000s)	2021	2020	2019
Interest revenue	11	10	11
Total comprehensive income (loss)	(424)	(79,554)	628
<i>Total comprehensive income (loss) attributable to non-controlling interests</i>	<i>(120)</i>	<i>(22,455)</i>	<i>177</i>
Current assets	181	178	334
Non-current assets	1,017	1,053	84,863
Current liabilities	(3,900)	(2,832)	(1,999)
Non-current liabilities	(1,236)	(2,010)	(7,292)
Net liabilities	(3,938)	(3,611)	75,906
<i>Net assets (liabilities) attributable to non-controlling interests</i>	<i>(1,112)</i>	<i>(1,019)</i>	<i>21,426</i>
<i>Changes in equity and other items impacting NCI</i>	<i>(4,478)</i>	<i>(4,451)</i>	<i>(4,441)</i>
<i>Non-controlling interest</i>	<i>(5,590)</i>	<i>(5,470)</i>	<i>16,985</i>
Cash flows used in operating activities	(1,016)	(489)	(282)
Cash flows used in investing activities	-	(76)	(650)
Cash flows from financing activities	1,000	500	1,000
Net increase (decrease) in cash and cash equivalents	(16)	(65)	68

These carve-out financial statements recognized the non-controlling interest in Andora as the NCI's share of net assets at the acquisition date with the NCI's share of income or loss recognized in subsequent periods. Transactions impacting the equity of Andora, such as stock based compensation and contributed surplus, have resulted in a difference between the proportionate share of Andora's net assets and the Non-controlling Interest recognized in the carve-out statements of financial position.

15) RELATED PARTY DISCLOSURES

Compensation for key management personnel in Canada, being the officers and directors, is as follows:

	Year Ended December 31		
(\$000s)	2021	2020	2019
Short-term benefits ⁽¹⁾⁽²⁾	817	829	921
Stock-based compensation ⁽²⁾	985	572	720
Total	1,802	1,401	1,641

(1) Includes salaries, benefits, directors' fees

(2) Before capitalization to exploration and development activities.

The statements of operations are prepared primarily by nature of expenses, with the exception of employee compensation costs which are included in general and administrative costs and stock-based compensation. The following table details the amount of employee compensation costs included in general and administrative expenses in the statements of operations:

	Year Ended December 31		
(\$000s)	2021	2020	2019
General and administrative expense	862	834	1,024
Stock-based compensation expense	1,094	651	815
Total employee compensation expense	1,956	1,485	1,839

16) COMMITMENTS

As at December 31, 2021 the estimated outstanding commitments of the Non-Thailand business are as follows:

Estimated Net Financial Commitment ⁽¹⁾			
Country and Concession Name	Remaining Work Program Commitment	Obligation Period	CAD (\$000s)
Canadian Heavy Oil Sands – Andora Energy Corporation			
Sawn Lake, Alberta	▪ Natural gas pipeline tariff	April 1, 2023 to March 31, 2031	1,060

(1) Commitments are existing to be funded through the working capital from these carved-out assets and liabilities.

17) SUBSEQUENT EVENT

In February 2022, Pan Orient paid a \$0.40 per share special distribution to its shareholders following its shareholder approval of reorganization of Pan Orient's share capital. \$19.9 million was paid on February 10, 2022 which reduced the cash and cash equivalent and net investment of these carve-out financial statements.

In March 2022, Andora entered into an agreement with a joint venture partner at Sawn Lake whereby Andora acquired certain assets and assumed certain liabilities at Sawn Lake. Assets acquired consist of (i) an additional 25% working interest in the Sawn Lake joint venture (Sawn Lake Central Block), (ii) security deposits of the vendor for Sawn Lake placed with the Alberta Energy Regulator and other parties, and (iii) a payment from the vendor of \$578 thousand. In connection with the acquisition, Andora assumed the abandonment and reclamation costs, and natural gas tariff commitments associated with the additional 25% working interest in the Sawn Lake joint venture. Following closing of the transaction in March 2022, Andora has a 75% working interest in the Sawn Lake joint venture.

**CONDENSED INTERIM COMBINED CONSOLIDATED CARVE-OUT FINANCIAL
STATEMENTS OF THE NON-THAILAND BUSINESS**

FOR THE THREE MONTHS ENDED MARCH 31, 2022

(Unaudited)

Non-Thailand Business
Condensed Interim Combined Consolidated Carve-out Statements of Financial
Position
(Expressed in Canadian dollars)
(Unaudited)

	March 31	December 31
(\$000s)	2022	2021
Assets		
Current		
Cash and cash equivalents	14,095	35,079
Restricted Cash	58	-
Accounts receivable	951	537
	15,104	35,616
Deposits	838	612
Right-of-use assets	-	1
Equipment and other (note 5)	401	412
Total assets	16,343	36,641
Liabilities		
Current		
Accounts payable and accrued liabilities	3,244	3,112
Lease liabilities	-	4
Decommissioning provision (note 6)	954	1,001
	4,198	4,117
Decommissioning provision (note 6)	1,566	1,236
Total liabilities	5,764	5,353
Net Investment		
Net Investment	16,137	36,878
Non-controlling interest	(5,558)	(5,590)
Total net investments	10,579	31,288
Total net investments and liabilities	16,343	36,641

Commitments (note 11)

See accompanying notes to the combined interim consolidated carve-out financial statements.

Approved on behalf of the Board of Directors:

(signed "Richard Alexander")

Director

(signed "Gerald Macey")

Director

Non-Thailand Business**Condensed Interim Combined Consolidated Carve-out Statements of Operations and Comprehensive Loss***(Expressed in Canadian dollars)**(Unaudited)*

	Three Months Ended March 31	
(\$000s, except per share amounts)	2022	2021
Expenses (Income)		
General and administrative	592	536
Operating expense	66	42
Stock-based compensation (note 8)	279	139
Amortization and depreciation (note 5)	12	15
Decommissioning expense (recovery) (note 6)	(147)	(252)
Gain on acquisition (note 4)	(280)	-
Finance income	(4)	(6)
Foreign exchange loss	247	261
	765	735
Net loss from continuing operations	(765)	(735)
Net loss from discontinued operations (note 3)	(39)	(20)
Net loss and other comprehensive loss	(804)	(755)
Net income (loss) and comprehensive income (loss) attributable to:		
Net investment	(836)	(762)
Non-controlling interest	32	7
Net loss	(804)	(755)

See accompanying notes to the condensed interim combined consolidated carve-out financial statements.

Non-Thailand Business**Condensed Interim Combined Consolidated Carve-out Statements of Changes in Net Investment***(Expressed in Canadian dollars)**(Unaudited)*

(\$000s)	Net Investment ⁽¹⁾	NCI	Net Investment
Balance as at December 31, 2020	27,496	(5,470)	22,026
Net income (loss)	(762)	7	(755)
Stock-based compensation expense	40	-	40
Other changes in net investment (note 7)	733	-	733
Balance as at March 31, 2021	27,507	(5,463)	22,044
Balance as at December 31, 2021	36,878	(5,590)	31,288
Net income (loss)	(836)	32	(804)
Stock-based compensation expense	12	-	12
Other changes in net investment (note 7)	(19,917)	-	(19,917)
Balance as at March 31, 2022	16,137	(5,558)	10,579

(1) Net investment before non-controlling interest and accumulated other comprehensive income (loss)

See accompanying notes to the condensed interim combined consolidated carve-out financial statements.

Non-Thailand Business
Condensed Interim Combined Consolidated Carve-out Statements of Cash Flows
(Expressed in Canadian dollars)
(Unaudited)

	Three Months Ended March 31	
(\$000s)	2022	2021
Cash Provided by (Used in)		
Operating Activities		
Net loss from continuing operations	(765)	(735)
Adjustments for non-cash items:		
Amortization and depreciation	12	15
Stock-based compensation (non-cash portion)	12	40
Accretion	6	8
Gain on acquisition (note 4)	(280)	-
Recovery of decommissioning expense	(147)	(252)
Unrealized foreign exchange loss	225	260
Changes in non-cash working capital	(30)	(327)
Cash flow used in operating activities	(967)	(991)
Investing Activities		
Cash, net of transaction costs (note 4)	510	-
Other changes in net investment	(203)	2,600
Changes in non-cash working capital	(24)	10
Cash flow provided by investing activities	283	2,610
Financing Activities		
Other changes in net investment (note 7)	(19,917)	(1,238)
Finance lease payments	(1)	(2)
Cash flow used in financing activities	(19,918)	(1,240)
Change in cash and cash equivalents from continuing operations	(20,602)	379
Change in cash and cash equivalents from discontinued operations (note 3)	(151)	(33)
Effect of foreign exchange on cash and cash equivalents	(231)	(259)
Cash and cash equivalents, beginning of period	35,079	26,412
Cash and cash equivalents, end of period	14,095	26,499

See accompanying notes to the condensed interim combined consolidated carve-out financial statements.

1) REPORTING ENTITY AND BACKGROUND

Pan Orient Energy Corp. ("Pan Orient" or the "Company") is an Alberta, Canada oil and gas corporation with its common shares listed on the TSX Venture Exchange. The records office and principal address of Pan Orient is located at 1505, 505 – 3rd Street S.W., Calgary, Alberta, T2P 3R6.

On June 6, 2022, Pan Orient, its wholly-owned subsidiary, CanAsia Energy Corp. ("CanAsia"), Dialog Systems (Asia) Pte Ltd. ("DIALOG") and its wholly-owned subsidiary, 2432707 Alberta Ltd. (the "Purchaser"), entered into an arrangement agreement (the "Arrangement Agreement") whereby, among other things, the parties agreed to complete a series of steps pursuant to an arrangement under the Business Corporations Act (Alberta) (the "Arrangement") that will include:

- (i) Pan Orient will sell and transfer its "Non-Thailand Business" to CanAsia in accordance with the Separation Agreement to be entered into between Pan Orient and CanAsia, effective at the time specified in the Plan of Arrangement, all as contemplated by the Arrangement Agreement. The "Non-Thailand Business" refers to the Excluded Assets and Assumed Liabilities (as such terms are defined in the Arrangement Agreement);
- (ii) the Purchaser will acquire all of the issued and outstanding shares of Pan Orient in consideration of cash consideration of USD \$0.788 for each share of Pan Orient; and
- (iii) shareholders of Pan Orient (other than dissenting shareholders) will also receive one common share of CanAsia for each share of Pan Orient held.

Upon completion of the transactions contemplated by the Arrangement Agreement:

- (i) DIALOG, through the Purchaser, will hold all of the issued and outstanding shares of Pan Orient, which will continue to own the Thailand Business (as such term is defined in the Arrangement Agreement), which includes Pan Orient's indirect 50.01% interest in Pan Orient Energy (Siam) Ltd., which holds the Petroleum Concession No. 1/2550/77 in relation to the Exploration Block No. L53/48 in Thailand and the Supplementary Petroleum Concession (No. 1) to the Petroleum Concession No. 1/2550/77;
- (ii) shareholders of Pan Orient (other than dissenting shareholders) will receive, for each Pan Orient share held, a cash payment of USD \$0.788 and one common share of CanAsia; and
- (iii) CanAsia will own the Non-Thailand Business, which includes: (A) Pan Orient's 71.8% interest in Andora Energy Corporation ("Andora"), which has interests in oil sands properties in Sawn Lake in northern Alberta, Canada; (B) convertible loans receivable from Andora; (C) Pan Orient's 100% interest in Pan Orient Energy Holdings Ltd. ("POEH"), which has interests in Indonesia, which operations are, effective January 1, 2020, considered discontinued operations for accounting purposes; and (D) working capital and long-term deposits.

These carve-out financial statements represent the activities, assets and liabilities of the Non-Thailand Business on a "carve-out" basis, rather than representing a legal structure. These financial statements have been prepared for the purpose of presenting the financial position, financial performance and cash flows of the Non-Thailand Business to be sold to CanAsia on a stand-alone basis. Where appropriate, certain transactions and balances have been attributed to the Non-Thailand Business based on specific identification or allocation. The financial statements may not be indicative of the Non-Thailand Business' future performance and they do not necessarily reflect what the results of operations, financial position and cash flows would have been had the Non-Thailand Business operated as an independent entity and had it presented stand-alone financial statements during the periods presented.

