



PAN ORIENT ENERGY CORP.

**2005 THIRD QUARTER MANAGEMENT DISCUSSION & ANALYSIS
AND CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited interim consolidated financial statements and notes thereto for the three and nine month periods ended September 30, 2005, and the audited financial statements and MD&A for the year ended December 31, 2004. The financial statements have been prepared in accordance with accounting principles generally accepted in Canada.

Effective April 8, 2005, Pan Orient (formerly Welwyn Resources Ltd.) completed a reverse take-over (the "Reverse Take-Over") involving the acquisition of all of the issued and outstanding shares of Pan Orient Energy Ltd., whereby the shareholders of Pan Orient Energy Ltd. acquired control of Pan Orient. The Reverse Take-Over resulted in a change of control of Pan Orient, including the resignation of all of the then current officers and directors of Pan Orient and the appointment of all of Pan Orient Energy Ltd.'s officers and directors to the corresponding positions of Pan Orient.

As Pan Orient Energy Ltd. is deemed to be the acquirer, by virtue of the Reverse Take-Over, and as such the reporting issuer, the consolidated statements of loss and deficit and the consolidated statements of cash flows for the 2004 comparative year reflect only the accounts of Pan Orient Energy Ltd. Prior to the Reverse Take-Over the Company had not conducted any operations other than the acquisition of non-producing oil and gas properties and as such its interest income and administrative expenses prior to that date were capitalized as acquisition costs. Included in the three and nine month periods ended September 30, 2005 are the accounts of Pan Orient (formerly Welwyn Resources Ltd.) from April 8, 2005, forward.

Interest income on the Company's cash deposits during the third quarter of 2005 was \$54,472, bringing the year total to \$104,362. Cash deposits during the third quarter averaged approximately \$9.8 million.

General and administrative expenses for the third quarter of 2005 were \$110,776 bringing the year to date total to \$228,420. These expenses do not include \$90,000 in consulting fees relating to the acquisition of oil and gas properties, which were capitalized during the nine month period. The Company has a relatively low general and administrative cost structure in place with total annual salaries and consulting fees to its three officers of \$262,000 and annual lease expense relating to the Company's head office of \$63,000 which the Company has sub-leased to March 2007.

Depletion and amortization charges were \$2,943 for the third quarter, as the Company began amortizing its office and computer equipment, bringing the nine month total to \$5,886.

The stock based compensation expense for the first nine months of 2005 was \$581,520, relating to the issuance of 2,350,000 stock options during the second quarter. As required under Canadian GAAP the Company uses the fair value method to account for its stock based compensation.

Due largely to the non-cash stock compensation expense of \$96,920 recorded the Company reported a net loss for the third quarter of \$156,167. The loss for the first nine months of 2005 was \$711,464 as a result of \$581,520 in stock compensation expenses in the period.

During the second quarter Pan Orient completed two financings totaling \$4,499,992: (a) a fully subscribed Private Placement financing for the issuance of 3,333,323 Pan Orient Common Shares, which included the agents fully exercising their 25% over allotment option, at a price of \$0.75 per share for gross proceeds of \$2,499,992 and (b) a fully subscribed Short Form Offering Document financing for the issuance of 2,666,666 Pan Orient Common Shares at a price of \$0.75 per share for gross proceeds of \$2,000,000. Both financings were subject to a 7% cash agent's commission. Pan Orient had completed a financing under similar terms in February 2005 for gross proceeds of \$8 million bringing the total amount of equity raised to \$12.5 million.

Additionally, in connection with the completion of the Reverse Take-Over, the following amounts were converted into Pan Orient Common Shares, at a price of \$0.75 per share: (a) \$27,500 of convertible debentures payable and (b) \$100,000 of amounts due to related parties.

During the first nine months of 2005, the Company paid to its officers and shareholders, either directly, or indirectly to companies controlled by them, \$260,500 for consulting and management services. In April 2004, the Company purchased a 20% interest in petroleum and natural gas properties in northern Alberta for \$1,000,000 which was funded by certain of the Company's shareholders in exchange for a note payable. In the fourth quarter of 2004 one half of the above mentioned interest was sold in exchange for the acceptance of \$500,000 of the note payable by the purchaser. The remaining \$500,000 of the note payable was subsequently converted into shares of the Company. The transactions were in the normal course of operations and were recorded at the exchange value which was the amount of consideration established and agreed to by the related parties.

At September 30, 2005, the Company had positive working capital of approximately \$9.5 million, in the form of uncommitted cash deposits.

Management believes it has sufficient cash on hand to fund a robust seismic and exploration program on Tiger's Thailand assets, fund a multi-well drilling program on Pan Orient's Sawn Lake prospect as well as fund entrance opportunities in other Asian countries. Pan Orient is actively pursuing land and production acquisition opportunities in Thailand, India, China and Indonesia. If the Company requires additional capital for either new or existing projects it would likely be provided through additional equity financing.

At September 30, 2005 Pan Orient had 23,548,787 shares outstanding.

TIGER

On April 28, 2005 Pan Orient announced an acquisition agreement had been executed with the Board of Directors of Tiger Petroleum Inc. ("Tiger"). Tiger is a public oil and gas company engaged in the exploration for, and the development, production and acquisition of, natural gas and petroleum interests in Asia, particularly Thailand. The acquisition consideration consists of one (1) common share of Pan Orient for each four and one quarter (4.25) common shares of Tiger and also included a corresponding offer to Tiger convertible debenture holders. The offer and the accompanying take-over bid circular was filed on August 26 and was open for the acceptance and tender of Tiger security holders until October 20, 2005.

On October 21, 2005, Pan Orient announced that approximately 92% of the issued and outstanding Tiger shares, and 93% of the aggregate principal amount of the Tiger debentures, were tendered into the offer. The remaining 8% of Tiger shares are intended to be acquired, by Pan Orient, pursuant to the compulsory acquisition provisions contained in the Quebec Companies Act, as Tiger is a Quebec incorporated company.

Following completion of the compulsory acquisition, Pan Orient will have issued an aggregate of approximately 4,133,204 Pan Orient shares as consideration for the Tiger shares and certain of the debentures taken-up pursuant to the offer and will have paid an aggregate of approximately \$439,119.89 cash as consideration for certain of the debentures taken-up pursuant to the offer. Following the issuance of these shares there will be 27,681,991 Pan Orient shares issued and outstanding.

At September 30, 2005, Pan Orient had expended \$621,617 relating to its investment in Tiger and resulting offer and take over bid circular. Included in this amount is \$280,000 for the first quarter 2005 purchase of 1,400,000 Tiger shares at \$0.20 per share as part of a private placement by Tiger. This investment is recorded at cost and the Company held 9.36% of Tiger's common shares at September 30, 2005. Of the

remaining \$341,617, an amount of \$212,375 was advanced to Tiger for its working capital purposes and secured by Pan Orient against certain Tiger assets. Upon completion of the Tiger acquisition all amounts will be recorded as acquisition costs.

BUSINESS RISK

Companies engaged in the oil and gas industry are exposed to a number of business risks, which can be described as operational, financial and political risks, many of which are outside of Pan Orient's control. More specifically these risks include risks of economically finding reserves and producing oil and gas in commercial quantities, marketing the production, commodity prices and environmental and safety risks. In order to mitigate these risks, the Company has an experienced base of qualified personnel, both technical and financial, and maintains an insurance program that is consistent with industry standards.

ADDITIONAL INFORMATION

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

NOTICE TO READER

Management