2) BASIS OF PRESENTATION AND MEASUREMENT

Statement of Compliance

The condensed interim combined consolidated carve-out financial statements should be read in conjunction with the audited combined consolidated carve-out financial statements of the Non-Thailand Business as at December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019 and notes thereto. The following disclosures are incremental to those included with the annual combined consolidated carve-out financial statements. Certain disclosures that are normally required in the notes to the annual combined consolidated carve-out financial statements have been condensed or omitted. The condensed interim combined consolidated carve-out financial statements are prepared using the same accounting policies and methods of computation as disclosed in the annual combined consolidated carve-out financial statements.

The condensed interim combined consolidated carve-out financial statements are stated in Canadian dollars and have been prepared in accordance with the International Accounting Standards 34, "Interim Financial Reporting". These condensed interim carve-out financial statements were authorized for issuance by the Board of Directors of Pan Orient on July 18, 2022. The condensed interim carve-out financial statements are based on the terms of the proposed Arrangement and present the historic carve-out financial position, results of operations, changes in net investment and cash flow of the Non-Thailand Business to be

acquired and assumed by CanAsia from Pan Orient. The data presented in the condensed interim carve-out financial statements is derived from the accounting records of Pan Orient on a carve-out basis.

These condensed interim consolidated carve-out financial statements have been prepared using the predecessor values method. As a result of the Arrangement, proportions of the financial statement line items were required to be carved-out for those items directly attributable to the Non-Thailand Business, using certain estimates, judgments, assumptions and allocations for the creation of the carve-out financial statements.

These condensed interim consolidated carve-out financial statements include the accounts of:

- a) Pan Orient's 71.8% ownership in Andora and the accounts of its subsidiary and a non-controlling interest representing 28.2% of Andora's assets and liabilities not owned by Pan Orient.
- b) The assets and liabilities associated with the discontinued operations in Indonesia accounted for under "IFRS 5 – Non-current assets held for sale and discontinued operations". (Note 3)
- c) Other assets and liabilities not included above and a part of the Non-Thailand Business.

The condensed interim carve-out financial statements have been prepared on a going concern basis and do not necessarily reflect what the results of operations, financial position, and cash flows would have been, had the carved-out assets and liabilities been a separate entity, or the future results of the business, as it will exist upon the completion of the Arrangement.

Use of Estimates and Judgments

The preparation of financial statements requires management to make estimates, assumptions, and judgments that affect the reported amounts of carved-out assets and liabilities as at the dates of the statements of financial position as well as the reported amounts of carved-out income, expenses, and cash flows during the periods presented. Such estimates relate primarily to unsettled transactions and events as of the dates of the financial statements. Actual results could differ materially from estimated amounts. Management believes that the estimates and assumptions underlying the condensed interim carve-out financial statements are reasonable. However, due to the measurement uncertainty inherent in estimates, assumptions, and judgments, the condensed interim carve-out financial statements may not reflect the Non-Thailand Business results of operations, financial position and cash flows in the future, or what the results of operations, financial position and cash flows would have been if the Non-Thailand Business had been a stand-alone company.

Amounts recorded for depletion and depreciation and amounts used for equipment and other and exploration and evaluation cost impairment calculations are based on a number of factors including estimates of oil and natural gas reserves, contingent resources, and future costs required to develop those reserves and contingent resources. To test impairment, costs are allocated into cash generating units ("CGUs") based on their ability to generate largely independent cash flows. The determination of CGUs is subject to judgment. The transfer of exploration and evaluation assets to property, plant and equipment is based on management's judgment of technical feasibility and commercial viability.

Stock-based compensation is subject to the estimation of what the ultimate payout will be using pricing models such as Black-Scholes which is based on significant assumptions such as expected volatility, dividend yield and expected term.

Amounts recorded for decommissioning provision and the related accretion expense requires the use of estimates with respect to the amount and timing of abandonment costs, inflation and interest rates.

The provision for income taxes is based on judgments in applying income tax law and estimates on the applicable tax rates, timing, likelihood and reversal of temporary differences between the accounting and tax bases of assets and liabilities. These estimates are subject to measurement uncertainty and changes in these estimates could materially impact the financial statements of future periods.

3) DISCONTINUED OPERATIONS

The undeveloped onshore interests in Indonesian East Jabung PSC expired in January 2020 and the operator is continuing to complete the final steps to be taken for formal approval of the expiry from the Government of Indonesia, including reclamation requirements. Pan Orient is withdrawing operations from Indonesia and the office in Jakarta was closed on March 31, 2020. The operation in Indonesia for accounting purposes effective January 1, 2020 is considered a discontinued operation under "IFRS 5 – Non-current assets held for sale and discontinued operations".

The following tables summarized financial information related to discontinued operations in Indonesia:

Net loss from discontinued operations for the three months ended March 31, 2022 and 2021 is as follow:

	Three months ended March	
(\$000s)	2022	2021
Expenses		
General and administrative	40	51
Other expense	82	1
Foreign exchange gain	(83)	(32)
Net loss from discontinued operations	39	20

Discontinued operations reported in the condensed interim statements of cash flows are as follows:

	Three months ended March	
(\$000s)	2022	2021
Cash flow used in operating activities	(151)	(33)
Change in cash and cash equivalents used in discontinued operations	(151)	(33)

4) GAIN ON ACQUISITION

In March 2022, Andora entered into an agreement with a joint venture partner at Sawn Lake whereby Andora acquired certain assets and assumed certain liabilities at Sawn Lake. Assets acquired consist of (i) an additional 25% working interest in the Sawn Lake joint venture (Sawn Lake Central Block), (ii) security deposits of the vendor for Sawn Lake placed with the Alberta Energy Regulator and other parties, and (iii) a payment from the vendor of \$578 thousand. In connection with the acquisition, Andora assumed the abandonment and reclamation costs, and natural gas tariff commitments associated with the additional 25% working interest in the Sawn Lake joint venture (note 11). Following the transaction, Andora has a 75% working interest in the Sawn Lake joint venture.

A gain on acquisition has been recognized in the financial statements, as follows:

	Amount (\$000s)
Consideration paid	-
Assets acquired:	
Cash	578
Deposits	252
Liabilities assumed:	
Decommissioning liabilities	(471)
Transactions costs	(68)
Other adjustments	(11)
Gain on acquisition	280

5) EQUIPMENT AND OTHER

A reconciliation of the carrying amount of equipment and other as at March 31, 2022 is set out below:

(\$000s)	Patent	Corporate Assets	Total
Cost			
At December 31, 2021 and March 31, 2022	699	755	1,454
At December 31, 2021	(294)	(748)	(1,042)
Amortization and depreciation	(10)	(1)	(11)
At March 31, 2022	(304)	(749)	(1,053)
Net book value			
At December 31, 2021	405	7	412
At March 31, 2022	395	6	401

6) DECOMMISSIONING PROVISION

A reconciliation of the carved-out decommissioning provision at March 31, 2022 is set out below.

(\$000s)	Canada	Indonesia	Total
At December 31, 2021	1,236	1,001	2,237
Liabilities assumed (note 4)	471	-	471
Revisions to obligations	(147)	-	(147)
Settlement	-	(22)	(22)
Accretion	6	-	6
Foreign currency translation	-	(25)	(25)
At March 31, 2022	1,566	954	2,520
Less current portion	-	(954)	(954)
Non-current portion	1,566	-	1,566

The decommissioning provision is based on Pan Orient's net ownership of wells and facilities in Indonesia and Canada, management's estimates of costs to abandon and reclaim those wells and facilities and the potential future timing of the costs to be incurred. Total undiscounted cash flows, escalated at 1.83% for inflation (December 31, 2021 – 1.82%), required to settle the decommissioning provision are estimated to be \$3.4 million at March 31, 2022 (December 31, 2021 – \$2.7 million). Payments to settle the provision will be made over the operating lives of the underlying assets and are estimated to be incurred between 2022 and 2040. Estimated costs have been discounted at the risk-free interest rate in the jurisdiction in which the expenditure is expected to be incurred which averaged at 2.37% at March 31, 2022 (December 31, 2021 – 1.68%). Revision to obligations for the Canadian and Indonesian provisions are recognized directly in income or loss and discontinued operations as decommissioning expense as the corresponding assets were fully impaired.

7) OTHER CHANGES IN NET INVESTMENT

Other changes in net investment include Pan Orient's repurchase of common shares, dividends received from Pan Orient's joint venture in Thailand and the special distribution to Pan Orient's shareholders. In February 2022, Pan Orient paid \$19.9 million of share special distribution to shareholders following its shareholder approval of reorganization of Pan Orient's share capital.

8) STOCK-BASED COMPENSATION

Pan Orient Stock-Options and Restricted Share Units ("RSU")

Pan Orient has granted stock-options and restricted share units to its directors, senior management, employees and consultant. Pan Orient's stock option plan and RSUs give rise to stock-based compensation expense and are fully allocated to the Non-Thailand Business and included in the condensed interim financial statements.

Andora Stock-Options

Andora has granted stock-options to its directors, senior management and employees with an exercise price of \$0.01 per share of Andora. One third of the options vest immediately, one third will vest each year thereafter and all options expire in 4 years.

9) CONVERTIBLE CREDIT FACILITY

Andora entered into a convertible loan agreement with Pan Orient on January 30, 2018 whereby Andora can draw up to \$2 million against a revolving credit facility. The loan bears interest at HSBC Canada prime rate for commercial loans in Canadian dollars plus three percent, per annum. Any principal drawn against the credit facility, including accrued interest (collectively, "outstanding amount"), is repayable upon demand or by December 31, 2022, whichever is earlier. Security for repayment of any outstanding amount is provided by a general security agreement creating a first fixed charge over all of Andora's property, subject to certain permitted encumbrances. Pan Orient has the option under the loan agreement to convert the outstanding amount, or a portion thereof, into Andora's common shares at a price of \$0.15 per share. In March 2020, Pan Orient increased the revolving credit facility limit by \$500,000 under the same terms and conditions as the existing credit facility.

Andora entered into a second convertible loan agreement with Pan Orient on November 10, 2020 whereby Andora can draw up to \$500,000 against a revolving credit facility. The loan bears interest at HSBC Canada prime rate for commercial loans in Canadian dollars plus three percent, per annum. Any principal drawn against the credit facility, including accrued interest (collectively, "outstanding amount"), is repayable upon demand or by December 31, 2022, whichever is earlier. Security for repayment of any outstanding amount is provided by a general security agreement creating a first fixed charge over all of Andora's property, subject to certain permitted encumbrances. Pan Orient has the option under the loan agreement to convert the outstanding amount, or a portion thereof, into Andora's common shares at a price of \$0.01 per share. In September 2021, Pan Orient increased the revolving credit facility limit by \$800,000 under the same terms and conditions as the existing credit facility.

As at March 31, 2022, a total of \$2.5 million (December 31, 2021 - \$2.5 million) was fully drawn against the first credit facility and \$1.2 million was drawn against the second credit facility. The amounts due from Andora is not expected to be collected in the foreseeable future.

10) FINANCIAL INSTRUMENTS

As at March 31, 2022, the following financial instruments were denominated in currencies other than the Canadian dollar:

	March 31, 2022 US dollar (\$000s)	December 31, 2021 US dollar (\$000s)
Cash and cash equivalents	10,187	14,400
Deposits	88	19
Accounts payable and accrued liabilities	(1,917)	(1,868)
Net exposure in foreign currency	8,358	12,551
Net exposure in Canadian dollars ⁽¹⁾ (\$000s)	10,447	15,890

(1) Translated at March 31, 2022 and December 31, 2021 exchange rates.

11) COMMITMENTS

As at March 31, 2022, the estimated outstanding commitments of the Non-Thailand Business are as follows:

Estimated Net Financial Commitment ⁽¹⁾			
Country and Concession Name	Remaining Work Program Commitment	Obligation Period	CAD (\$000s)
Canadian Heavy Oil Sands – Andora Energy Corporation			
Sawn Lake, Alberta	▪ Natural gas pipeline tariff	April 1, 2023 to March 31, 2031	1,590

(1) Commitments are existing to be funded through the working capital from these carved-out assets and liabilities.

Schedule 3 – CanAsia Pro forma Financial Statements

CANASIA ENERGY CORP.

**UNAUDITED PRO FORMA FINANCIAL STATEMENTS
AS AT MARCH 31, 2022 AND FOR THE PERIOD FROM JANUARY 1, 2022 TO MARCH 31, 2022
AND THE YEAR ENDED DECEMBER 31, 2021**

CanAsia Energy Corp.
Unaudited Pro Forma Consolidated Statement of Financial Position

(\$000s)	CanAsia	Carve-out Financials	Pro Forma Adjustments	Note 2	CanAsia Pro Forma March 31, 2022
Assets					
Current					
Cash and cash equivalents	-	14,095	(5,834)	A	8,261
Restricted cash	-	58	-		58
Accounts receivable	-	951	(231)	B	720
	-	15,104	(6,065)		9,039
Deposits	-	838	-		838
Equipment and other	-	401	-		401
Total assets	-	16,343	(6,065)		10,278
Liabilities					
Current					
Accounts payable and accrued liabilities	-	3,244	(472)	C	2,772
Decommissioning provision	-	954	-		954
	-	4,198	(472)		3,726
Decommissioning provision	-	1,566	-		1,566
Total liabilities	-	5,764	(472)		5,292
Share Capital	-	-	10,544	D	10,544
Net Investment	-	16,137	(16,137)	D	-
Non-controlling interest	-	(5,558)	-		(5,558)
Total liabilities and equity	-	16,343	(6,065)		10,278

See accompanying notes to the consolidated pro forma financial statements.

CanAsia Energy Corp.
Unaudited Pro Forma Consolidated Statement of Operations
For the three months ended March 31, 2022

(\$000s, except per share amounts)	CanAsia	Carve-out Financials	Pro Forma Adjustments	Note 2	CanAsia Pro Forma Consolidated
Expenses (Income)					
General and administrative	-	592	-		592
Operating expense	-	66	-		66
Stock-based compensation	-	279	(266)	A	13
Amortization and depreciation	-	12	-		12
Decommissioning recovery	-	(147)	-		(147)
Gain on acquisition	-	(280)	-		(280)
Finance income	-	(4)	-		(4)
Foreign exchange loss	-	247	-		247
	-	765	(266)		499
Loss before taxes and non-controlling interest	-	(765)	266		(499)
Taxes					
Deferred income tax recovery	-	-	-		-
Net loss from continuing operations	-	(765)	266		(499)
Net income (loss) from discontinued operations	-	(39)	-		(39)
Net loss and comprehensive loss	-	(804)	266		(538)
Net loss and comprehensive loss attributable to:					
Shareholders of CanAsia	-	(836)	266		(570)
Non-controlling interest	-	32	-		32
Net loss and comprehensive loss	-	(804)	266		(538)
Common shares (000s) – weighted average, basic and diluted	49,794				49,794
Net loss per share attributable to common shareholders – basic and diluted	49,794				(0.01)

See accompanying notes to the consolidated pro forma financial statements.

CanAsia Energy Corp.
Unaudited Pro Forma Consolidated Statement of Operations
For the year ended December 31, 2021

(\$000s, except per share amounts)	CanAsia	Carve-out Financials	Pro Forma Adjustments	Note 2	Pro Forma Consolidated
Expenses (Income)					
General and administrative	-	2,111	-		2,111
Operating expense	-	279	-		279
Stock-based compensation	-	1,094	(1,041)	A	53
Amortization and depreciation	-	59	-		59
Decommissioning recovery	-	(801)	-		(801)
Finance income	-	(48)	-		(48)
Transaction costs	-	-	1,690		1,690
Foreign exchange loss	-	61	-		61
	-	2,755	649		3,404
Loss before taxes and non-controlling interest	-	(2,755)	(649)		(3,404)
Taxes					
Deferred income tax recovery	-	-	-		-
Net loss from continuing operations	-	(2,755)	(649)		(3,404)
Net loss from discontinued operations	-	(1,032)	-		(1,032)
Net loss and comprehensive loss	-	(3,787)	(649)		(4,436)
Net loss and comprehensive loss attributable to:					
Shareholders of CanAsia	-	(3,667)	(649)		(4,316)
Non-controlling interest	-	(120)	-		(120)
Net loss and comprehensive loss	-	(3,787)	(649)		(4,436)
Common shares (000s) – weighted average, basic and diluted	49,794				49,794
Net loss per share attributable to common shareholders – basic and diluted	49,794				(0.09)

See accompanying notes to the consolidated pro forma financial statements.

1) BASIS OF PRESENTATION

CanAsia Energy Corp. ("CanAsia") was incorporated under the Business Corporations Act (Alberta) on May 27, 2022 and is a wholly owned subsidiary of Pan Orient Energy Corp. ("Pan Orient"). CanAsia was incorporated for the purposes of participating in an arrangement described in Note 3 and not expected to carry on any active business prior to the Arrangement Agreement (defined below in Note 5). Its registered office is located at 4500, 855 – 2nd Street S.W., Calgary, Alberta T2P 4K7 and its principal business office is located at 1505, 505 – 3rd Street S.W., Calgary, Alberta T2P 3E6.

On June 6, 2022, Pan Orient, its wholly-owned subsidiary, CanAsia, Dialog Systems (Asia) Pte Ltd. ("DIALOG") and its wholly-owned subsidiary, 2432707 Alberta Ltd. (the "Purchaser"), entered into an arrangement agreement (the "Arrangement Agreement") whereby, among other things, the parties agreed to complete a series of steps pursuant to an arrangement under the Business Corporations Act (Alberta) (the "Arrangement") that will include:

- (i) Pan Orient will sell and transfer its "Non-Thailand Business" to CanAsia in accordance with the Separation Agreement to be entered into between Pan Orient and CanAsia, effective at the time specified in the Plan of Arrangement, all as contemplated by the Arrangement Agreement. The "Non-Thailand Business" refers to the Excluded Assets and Assumed Liabilities (as such terms are defined in the Arrangement Agreement);
- (ii) the Purchaser will acquire all of the issued and outstanding shares of Pan Orient in consideration of cash consideration of USD \$0.788 for each share of Pan Orient; and
- (iii) shareholders of Pan Orient (other than dissenting shareholders) will also receive one common share of CanAsia for each share of Pan Orient held.

Upon completion of the transactions contemplated by the Arrangement Agreement:

- (i) DIALOG, through the Purchaser, will hold all of the issued and outstanding shares of Pan Orient, which will continue to own the Thailand Business (as such term is defined in the Arrangement Agreement), which includes Pan Orient's indirect 50.01% interest in Pan Orient Energy (Siam) Ltd., which holds the Petroleum Concession No. 1/2550/77 in relation to the Exploration Block No. L53/48 in Thailand and the Supplementary Petroleum Concession (No. 1) to the Petroleum Concession No. 1/2550/77;
- (ii) shareholders of Pan Orient (other than dissenting shareholders) will receive, for each Pan Orient share held, a cash payment of USD \$0.788 and one common share of CanAsia; and
- (iii) CanAsia will own the Non-Thailand Business, which includes: (A) Pan Orient's 71.8% interest in Andora Energy Corporation ("Andora"), which has interests in oil sands properties in Sawn Lake in northern Alberta, Canada; (B) convertible loans receivable from Andora; (C) Pan Orient's 100% interest in Pan Orient Energy Holdings Ltd. ("POEH"), which has interests in Indonesia, which operations are, effective January 1, 2020, considered discontinued operations for accounting purposes; and (D) working capital and long-term deposits.

The accompanying CanAsia unaudited pro forma consolidated statement of financial position as at March 31, 2022 and unaudited pro forma consolidated statements of operations for the three months ended March 31, 2022 and the year ended December 31, 2021 (the "Pro Forma Statements") have been prepared by the management of Pan Orient in accordance with Canadian generally accepted accounting principles for inclusion in the management information circular (the "Circular") of Pan Orient dated July 20, 2022 and are expressed in Canadian dollars. The Pro Forma Statements have been derived from (i) the unaudited carve-out financial statements of the Non-Thailand Business for the three months ended March 31, 2022, (ii) the audited carve-out financial statements of the Non-Thailand Business for the year ended December 31, 2021, and (iii) the audited statement of financial position of CanAsia as at May 27, 2022 (collectively, the "Carve-out Financials"), and give effect to the Arrangement and adjustments necessary to appropriately reflect CanAsia's consolidated statement of financial position and consolidated statements of operations on a pro forma basis. The Pro Forma Statements should be read in conjunction with the audited consolidated financial statements of Pan Orient for the year ended December 31, 2021 attached as Schedule 1 to Appendix E to the Circular and the Carve-out Financials attached as Schedules 1 and 2 to Appendix F to the Circular.

The unaudited pro forma consolidated statement of financial position gives effect to the Arrangement as if it had taken place on March 31, 2022. The unaudited statements of operations give effect to the Arrangement as if it had taken place on January 1, 2021. The assumptions and adjustments that have been made to prepare the Pro Forma Statements are described in Note 2.

The Pro Forma Statements are for illustrative and information purposes only and may not be indicative of the results that actually would have occurred if the Arrangement had been in effect on the dates indicated or of the results that may be obtained in the future. In addition to the pro forma adjustments to the historical Carve-out Financials, various other factors will have an effect on the financial condition and results of operations of CanAsia following the completion of the Arrangement. The

accounting policies used in the Pro Forma Statements are consistent with those used in the consolidated financial statements of Pan Orient.

2) PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

The following pro forma adjustments have been made to prepare the unaudited Pro Forma Consolidated Statement of Financial Position assuming the Arrangement occurred on March 31, 2022:

- A. The estimated changes in cash and cash equivalents are as follows:
 - (i) \$3.6 million in total estimated termination payments, payments for the surrender of all options for the in-the-money amount and settlement of all outstanding restricted share units ("RSUs");
 - (ii) \$1.7 million in transaction costs; and
 - (iii) \$0.5 million in adjustments to the estimated proceeds.
- B. The accounts receivable from Pan Orient's investment in Thailand Joint Venture has been removed as a pro forma adjustment as a result of the Arrangement.
- C. The accrual related to RSUs has been eliminated as all RSUs will be terminated and settled in cash upon completion of the Arrangement.
- D. Pan Orient's net investment in CanAsia (shown as Net Investment in the Carve-out Financials) as well as the Excluded Assets and Assumed Liabilities in the Carve-out Financials have been reclassified to Share Capital.

The following pro forma adjustment has been made to the unaudited Pro Forma Consolidated Statements of Operations assuming the Arrangement occurred on January 1, 2021:

- A. Stock-based compensation expense has been decreased as a result of the settlement of in-the-money options upon completion of the Arrangement.

APPENDIX G – CANASIA EQUITY INCENTIVE PLAN RESOLUTION

BE IT RESOLVED THAT:

1. Subject to approval by the shareholders of Pan Orient Energy Corp. ("**Pan Orient**") of the proposed arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) contemplated by the arrangement agreement (the "**Arrangement Agreement**") made as of June 6, 2022 between Pan Orient, Dialog Systems (Asia) Pte Ltd., 2432707 Alberta Ltd. and CanAsia Energy Corp. ("**CanAsia**") (as such Arrangement Agreement may have been amended, modified or supplemented in accordance with its terms), the proposed equity incentive plan of CanAsia (the "**CanAsia Equity Incentive Plan**"), as more particularly described and set forth in the management information circular dated July 20, 2022 of Pan Orient accompanying the notice of this meeting, is hereby approved.
2. Subject to approval by the shareholders of Pan Orient of the Arrangement, the CanAsia Equity Incentive Plan shall become effective immediately following the completion of the Arrangement.
3. Notwithstanding that these resolutions have been passed by the securityholders of Pan Orient or that the Arrangement has been approved by the Court of Queen's Bench of Alberta, the directors of CanAsia are hereby authorized and empowered to, without notice to or approval of the securityholders of CanAsia subject to the terms of the Arrangement Agreement, not to proceed with the adoption of the CanAsia Equity Incentive Plan.
4. Any officer or director of CanAsia is hereby authorized and directed for and on behalf of CanAsia to execute or cause to be executed and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such person determines may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.

APPENDIX H – CANASIA EQUITY INCENTIVE PLAN

CANASIA ENERGY CORP.

Equity Incentive Plan

(Adopted July 18, 2022)

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CANASIA ENERGY CORP. EQUITY INCENTIVE PLAN

1. Purpose

The purpose of the CanAsia Energy Corp. (the "**Corporation**") Equity Incentive Plan (the "**Plan**") is to encourage and permit selected employees, officers, directors and Consultants of the Corporation and its Affiliates to work towards and participate in the success of the Corporation.

The Plan seeks to achieve that purpose by providing for Awards in the form of Options, Share Appreciation Rights, Restricted Share Units and Deferred Share Units.

2. Definitions

As used in the Plan, the following terms have the meanings set out below:

"**Affiliate**" means any corporation that, directly or through one or more intermediaries, is controlled by the Corporation, including any corporation in which the Corporation owns a significant equity interest, as determined by the Board, provided that an "Affiliate" shall include only those corporations which are "related" to the Corporation within the meaning of the Tax Act.

"**Award**" means any Option (including a Performance Option), Share Appreciation Right (including a Performance Share Appreciation Right), Restricted Share Unit (including a Performance Restricted Share Unit) or Deferred Share Unit, granted under or pursuant to the Plan.

"**Award Agreement**" means a written agreement, contract or other instrument or document evidencing an Award granted under the Plan.

"**Beneficiary**" means any person designated by a Participant by written instrument filed with the Corporation to receive any amount, securities or property payable under the Plan on the Participant's death or, failing any such effective designation, the Participant's estate, provided that a "Beneficiary" in respect of Deferred Share Units granted to a Participant under the Plan shall be limited to an individual who is a dependent or relation of the Participant or the legal representative of the Participant.

"**Blackout Period**" means any period of time imposed by the Corporation upon certain persons, pursuant to the internal trading policies of the Corporation, during which those persons may not trade in any securities of the Corporation due to the *bona fide* existence of undisclosed material information regarding the Corporation.

"**Board**" means the board of directors of the Corporation.

"**Cause**" as used in connection with the termination of an employee's employment with the Corporation or an Affiliate has the same meaning as in the Participant's employment agreement (as may be amended from time to time), but if it is not defined in the Participant's employment agreement then it means:

- (a) the continued failure by the employee to substantially perform his duties after the Corporation or Affiliate, as applicable, has given the employee reasonable notice of such failure and a reasonable opportunity to correct it;
- (b) the engaging by the employee in any act which is materially injurious to the Corporation or Affiliate, monetarily or otherwise; or
- (c) the engaging by the employee in any criminal act of dishonesty resulting or intended to result directly or indirectly in personal gain of the employee at the Corporation's or Affiliate's expense.

"**Change of Control**" means the occurrence of any of the following events:

- (a) the acquisition by any person, or any persons acting jointly or in concert, whether directly or indirectly, of voting securities of the Corporation which, together with all other voting securities of the Corporation held by such persons, constitutes, in the aggregate, more than 30% of all outstanding voting securities of the Corporation;
- (b) an amalgamation, arrangement or other form of business combination of the Corporation with another corporation which results in the holders of voting securities of that other corporation

holding, in the aggregate, more than 50% of all outstanding voting securities of the corporation resulting from the business combination;

- (c) a sale, disposition, lease or exchange to or with another person or persons (other than an Affiliate) of property of the Corporation representing 50% or more of the net book value of the assets of the Corporation, determined as of the date of the most recently published audited annual or unaudited quarterly interim financial statements of the Corporation;
- (d) a change in the composition of the Board over any twelve month period such that more than 50% of the persons who were directors of the Corporation at the beginning of the period are no longer directors at the end of the period, unless such change is a consequence of normal attrition; or
- (e) any other event which in the opinion of the Board constitutes a change of control of the Corporation.

"Committee" means the Compensation Committee of the Board, if any; provided, however, that a committee other than the Compensation Committee may be designated by the Board to administer the Plan and such other committee shall be considered the Committee for the purposes of the Plan.

"Consultant" means a person, other than an employee, executive officer or director of the Corporation or an Affiliate, that:

- (a) is engaged to provide services to the Corporation or an Affiliate;
- (b) provides the services under a written contract with the Corporation or an Affiliate; and
- (c) spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliate,

and includes:

- (d) for an individual Consultant, a corporation of which the individual Consultant is an employee or shareholder, and a partnership of which the individual Consultant is an employee or partner; and
- (e) for a Consultant that is not an individual, an employee, executive officer, or director of the Consultant, provided that the individual employee, executive officer, or director spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliate.

"Corporation" means CanAsia Energy Corp, and includes any corporate successor thereto.

"Deferred Share Unit" means a deferred share unit granted pursuant to Section 6(d) of the Plan, representing the right to receive a cash payment equal to the Fair Market Value of a Share or, at the sole discretion of the Corporation or the Participant's Employer, as applicable, its equivalent paid in Shares or a combination of both, at the time, in the manner, and subject to the terms contained in this Plan and the applicable Award Agreement.

"Deferred Share Unit Account" has the meaning set out in Section 6(d)(ii) of the Plan.

"Deferred Share Unit Redemption Date" means, in respect of a Participant, the later of (i) the third business day after the Deferred Share Unit Triggering Event, or (ii) such other date or dates, if any, as may be requested in writing by the Participant and approved by the Board prior to the date in (i) above (such request being irrevocable once approved), provided that the Deferred Share Unit Redemption Date shall not be permitted to fall within a Blackout Period (and will, subject to the next phrase, instead be extended in such circumstances), and further provided that, in all cases, a Deferred Share Unit Redemption Date shall not, under any circumstances, be later than December 15th of the calendar year commencing immediately following the Deferred Share Unit Triggering Event in respect of such Participant.

"Deferred Share Unit Triggering Event" has the meaning set out in Section 6(d)(iii) of the Plan.

"Disability", in respect of an employee, means that the employee is receiving benefits under any long-term disability plan of the Corporation or an Affiliate and, in respect of a Consultant, will be as determined by the Board acting reasonably.

"Employer" means:

- (a) with respect to a Participant who is an employee or officer, the corporation that employs the Participant or that employed the Participant immediately prior to the termination of his employment;
- (b) with respect to a Participant who is a Consultant, the corporation to which the Participant provides or provided consulting services; and
- (c) with respect to a Participant who is a director, the corporation on the board of which the Participant serves or served at the time an Award was granted to the Participant;

which corporation may be the Corporation or any of its Affiliates.

"Exchange" means the TSX Venture Exchange or, if at any time the Shares are not listed for trading on such stock exchange, such other stock exchange as may be designated by the Board.

"Exercise Price" in respect of an Option has the meaning set out in Section 6(a)(ii) of the Plan.

"Fair Market Value" of Shares means, as determined by the Corporation and, if applicable, acceptable to the Exchange, (a) the closing market price for such Shares on the Exchange on the relevant date or (b) the volume weighted average trading price for such Shares on the Exchange for the five trading days on which the Shares traded immediately preceding the relevant date. If the Shares are not listed on the Exchange, then the Fair Market Value may be determined by the Board, acting reasonably, using any other appropriate method selected by the Board.

"Grant Date" means the date on which an Award is granted by the Board or the Committee, and all Awards shall be deemed to be granted on the date the applicable resolution is passed by the Board or by the Committee, as the case may be, unless otherwise specified in the resolution, approval or applicable Award Agreement.

"insider" has the same meaning as found in the *Securities Act* (Alberta), as amended, and also includes associates and affiliates of the insider; and "issuance to insiders" or "issued to insiders" includes direct and indirect issuances to insiders.

"Investor Relations Service Provider" means any Consultant that performs investor relations activities as defined by the Exchange and any director, officer or employee of the Corporation whose role and duties primarily consist of investor relations activities.

"Option" means an option to acquire a Share in the capital of the Corporation granted pursuant to Section 6(a) of the Plan.

"Participant" means any person granted an Award under the Plan or whose Award is stated to be governed by the Plan.

"Participant Compensation" has the meaning set out in Section 6(d)(vii) of the Plan.

"Performance Criteria" means, in respect of a Performance Option, Performance Share Appreciation Right or Performance Restricted Share Unit, as applicable, that performance criteria determined by the Board as set forth in an Award Agreement, provided that such performance criteria shall relate to the performance of the Corporation and/or an Affiliate of the Corporation.

"Performance Option" means any Option that is granted to a Participant and is designated as a Performance Option pursuant to Section 6(a)(v).

"Performance Restricted Share Unit" means any Restricted Share Unit that is granted to a Participant and is designated as a Performance Restricted Share Unit pursuant to Section 6(c)(vi).

"Performance Share Appreciation Right" means any Share Appreciation Right that is granted to a Participant and is designated as a Performance Share Appreciation Right pursuant to Section 6(b)(viii).

"person" means an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative.

"Plan" means this Equity Incentive Plan, as may be amended from time to time.

"Restricted Share Unit" means a restricted share unit granted pursuant to Section 6(c) of the Plan, representing the right to receive a cash payment equal to the Fair Market Value of a Share or, in the sole discretion of the Corporation

or the Participant's Employer, as applicable, its equivalent paid in Shares or a combination of both, at the time, in the manner, and subject to the terms contained in this Plan and the applicable Award Agreement.

"Restricted Share Unit Account" has the meaning set out in Section 6(c)(ii) of the Plan.

"Restricted Share Unit Payment Date" has the meaning set out in Section 6(c)(v) of the Plan.

"Restricted Share Unit Service Year" has the meaning set out in Section 6(c)(iv) of the Plan.

"Share Appreciation Right" means a share appreciation right granted pursuant to Section 6(b) of the Plan, representing the right to receive a cash payment equal to the Share Appreciation Right Value of such right or, in the sole discretion of the Corporation or the Participant's Employer, as applicable, its equivalent in Shares or a combination of both, at the time, in the manner, and subject to the terms contained in this Plan and the applicable Award Agreement.

"Share Appreciation Right Account" has the meaning set out in Section 6(b)(ii) of the Plan.

"Share Appreciation Right Base Amount" has the meaning set out in Section 6(b)(iii) of the Plan.

"Share Appreciation Right Value" means, in respect of any Share Appreciation Right, an amount, if any, equal to (a) the Fair Market Value of a Share on the date the Share Appreciation Right is settled, less (b) the Share Appreciation Right Base Amount; provided that, for greater certainty, the Share Appreciation Right Value is not guaranteed and further provided that, prior to the date on which a Share Appreciation Right is settled, the Share Appreciation Right Value means an amount, which can be negative or positive, equal to (a) the Fair Market Value of a Share on such date, less (b) the Share Appreciation Right Base Amount;

"Shares" means any or all, as applicable, of the common shares of the Corporation and any other shares of the Corporation as may become the subject of Awards, or become subject to Awards pursuant to an adjustment made pursuant to Section 8(e) of the Plan, and any other shares of the Corporation or any Affiliate or any successor that may be so designated by the Board.

"Tax Act" means the *Income Tax Act* (Canada) and the regulations thereto, as amended from time to time.

"Termination Date" means, in respect of a Participant, the date that the Participant ceases to be actively employed by, or ceases to provide services as a Consultant to, the Corporation or an Affiliate for any reason, without regard to any statutory, contractual or common law notice period that may be required by law following the termination of the Participant's employment, or consulting relationship, with the Corporation or Affiliate. The Board will have sole discretion to determine whether a Participant has ceased active employment or ceased status as a Consultant and the effective date on which the Participant ceased active employment or status as a Consultant. A Participant will not cease to be an employee or Consultant of the Corporation or an Affiliate in the case of a transfer of his employment or consultancy between the Corporation and an Affiliate or a transfer of employment or consultancy between Affiliates.

"Vested Award" means an Award which has become vested in accordance with the Plan and applicable Award Agreement or in respect of which the vesting date has been accelerated pursuant to Sections 7 or 8(f) of the Plan.

"Vested Option" means an Option which has vested, as described in Section 6(a)(iii) of the Plan.

"Vested Restricted Share Unit" means a Restricted Share Unit which has vested, as described in Section 6(c)(iii) of the Plan.

"Vested Share Appreciation Right" means a Share Appreciation Right which has vested, as described in Section 6(b)(iv) of the Plan.

"Withholding Taxes" has the meaning ascribed thereto in Section 9(m)(ii) of the Plan.

3. Administration and Authority

(a) **Administration**

The Plan will be administered by:

- (i) the Board; or
- (ii) if determined by the Board, by the Committee.

(b) **Authority**

Subject to the limitations in the Plan, the Board has the authority to:

- (i) interpret and administer the Plan and Award Agreements;
- (ii) establish, amend and rescind any rules relating to the Plan and Award Agreements;
- (iii) correct any defect, supply any omission or reconcile any inconsistency in the Plan and any Award Agreement; and
- (iv) make any other determinations that the Board deems necessary or desirable for the administration of the Plan and Award Agreements.

4. **Limits and Shares Available**(a) **Limits**

- (i) ***All Participants (Shares Issuable At Any Time)***. The aggregate number of Shares that may be reserved for issuance to Participants at any time under (A) the Plan and (B) all of the Corporation's other security based compensation arrangements involving the issuance of Shares from treasury shall not exceed 10% of the Corporation's total issued and outstanding Shares calculated as at the date the Award is granted, unless approved by the Corporation's disinterested shareholders.
- (ii) ***Insiders (Shares Issuable At Any Time)***. The aggregate number of Shares that may be reserved for issuance to insiders (as a group) at any time under (A) the Plan and (B) all of the Corporation's other security based compensation arrangements involving the issuance of Shares from treasury shall not exceed 10% of the Corporation's total issued and outstanding Shares calculated as at the date the Award is granted, unless approved by the Corporation's disinterested shareholders.
- (iii) ***Insiders (Awards in 12 Months)***. The aggregate number of Shares underlying or relating to Awards granted in a 12 month period to insiders (as a group) under (A) the Plan and (B) all of the Corporation's other security based compensation arrangements involving the issuance of Shares from treasury shall not exceed 10% of the Corporation's total issued and outstanding Shares calculated as at the date the Award is granted, unless approved by the Corporation's disinterested shareholders.
- (iv) ***One Participant (Awards in 12 Months)***. The aggregate number of Shares underlying or relating to Awards granted in a 12 month period to any one Participant (other than a Consultant or an Investor Relations Service Provider) under (A) the Plan and (B) all of the Corporation's other security based compensation arrangements involving the issuance of Shares from treasury shall not exceed 5% of the Corporation's total issued and outstanding Shares calculated as at the date the Award is granted, unless approved by the Corporation's disinterested shareholders.
- (v) ***One Consultant (Awards in 12 Months)***. The aggregate number of Shares underlying or relating to Awards granted in a 12 month period to any one Consultant under (A) the Plan and (B) all of the Corporation's other security based compensation arrangements involving the issuance of Shares from treasury shall not exceed 2% of the Corporation's total issued and outstanding Shares calculated as at the date the Award is granted.
- (vi) ***Investor Relations Service Providers (Option Awards in 12 Months)***. Investor Relations Service Providers may only be granted Options. The aggregate number of Shares underlying or relating to Options granted in a 12 month period to Investor Relations Service Providers (as a group) under (A) the Plan and (B) all of the Corporation's other security based compensation arrangements involving the issuance of Shares from treasury shall not exceed 2% of the Corporation's total issued and outstanding Shares calculated as at the date the Award is granted.

(b) **Shares Available**

- (i) **Calculation of Number of Shares Available.** Any increase in the number of issued and outstanding Shares shall result in an increase in the available number of Awards issuable under the Plan and any Shares issued upon the exercise, vesting or settlement of Awards under the Plan will allow for corresponding additional grants of Awards under the Plan.
- (ii) **Shares Becoming Again Available.** If the right to receive Shares covered by an Award granted under the Plan or to which such an Award relates,
 - (A) lapses, expires, or terminates;
 - (B) is surrendered, forfeited or otherwise terminated; or
 - (C) is canceled without the delivery of Shares or other consideration;
 such Shares will be, or will become, available for granting Awards under the Plan.
- (iii) **Accounting for Awards.** For purposes of this Section 4:
 - (A) if, in the case of Options, or of Share Appreciation Rights, Restricted Share Units, or Deferred Share Units that in the Award Agreement may be settled by the issuance from treasury of Shares, the number of Shares covered by that Award or to which that Award relates will be counted on the Grant Date of that Award against the total number of Shares available for granting Awards under the Plan and against the maximum number of Awards available to any Participant;
 - (B) if, in the case of Share Appreciation Rights, Restricted Share Units or Deferred Share Units that in the Award Agreement do not include settlement by the issuance from treasury of Shares, the number of Shares covered by that Award or to which that Award relates (which Shares may be acquired on the open market through the facilities of an independent broker) will not be counted against the total number of Shares available for granting Awards under the Plan or against the maximum number of Awards available to any Participant; provided, however, that Awards that operate in tandem with (whether granted simultaneously with or at a different time from), or that are substituted for, other Awards may be counted or not counted under procedures adopted by the Board in order to avoid double counting; and
 - (C) any Shares that are delivered by the Corporation, and any Awards that are granted by, or become obligations of, the Corporation through the assumption by the Corporation or an Affiliate of, or in substitution for, outstanding incentive awards previously granted by an acquired corporation will be counted against the Shares available for granting Awards under the Plan.
- (iv) **Shares or Cash.** For greater certainty, except where an Award is explicitly stated to be required to be settled in Shares, (A) no Participant shall have any right to demand, be paid in, or receive Shares in respect of any Award, and (B) notwithstanding any election by the Corporation or a Participant's Employer to settle any Award or portion thereof in the form of Shares, the Corporation reserves the right to change its election in respect thereof until payment is actually made.

5. **Eligibility**(a) **Eligible Participants**

A *bona fide* employee, officer, director of or Consultant (including an Investor Relations Service Provider) to the Corporation or an Affiliate shall be eligible to be a Participant.

(b) **Deferred Share Units**

Only a *bona fide* employee, officer or director of the Corporation or an Affiliate shall be eligible to be granted Deferred Share Units.

(c) **Confirmation of Eligibility**

For Awards granted to employees or Consultants, the Corporation and the Participant must ensure and confirm that the Participant is a *bona fide* employee or Consultant, as the case may be.

6. **Awards**

(a) **Options**

The Board may grant Options to a Participant. Options will contain the following terms and conditions, and any additional terms and conditions, including Performance Criteria, not inconsistent with the Plan, as the Board determines at the time of the grant:

- (i) **Award Agreement.** Each Award of Options shall be evidenced by an Award Agreement in such form as may be approved by the Board.
- (ii) **Exercise Price.** The purchase price per Share under an Option (the "**Exercise Price**") will be determined by the Board. Unless otherwise determined by the Board and subject to applicable law and Exchange rules or policies, the Exercise Price shall not be less than the Fair Market Value of a Share on the Grant Date of that Option.
- (iii) **Vesting and Method of Exercise.** The Board will determine the time or times at which an Option may be exercised in whole or in part and any other vesting conditions, which will result in a "**Vested Option**", and the method and form of payment of the Exercise Price. Options granted to Investor Relations Service Providers must vest in stages over a period of not less than 12 months with no more than 1/4 of the Options vesting sooner than each of three, six and nine months after the Grant Date. The Board may permit, at any time before the exercise of an Option, that the Option may be exercised on a "cashless exercise", "net exercise" or other basis, as permitted by the Exchange.
- (iv) **Term and Expiry.** The Board will determine the term and expiry of an Option. The term of an Option shall not exceed a period of five years from the Grant Date. If an Option expires during a Blackout Period, the expiry date shall be automatically extended to be ten business days after the last day of the Blackout Period. No Option can be exercised after its expiry date.
- (v) **Issue of Shares on Exercise of Options.** One Share will be issued to the Participant or the Participant's Beneficiary, as applicable, as soon as practicable after Vested Options are exercised.
- (vi) **Performance Options.** The Board may, designate all or a portion of Options as Performance Options, which shall vest, in whole or in part, based on the Performance Criteria specified by the Board.
- (vii) **Tax Designation.** If applicable, at the time of grant, the Board may designate all or a portion of Options as being for "non-qualified securities" under the Tax Act. Any such designation shall be specified in the applicable Award Agreement and the Corporation and the Affiliate which is the Participant's Employer shall comply with any notification requirements set out in the Tax Act.

(b) **Share Appreciation Rights**

The Board may grant Share Appreciation Rights to a Participant. Share Appreciation Rights shall be subject to any restrictions as the Board may impose, which restrictions may lapse separately or in combination at any time or times, in such installments or otherwise, as the Board may deem appropriate. The Board may impose any conditions or restrictions, including Performance Criteria, on the vesting or payout of Share Appreciation Rights as it may deem appropriate, provided that no such condition or restriction shall cause a Share Appreciation Right to constitute a "salary deferral arrangement" within the meaning of subsection 248(1) of the Tax Act. Any grant of Share Appreciation Rights will contain the following terms and conditions, and any additional terms and conditions, not inconsistent with the Plan, as the Board determines at the time of the grant:

- (i) **Award Agreement.** Each Award of Share Appreciation Rights shall be evidenced by an Award Agreement in such form as may be approved by the Board.
- (ii) **Share Appreciation Right Account.** An account, to be known as a "**Share Appreciation Right Account**", shall be maintained by the Corporation for each Participant to whom Share Appreciation Rights are granted. On the Grant Date, the Share Appreciation Right Account will be credited with the Share Appreciation Rights granted to the Participant.
- (iii) **Base Amount.** The base amount for each Share Appreciation Right (the "**Share Appreciation Right Base Amount**") will be determined by the Board. The Share Appreciation Right Base Amount shall not be less than the Fair Market Value of a Share on the Grant Date of that Share Appreciation Right.
- (iv) **Vesting and Method of Exercise.** The Board will determine any vesting conditions of such Share Appreciation Right at the Grant Date, which conditions will be specified in the applicable Award Agreement, and which will result in a "**Vested Share Appreciation Right**". The Board will determine the method or methods by which a Vested Share Appreciation Right will be settled. A Share Appreciation Right may not be settled before the date that is one year following the Grant Date (except as provided for in Sections 7(a)(i) and 8(f)(ii)).
- (v) **Grant in Respect of Future Services.** Notwithstanding anything contained herein, all Share Appreciation Rights shall be granted in respect of the future service of the Participant and shall not be in respect of prior services of the Participant. The Board may only grant a Share Appreciation Right to a Participant so long as none of the main purposes of such grant is to provide the Participant with a payment that is in lieu of salary or wages for the Participant for services rendered by such Participant in a previous calendar year.
- (vi) **Expiry.** Each Share Appreciation Right shall expire on the earlier of (A) December 15th of the calendar year in which the Share Appreciation Right becomes a Vested Share Appreciation Right and (B) the fifth anniversary of the date such Share Appreciation Right was granted.

If the date on which a Share Appreciation Right is to expire occurs during a Blackout Period, then the expiry date shall be automatically extended to be the earlier of (A) ten business days after the last day of the Blackout Period and (B) December 15th of the calendar year in which the Share Appreciation Right becomes a Vested Share Appreciation Right, and the Share Appreciation Right will be automatically settled, without further action by the Corporation or the Participant, on that date. No Share Appreciation Right can be settled after its expiry date.

- (vii) **Payout of Share Appreciation Rights.** On settlement of a Vested Share Appreciation Right, an amount equal to the Share Appreciation Right Value shall be paid by the Participant's Employer to the Participant or the Participant's Beneficiary, as applicable, as soon as practicable.

At the option of the Participant's Employer, the Share Appreciation Right Value may be paid, in lieu of cash, in Shares or a combination of cash and Shares, and, in all cases, after deduction of any Withholding Taxes. If the Share Appreciation Right Value is to be paid in Shares, the number of Shares will be included in calculating the limits set forth in section 4(a), and if any such limits would be exceeded then any excess will be paid in cash.

If (A) the expiry date of the Share Appreciation Right is deemed to be December 15th pursuant to Section 6(b)(vi) and December 15th falls within a Blackout Period and (B) the Share Appreciation Right Value can be paid in cash or Shares (or a combination thereof), then the Share Appreciation Right Value shall be paid in cash.

- (viii) **Performance Share Appreciation Rights.** The Board may designate all or a portion of Share Appreciation Rights as Performance Share Appreciation Rights, which shall vest, in whole or in part, based on the Performance Criteria specified by the Board.

(c) **Restricted Share Units**

The Board may grant Restricted Share Units to a Participant. Restricted Share Units shall be subject to any restrictions as the Board may impose, which restrictions may lapse separately or in combination at any time or times, in such installments or otherwise, as the Board may deem appropriate. The Board may impose any conditions or restrictions, including Performance Criteria, on the vesting or payout of Restricted Share Units as it may deem appropriate, provided that no such condition or restriction shall cause a Restricted Share Unit to fail to or cease to comply with the requirements of paragraph (k) of the exception to the definition of "salary deferral arrangement" in subsection 248(1) of the Tax Act. Any grant of Restricted Share Units will contain the following terms and conditions, and any additional terms and conditions, not inconsistent with the Plan, as the Board determines at the time of the grant:

- (i) **Award Agreement.** Each Award of Restricted Share Units shall be evidenced by an Award Agreement in such form as may be approved by the Board.
- (ii) **Restricted Share Unit Account.** An account, to be known as a "**Restricted Share Unit Account**", shall be maintained by the Corporation for each Participant to whom Restricted Share Units are granted. On the Grant Date, the Restricted Share Unit Account will be credited with the Restricted Share Units granted to the Participant.
- (iii) **Vesting.** The Board will determine the time or times at which a Restricted Share Unit will vest in whole or in part and any other vesting conditions, which will result in a "**Vested Restricted Share Unit**". A Restricted Share Unit may not vest before the date that is one year following the Grant Date (except as provided for in Sections 7(a)(i) and 8(f)(ii)).
- (iv) **Restricted Share Unit Service Year.** The Board shall specify the year of service of the Participant in respect of which the Restricted Share Unit is granted, which may be the current or immediately preceding calendar year (the "**Restricted Share Unit Service Year**"). Notwithstanding anything contained in this Plan, all Restricted Share Units shall be granted as a bonus in addition to, and not in substitution for or in lieu of, ordinary salary and wages received by such Participant in respect of his services to the Corporation or an Affiliate, as applicable.
- (v) **Payout of Restricted Share Units.** An amount equal to the Fair Market Value of the Shares underlying Vested Restricted Share Units shall be paid by the Participant's Employer to the Participant or the Participant's Beneficiary, as applicable, as soon as practicable after Restricted Share Units vest.

At the option of the Participant's Employer, the Fair Market Value of the Shares underlying Vested Restricted Share Units may be paid, in lieu of cash, in Shares or a combination of cash and Shares, and, in all cases, after deduction of any Withholding Taxes. If the Fair Market Value of the Shares underlying Vested Restricted Share Units is to be paid in Shares, the number of Shares will be included in calculating the limits set forth in section 4(a), and if any such limits would be exceeded then any excess will be paid in cash.

The date of payment of a Restricted Share Unit (the "**Restricted Share Unit Payment Date**"), notwithstanding anything else contained in this Plan, shall be on or before December 15th of the third year following the end of the relevant Restricted Share Unit Service Year.

If (A) the Restricted Share Unit Payment Date falls within a Blackout Period and (B) the Fair Market Value of the Shares underlying Vested Restricted Share Units can be paid in either cash or Shares, then the amount shall be paid in cash.

- (vi) **Performance Restricted Share Units.** The Board may designate all or a portion of Restricted Share Units as Performance Restricted Share Units, which shall vest, in whole or in part, based on the Performance Criteria specified by the Board.
- (vii) **Dividend-Equivalent Rights.** Unless otherwise determined by the Board, on a dividend payment date, each Participant's Restricted Share Unit Account shall be credited, as a bonus

for services rendered, with additional Restricted Share Units to account for the dividend paid. The number of additional Restricted Share Units to be credited to the Participant's Restricted Share Unit Account will be calculated (to two decimal places) by dividing (A) the total amount of the dividend that would have been paid to the Participant if the Restricted Share Units in the Participant's Restricted Share Unit Account (including fractions thereof), as of the dividend record date, were Shares, by (B) the Fair Market Value of a Share on the dividend payment date. The terms and conditions of any additional Restricted Share Units shall be identical to the terms and conditions of the Restricted Share Units in the Participant's Share Unit Account to which they relate. The number of Shares underlying additional Restricted Share Units will be included in calculating the limits set forth in section 4(a), and if any such limits would be exceeded then excess Restricted Share Units will be paid out in cash. No additional Restricted Share Units will be credited to a Participant if the dividend record date occurs after the Participant's Termination Date.

(d) **Deferred Share Units**

The Board may grant Deferred Share Units to a Participant who is an employee, officer or director. Deferred Share Units may have all of the rights and restrictions that may be applicable to Restricted Share Units, except that Deferred Share Units may not be redeemed until the Participant has ceased to hold all offices, employment and directorships with the Corporation and its "affiliates" (as defined below). The Board may impose any conditions or restrictions, including Performance Criteria, on the payout of Deferred Share Units as it may deem appropriate, provided that no such condition or restriction shall cause a Deferred Share Unit to fail or cease to comply with the requirements of the Regulation 6801(d) exception to the definition of "salary deferral arrangement" in subsection 248(1) of the Tax Act. Any grant of Deferred Share Units will contain the following terms and conditions, and any additional terms and conditions, not inconsistent with the Plan, as the Board determines at the time of the grant:

- (i) ***Award Agreement.*** Each Award of Deferred Share Units shall be evidenced by an Award Agreement in such form as may be approved by the Board.
- (ii) ***Deferred Share Unit Account.*** An account, to be known as a "**Deferred Share Unit Account**", shall be maintained by the Corporation for each Participant to whom Deferred Share Units are granted. On the Grant Date, the Deferred Share Unit Account will be credited with the Deferred Share Units granted to the Participant.
- (iii) ***No Payment until Cessation of Employment or Death.*** Notwithstanding any other provision of the Plan, no payment shall be made in respect of a Deferred Share Unit until after the earlier of (A) the latest time that the Participant ceases to be an employee, officer or director of the Corporation or any "affiliate" (as that term is interpreted for the purposes of Regulation 6801(d) of the Tax Act), provided that such time is at least one year following the Grant Date (except as provided for in Sections 7(a)(i) and 8(f)(ii)), or (B) the Participant's death (such time is referred to as the "**Deferred Share Unit Triggering Event**"). All payments in respect of a Deferred Share Unit shall be made no later than December 15th of the year commencing immediately after the occurrence of the Deferred Share Unit Triggering Event.
- (iv) ***Payment Based on Fair Market Value.*** All amounts to be paid in respect of any Deferred Share Unit granted to a Participant shall depend on the Fair Market Value of a share in the capital of the Corporation at a time within the period that commences one year before the date of the Deferred Share Unit Triggering Event and ends at the time the amount is paid.
- (v) ***No Additional Amounts.*** No Participant or any person who deals at non-arm's length, within the meaning of the Tax Act, with the Participant, shall be entitled, under the Plan or otherwise, either immediately or in the future, either absolutely or contingently, to receive or obtain any amount or benefit granted or to be granted for the purposes of reducing the impact, in whole or in part, of any reduction in the Fair Market Value of any shares of the Corporation.

- (vi) **Redemption of Deferred Share Units.** On the Deferred Share Unit Redemption Date, the Deferred Share Units credited to the Participant's Deferred Share Unit Account shall be redeemed and the Fair Market Value of the underlying Shares, determined as of the Participant's Deferred Share Unit Triggering Event, shall be paid by the Participant's Employer to the Participant or the Participant's Beneficiary, as applicable, in cash.

At the option of the Participant's Employer, the Fair Market Value of the Shares underlying Deferred Share Units may be paid, in lieu of cash, in Shares or a combination of cash and Shares, and, in all cases, after deduction of any Withholding Taxes. If the Fair Market Value of the Shares underlying Deferred Share Units is to be paid in Shares, the number of Shares will be included in calculating the limits set forth in section 4(a), and if any such limits would be exceeded then any excess will be paid in cash.

If (A) the Deferred Share Unit Redemption Date falls within a Blackout Period and (B) the Fair Market Value of the Shares underlying Deferred Share Units can be paid in either cash or Shares, then the amount shall be paid in cash.

- (vii) **Conversion of Compensation into Deferred Share Units.** Subject to such rules and conditions as the Board may impose, a Participant may elect, irrevocably, no later than December 15th of the calendar year preceding the year in which the election is to be effective, to have all or a portion of his ordinary cash compensation (the "**Participant Compensation**") to be paid by his Employer to such Participant for services to be performed in the calendar year following the date of the election, satisfied by way of Deferred Share Units credited to the Participant's Deferred Share Unit Account (with the remainder to be received in cash), by completing and delivering to the Corporation an initial written election, in such form as may be approved by the Board. Such election shall set out the percentage of such Participant's compensation that the Participant wishes to be satisfied in the form of Deferred Share Units (with the remaining percentage to be paid in cash), within the limitations of this Section 6(d)(vii), for the calendar year for which the election is made and such election shall apply for subsequent years unless the Participant amends his election pursuant to this Section 6(d)(vii).

- (A) A Participant may initiate or change the percentage of his Participant Compensation to be satisfied in the form of Deferred Share Units for any subsequent calendar year by completing and delivering to the Corporation a new written election no later than December 15th of the calendar year immediately preceding the calendar year to which the Participant Compensation relates.
- (B) Notwithstanding anything in this Section 6(d)(vii), an election can only be made when a Blackout Period is not in effect; provided that no election will be permitted to be made or altered after December 31st of the calendar year immediately preceding the year in which the election is to be effective.
- (C) Any election made by a Participant under this Section 6(d)(vii) shall designate the percentage, if any, of the Participant Compensation that is to be satisfied in the form of Deferred Share Units, all such designations to be in increments of 5%.
- (D) A Participant's election received by the Corporation under this Section 6(d)(vii) shall be irrevocable and shall continue to apply with respect to his Participant Compensation for any subsequent calendar year unless the Participant validly amends his election under this Section 6(d)(vii).
- (E) Where there is no election that complies with this Section 6(d)(vii) in effect for a Participant for a particular calendar year, such Participant shall be deemed to have elected to receive his Participant Compensation for the applicable calendar year in cash.

- (viii) **Dividend-Equivalent Rights.** Unless otherwise determined by the Board, on a dividend payment date, each Participant's Deferred Share Unit Account shall be credited with additional Deferred Share Units to account for the dividend paid. The number of additional

Deferred Share Units to be credited to the Participant's Deferred Share Unit Account will be calculated (to two decimal places) by dividing (A) the total amount of the dividend that would have been paid to the Participant if the Deferred Share Units in the Participant's Deferred Share Unit Account (including fractions thereof), as of the dividend record date, were Shares, by (B) the Fair Market Value of a Share on the dividend payment date. The terms and conditions of any additional Deferred Share Units shall be identical to the terms and conditions of the Deferred Share Units in the Participant's Deferred Share Unit Account to which they relate. The number of Shares underlying additional Deferred Share Units will be included in calculating the limits set forth in section 4(a), and if any such limits would be exceeded then excess Deferred Share Units will be paid out in cash. No additional Deferred Share Units will be credited to a Participant if the dividend record date occurs after the Deferred Share Unit Triggering Event.

7. Termination of Employment, Consultancy or Directorship

Except as otherwise provided in the applicable Award Agreement or a Participant's employment, consulting or engagement agreement, and subject to the exercise of discretion by the Board or any express resolution passed by the Board:

(a) Death or Disability

Upon the death or Disability of a Participant who is an employee, officer or director of the Corporation or an Affiliate:

- (i) all of the Participant's unvested Awards shall become Vested Awards as of the date of the Participant's death or Disability;
- (ii) all of the Participant's Vested Options and Vested Share Appreciation Rights, including Options and Share Appreciation Rights that become vested pursuant to Section 7(a)(i), shall remain exercisable or subject to settlement in accordance with Section 6(a) or 6(b), as applicable, until the earlier of:
 - (A) twelve months after the date of the Participant's death or Disability; and
 - (B) the expiry of the period specified in Section 6(a)(iv) or 6(b)(vi), as applicable; and
 any of the Participant's Vested Options and Vested Share Appreciation Rights not so exercised or settled will terminate; and
- (iii) all of the Participant's Vested Restricted Share Units and Deferred Share Units, including Restricted Share Units that become vested pursuant to Section 7(a)(i), shall be paid out in accordance with Sections 6(c)(v) or 6(d)(iii) and 6(d)(vi), as applicable;

(b) Termination for Cause

If an Employer terminates a Participant's employment for Cause:

- (i) all of the Participant's unvested Awards shall terminate as of the Participant's Termination Date;
- (ii) all of the Participant's Vested Options and Vested Share Appreciation Rights shall remain exercisable or subject to settlement in accordance with Section 6(a) or 6(b), as applicable, until the earlier of:
 - (A) 90 days after the Participant's Termination Date; and
 - (B) the expiry of the period specified in Section 6(a)(iv) or 6(b)(vi), as applicable; and
 any of the Participant's Vested Options and Vested Share Appreciation Rights not so exercised or settled will terminate; and
- (iii) all of the Participant's Vested Restricted Share Units and Deferred Share Units shall be paid out in accordance with Sections 6(c)(v) or 6(d)(iii) and 6(d)(vi), as applicable.

(c) Termination without Cause

If an Employer terminates a Participant's employment without Cause:

- (i) all of the Participant's unvested Awards shall:
 - (A) in the discretion of the Board, either become Vested Awards or terminate as of the Participant's Termination Date; or
 - (B) if required by the terms of an employment agreement between the Participant and the Corporation, become Vested Awards as of the Participant's Termination Date;
- (ii) all of the Participant's Vested Options and Vested Share Appreciation Rights shall remain exercisable or subject to settlement in accordance with Section 6(a) or 6(b), as applicable, until the earlier of:
 - (A) 90 days after the Participant's Termination Date; and
 - (B) the expiry of the period specified in Section 6(a)(iv) or 6(b)(vi), as applicable; and any of the Participant's Vested Options and Vested Share Appreciation Rights not so exercised or settled will terminate; and
- (iii) all of the Participant's Vested Restricted Share Units and Deferred Share Units shall be paid out in accordance with Sections 6(c)(v) or 6(d)(iii) and 6(d)(vi), as applicable.

(d) Voluntary Resignation or Retirement

If a Participant ceases to be an employee, officer or director of the Corporation or an Affiliate as a result of voluntary resignation or retirement:

- (i) all of the Participant's unvested Awards shall terminate as of the Participant's Termination Date;
- (ii) all of the Participant's Vested Options and Vested Share Appreciation Rights shall remain exercisable or subject to settlement in accordance with Section 6(a) or 6(b), as applicable, until the earlier of:
 - (A) 90 days after the Participant's Termination Date; and
 - (B) the expiry of the period specified in Section 6(a)(iv) or 6(b)(vi), as applicable; and any of the Participant's Vested Options and Vested Share Appreciation Rights not so exercised or settled will terminate; and
- (iii) all of the Participant's Vested Restricted Share Units and Deferred Share Units shall be paid out in accordance with Sections 6(c)(v) and 6(d)(iii) and 6(d)(vi), as applicable.

(e) Termination of Consulting Contract

If a Participant ceases to be a Consultant to the Corporation or an Affiliate for any reason (other than virtue of becoming an employee):

- (i) all of the Participant's unvested Awards shall terminate as of the Participant's Termination Date;
- (ii) all of the Participant's Vested Options and Vested Share Appreciation Rights shall remain exercisable or subject to settlement in accordance with Section 6(a) or 6(b), as applicable, until the earlier of:
 - (A) 90 days after the Participant's Termination Date; and
 - (B) the expiry of the period specified in Section 6(a)(iv) or 6(b)(vi), as applicable; and any of the Participant's Vested Options and Vested Share Appreciation Rights not so exercised or settled will terminate; and

- (iii) all of the Participant's Vested Restricted Share Units shall be paid out in accordance with Section 6(c)(v).

(f) **Non-employee Directors**

If a Participant who is a director but not also an employee or officer of the Corporation or an Affiliate ceases to be a director as a result of:

- (i) failing to be re-elected as a director of the Corporation by its shareholders, such event shall be treated as a termination without cause under Section 7(c) above; and
- (ii) voluntarily not standing for re-election as a director of the Corporation, such event shall be treated as a resignation under Section 7(d) above.

8. Amendments and Adjustments

(a) **Amendments to the Plan**

Unless shareholder approval is required pursuant to Section 8(c), applicable law or Exchange rules or policies, the Board may amend, alter, suspend, discontinue or terminate the Plan without the consent of any shareholder, Participant, other holder or Beneficiary of an Award, or other person; provided, however, that, subject to the Corporation's right to adjust Awards under Sections 8(d) and 8(e), any amendment, alteration, suspension, discontinuance or termination that would materially impair the rights of any Participant or holder or Beneficiary under any Award previously granted will not to that extent be effective without the consent of the Participant or holder or Beneficiary of an Award, as the case may be.

(b) **Amendments to Awards**

Unless shareholder approval is required pursuant to Section 8(c), applicable law or Exchange rules or policies, the Board may amend, alter, suspend, discontinue, cancel or terminate any Award previously granted, prospectively or retroactively; provided, however, that, subject to the Corporation's right to adjust Awards under Sections 8(d) and 8(e), any amendment, alteration, suspension, discontinuance, cancellation or termination that would materially impair the rights of any Participant or holder or Beneficiary under any Award previously granted will not to that extent be effective without the consent of the Participant or holder or Beneficiary of an Award, as the case may be.

(c) **Amendments Requiring Shareholder Approval**

Notwithstanding Sections 8(a) and 8(b), or any other provision of the Plan or any Award Agreement, the Board may not, without approval of shareholders of the Corporation (which must be approval of disinterested shareholders in the circumstances prescribed by the Exchange) make amendments to the Plan or any Award that would:

- (i) change the persons eligible to be granted Awards;
- (ii) change the maximum percentage of Shares that may be reserved under the Plan for issuance pursuant to Awards;
- (iii) change the limits under the Plan on the number of Awards that may be granted to any one person or any category of persons;
- (iv) change the method for determining the Option Exercise Price or Share Appreciation Right Base Amount (if the Share Appreciation Right is or may be payable in Shares);
- (v) change the maximum term of Awards;
- (vi) change the expiry and termination provisions applicable to Awards;
- (vii) reduce the Option Exercise Price or Share Appreciation Right Base Amount (if the Share Appreciation Right is or may be payable in Shares) of (A) any Award held by an insider or (B) any Award held by a non-insider if less than six months have elapsed since the later of the Grant Date and the last such amendment;

- (viii) change any method or formula for calculating prices, values or amounts under this Plan that may result in a benefit to a Participant;
- (ix) amend this Section 8(c).

(d) **Adjustments upon Certain Acquisitions**

If the Corporation or any Affiliate assumes outstanding incentive awards or the right or obligation to make future incentive awards in connection with the acquisition of another business or another corporation or business entity, the Board may, subject to approval of the Exchange if applicable, make any adjustments, not inconsistent with the Plan, to the terms of Awards as the Board deems appropriate in order to achieve reasonable comparability or other equitable relationship between the assumed incentive awards and the Awards granted under the Plan as so adjusted.

(e) **Adjustments upon Certain Events**

If the Board determines that any dividend (other than cash dividends in the ordinary course in accordance with the Corporation's dividend policy) or other distribution (whether in the form of cash, Shares, other securities or other property), share split, share consolidation, recapitalization, reorganization, amalgamation, arrangement, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Corporation, issuance of warrants or other rights to purchase Shares or other securities of the Corporation, or other similar corporate transactions or events affect the Shares such that an adjustment is determined by the Board to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan and any Awards granted under the Plan, then the Board may, in any manner as it may deem equitable, subject to approval of the Exchange if applicable, adjust any or all of the following:

- (i) the number and kind of Shares or other securities which thereafter may be made the subject of Awards;
- (ii) the number and kind of Shares or other securities subject to outstanding Awards; and
- (iii) the Fair Market Value, Share Appreciation Right Base Amount, or the grant or exercise price with respect to any Award or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding Award;

provided, however, that the number of Shares subject to any Award denominated in Shares will always be a whole number.

Notwithstanding the foregoing, any adjustments made pursuant to this Section 8(e) shall be such that the "in-the-money" value of any Option granted hereunder shall not be increased, that all Options are continuously governed by Section 7 of the Tax Act, and that all Share Appreciation Rights, Restricted Share Units or Deferred Share Units shall continuously meet the requirements to be exempted from the definition of "salary deferral arrangement" in subsection 248(1) of the Tax Act.

(f) **Change of Control**

If a Change of Control is proposed, the Board may in its sole discretion (but subject to a Participant's employment, consulting or other agreement with the Corporation) determine the manner in which an Award will be treated, including to:

- (i) provide for the assumption of the Award by the successor corporation or entity or the replacement of the Award with an award of the successor corporation or entity on terms substantially similar to the existing Award;
- (ii) permit the acceleration of vesting of the Award (other than Options held by an Investor Relations Service Provider);
- (iii) require the Award (other than a Deferred Share Unit) to be surrendered for a cash payment equal to the Fair Market Value thereof; or
- (iv) permit any combination of the foregoing;

provided that the replacement of any Option with a substitute stock option shall, at all times, comply with subsection 7(1.4) of the Tax Act, and the replacement of any Award with a substitute stock option, share appreciation right, restricted share unit or deferred share unit shall be such that the substitute stock option, share appreciation right, restricted share unit or deferred share unit shall continuously be governed by Section 7 of the Tax Act (in the case of a substitute stock option) or meet the requirements to be exempted from the definition of "salary deferral arrangement" in subsection 248(1) of the Tax Act (in the case of a substitute share appreciation right, restricted share unit or deferred share unit).

(g) **Adjustments upon Other Unusual or Nonrecurring Events**

The Board is authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of other unusual or non-recurring events affecting the Corporation, any Affiliate, or the financial statements of the Corporation or any Affiliate, or of changes in applicable laws, regulations, or accounting principles, whenever the Board determines that those adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan and any Awards granted under the Plan, subject to, if applicable, approval of the Exchange.

9. General Provisions

(a) **Consideration for Awards**

Awards may be granted for no cash consideration or for such minimal cash consideration as may be required by applicable law.

(b) **Awards May Be Granted Separately or Together**

Awards may be granted either alone or in addition to, in tandem with, or in substitution for any other Award. Awards granted in addition to or in tandem with other Awards may be granted either at the same time as or at a different time or times from the grant of such other Awards.

(c) **Forms of Payment under Awards**

Subject to the terms of the Plan and of any applicable Award Agreement, payments or transfers to be made by the Corporation or an Affiliate upon the grant, exercise, surrender, redemption, settlement or payment of an Award may be made in such form or forms as the Board determines, including, without limitation, cash, Shares, other securities, other Awards, or other property (or any combination thereof) and may be made in a single payment or transfer, in installments, or on a deferred basis, in each case in accordance with rules and procedures established by the Board. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments. The Board may provide for financing by broker-dealers (including payment by the Corporation of commissions) and may establish procedures (including broker-dealer assisted cashless exercise) for payment of any Withholding Taxes.

(d) **Sources of Shares Deliverable under Awards**

If the Board determines to pay or settle Awards in the form of Shares, then those Shares may be authorized and unissued Shares or, except in the case of Options (to meet tax requirements), issued and outstanding Shares acquired by an independent broker, as trustee, on the open market (or a combination thereof). If the Shares are to be acquired on the open market by an independent broker, then the Employer shall contribute to the independent broker in advance an amount of cash sufficient, together with any reasonable brokerage fees or commission fees related thereto, to purchase the whole number of Shares required and the independent broker shall, as soon as practicable thereafter and in an orderly manner, purchase those Shares, as trustee, on the Exchange.

(e) **No Fractional Shares**

No fractional Shares will be issued or delivered pursuant to the Plan or any Award. The Corporation will determine whether cash, other securities or other property will be paid or transferred in lieu of any fractional Shares or whether those fractional Shares or any rights thereto will be canceled,

terminated, or otherwise eliminated. In lieu of issuing or acquiring any fractional Share arising under any Award other than an Option, the applicable amount may, if in the opinion of the Corporation it is a material amount, be paid to the Participant (or used to satisfy any Withholding Taxes) as a lump sum cash amount (computed to the nearest cent).

(f) **Limits on Transfer of Awards**

- (i) No Award, and no right under any Award, may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant otherwise than by will, by the laws of descent or by the designation of a Beneficiary by a Participant. Any non-permitted purported assignment, alienation, pledge, attachment, sale or other transfer or encumbrance will be void and unenforceable against the Corporation or any Affiliate.
- (ii) Each Award, and each right under any Award, will be exercisable or subject to settlement during the Participant's lifetime only by the Participant or, if permissible under applicable law, by the Participant's guardian or legal representative.

(g) **Share Certificate Restrictions**

All certificates for Shares delivered under the Plan pursuant to any Award or the exercise, payout, settlement or redemption thereof will be subject to any stop transfer orders and other restrictions as the Board may deem advisable under the Plan or the rules, policies, regulations, and other requirements of securities regulators, any stock exchange upon which such Shares are then listed, and any applicable federal, state, provincial or territorial securities laws, and the Board may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(h) **No Shareholder Rights**

No Award shall be considered Shares, nor shall an Award entitle any Participant to exercise voting rights or any other rights attaching to the ownership of Shares, including, without limitation, voting rights, entitlement to receive dividends or other distributions or rights on liquidation, nor shall any Participant be considered the owner of Shares by virtue of any Award.

(i) **No Right to Awards**

No Participant or other person will have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Participants, or holders or Beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to different Participants.

(j) **No Limit on Other Compensation Arrangements**

Nothing contained in the Plan will prevent the Corporation or any Affiliate from adopting or continuing in effect other or additional compensation arrangements, and those arrangements may be either generally applicable or applicable only in specific cases.

(k) **No Trust or Fund Created**

The Plan shall be unfunded in all respects. Neither the Plan nor any Award will create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Corporation or any Affiliate and a Participant or any other person. To the extent that any person acquires a right to receive payments from the Corporation or any Affiliate pursuant to an Award, that right will be no greater than the right of any unsecured general creditor of the Corporation or Affiliate.

(l) **No Right to Continued Employment, Directorship or Consultancy**

The grant of an Award will not be construed as giving a Participant the right to remain as an employee, officer, director or Consultant to the Corporation or any Affiliate. The Corporation, Affiliate or (in the case of a director) shareholders of the Corporation may at any time terminate or remove a Participant as an employee, officer, director or Consultant, free from any liability or any

claim under the Plan, unless otherwise provided in the Plan (including pursuant to Section 7), an Award Agreement or another agreement.

(m) **Taxes and Other Withholdings**

- (i) Neither the Corporation nor any Affiliate is liable for any tax or other liabilities or consequences imposed on any Participant (or any Beneficiary) as a result of the granting or crediting, holding, exercise, surrender, redemption or settlement of any Awards under this Plan, whether or not such costs are the primary responsibility of the Corporation or Affiliate. It is the responsibility of the Participant (or Beneficiary) to complete and file any tax returns which may be required under any applicable tax laws within the period prescribed by such laws.
- (ii) The Corporation and any Affiliate is authorized to deduct or withhold from any Award granted, from any payment due or transfer made under any Award or under the Plan or from any compensation or other amount owing to a Participant such amount as may be necessary so as to ensure the Corporation and any Affiliate will be able to comply with the applicable provisions of any federal, provincial, state or local law relating to the withholding of tax or other required deductions ("**Withholding Taxes**"), and to take any other action as may be necessary in the opinion of the Corporation or Affiliate to satisfy all obligations for the payment of Withholding Taxes, including, for greater certainty, requiring a Participant, as a condition to the exercise, settlement or redemption of an Award, to pay or reimburse the Corporation or Affiliate, as applicable, for any Withholding Taxes. The Corporation or Affiliate may sell any Shares, other securities or property withheld, in such manner and on such terms as it deems appropriate, and shall apply the proceeds of such sale to the payment of Withholding Taxes or other amounts, and shall not be liable for any inadequacy or deficiency in the proceeds received or any amounts that would have been received, had such Shares, other securities or property been sold in a different manner or on different terms.

(n) **Collection and Use of Personal Information**

- (i) Each Participant shall provide the Corporation with all personal information required to administer the Plan.
- (ii) The Corporation may transfer or provide access to personal information of a Participant to a third party service provider for the sole purpose of administering the Plan.
- (iii) The Corporation may disclose personal information of a Participant: (A) in response to regulatory filings or other requirements for the information by a governmental authority with jurisdiction over the Corporation; (B) for the purpose of complying with a subpoena, warrant or other order by a court, person or body having jurisdiction to compel production of the information; or (C) as otherwise required by law.
- (iv) The Corporation may transfer or provide access to personal information of a Participant to another party during the course of, or completion of, a change in ownership of, or the grant of a security interest in, all or a part of the Corporation or its Affiliates including through an asset or share sale, or some other form of business combination, merger or joint venture, provided that such party is bound by an appropriate confidentiality agreement or obligation.

(o) **Headings**

Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Those headings will not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision of the Plan.

(p) **Neutral Gender**

In this Plan, words importing the masculine gender include feminine and vice versa and words importing the singular include the plural and vice versa.

(q) **Severability**

If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any person or Award under any law deemed applicable by the Board, that provision will be construed or deemed amended to conform to applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Board, materially altering the intent of the Plan or the Award, that provision will be stricken as to that jurisdiction, person or Award and the remainder of the Plan and any such Award will remain in full force and effect.

(r) **Governing Law**

The Plan, Awards and Award Agreements will be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein, subject to such additional or other matters of foreign law in the case of Participants who are resident for tax purposes in countries outside Canada.

APPENDIX I – ABCA SECTION 191: SHAREHOLDER'S RIGHT TO DISSENT

BUSINESS CORPORATIONS ACT (ALBERTA)

Chapter B-9

Shareholder's right to dissent

191(1) Subject to sections 192 and 242, a holder of shares of any class of a corporation may dissent if the corporation resolves to

- (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class,
- (b) amend its articles under section 173 to add, change or remove any restrictions on the business or businesses that the corporation may carry on,
- (b.1) amend its articles under section 173 to add or remove an express statement establishing the unlimited liability of shareholders as set out in section 15.2(1),
- (c) amalgamate with another corporation, otherwise than under section 184 or 187,
- (d) be continued under the laws of another jurisdiction under section 189, or
- (e) sell, lease or exchange all or substantially all its property under section 190.

(2) A holder of shares of any class or series of shares entitled to vote under section 176, other than section 176(1)(a), may dissent if the corporation resolves to amend its articles in a manner described in that section.

(3) In addition to any other right the shareholder may have, but subject to subsection (20), a shareholder entitled to dissent under this section and who complies with this section is entitled to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the last business day before the day on which the resolution from which the shareholder dissents was adopted.

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the shareholder or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

(5) A dissenting shareholder shall send to the corporation a written objection to a resolution referred to in subsection (1) or (2)

- (a) at or before any meeting of shareholders at which the resolution is to be voted on, or
- (b) if the corporation did not send notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent, within a reasonable time after the shareholder learns that the resolution was adopted and of the shareholder's right to dissent.

(6) An application may be made to the Court after the adoption of a resolution referred to in subsection (1) or (2),

- (a) by the corporation, or
- (b) by a shareholder if the shareholder has sent an objection to the corporation under subsection (5),

to fix the fair value in accordance with subsection (3) of the shares of a shareholder who dissents under this section, or to fix the time at which a shareholder of an unlimited liability corporation who dissents under this section ceases to become liable for any new liability, act or default of the unlimited liability corporation.

(7) If an application is made under subsection (6), the corporation shall, unless the Court otherwise orders, send to each dissenting shareholder a written offer to pay the shareholder an amount considered by the directors to be the fair value of the shares.

(8) Unless the Court otherwise orders, an offer referred to in subsection (7) shall be sent to each dissenting shareholder

- (a) at least 10 days before the date on which the application is returnable, if the corporation is the applicant, or
- (b) within 10 days after the corporation is served with a copy of the application, if a shareholder is the applicant.

(9) Every offer made under subsection (7) shall

- (a) be made on the same terms, and
- (b) contain or be accompanied with a statement showing how the fair value was determined.

(10) A dissenting shareholder may make an agreement with the corporation for the purchase of the shareholder's shares by the corporation, in the amount of the corporation's offer under subsection (7) or otherwise, at any time before the Court pronounces an order fixing the fair value of the shares.

(11) A dissenting shareholder

- (a) is not required to give security for costs in respect of an application under subsection (6), and
- (b) except in special circumstances must not be required to pay the costs of the application or appraisal.

(12) In connection with an application under subsection (6), the Court may give directions for

- (a) joining as parties all dissenting shareholders whose shares have not been purchased by the corporation and for the representation of dissenting shareholders who, in the opinion of the Court, are in need of representation,
- (b) the trial of issues and interlocutory matters, including pleadings and questioning under Part 5 of the *Alberta Rules of Court*,
- (c) the payment to the shareholder of all or part of the sum offered by the corporation for the shares,
- (d) the deposit of the share certificates with the Court or with the corporation or its transfer agent,
- (e) the appointment and payment of independent appraisers, and the procedures to be followed by them,
- (f) the service of documents, and
- (g) the burden of proof on the parties.

(13) On an application under subsection (6), the Court shall make an order

- (a) fixing the fair value of the shares in accordance with subsection (3) of all dissenting shareholders who are parties to the application,
- (b) giving judgment in that amount against the corporation and in favour of each of those dissenting shareholders,
- (c) fixing the time within which the corporation must pay that amount to a shareholder, and
- (d) fixing the time at which a dissenting shareholder of an unlimited liability corporation ceases to become liable for any new liability, act or default of the unlimited liability corporation.

(14) On

- (a) the action approved by the resolution from which the shareholder dissents becoming effective,
- (b) the making of an agreement under subsection (10) between the corporation and the dissenting shareholder as to the payment to be made by the corporation for the shareholder's shares, whether by the acceptance of the corporation's offer under subsection (7) or otherwise, or
- (c) the pronouncement of an order under subsection (13),

whichever first occurs, the shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shareholder's shares in the amount agreed to between the corporation and the shareholder or in the amount of the judgment, as the case may be.

(15) Subsection (14)(a) does not apply to a shareholder referred to in subsection (5)(b).

(16) Until one of the events mentioned in subsection (14) occurs,

- (a) the shareholder may withdraw the shareholder's dissent, or
- (b) the corporation may rescind the resolution,

and in either event proceedings under this section shall be discontinued.

(17) The Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date on which the shareholder ceases to have any rights as a shareholder by reason of subsection (14) until the date of payment.

(18) If subsection (20) applies, the corporation shall, within 10 days after

- (a) the pronouncement of an order under subsection (13), or
- (b) the making of an agreement between the shareholder and the corporation as to the payment to be made for the shareholder's shares,

notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

(19) Notwithstanding that a judgment has been given in favour of a dissenting shareholder under subsection (13)(b), if subsection (20) applies, the dissenting shareholder, by written notice delivered to the corporation within 30 days after receiving the notice under subsection (18), may withdraw the shareholder's notice of objection, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to the shareholder's full rights as a shareholder, failing which the shareholder retains a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

(20) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

- (a) the corporation is or would after the payment be unable to pay its liabilities as they become due, or
- (b) the realizable value of the corporation's assets would by reason of the payment be less than the aggregate of its liabilities.

RSA 2000 cB-9 s191;2005 c40 s7;2009 c53 s30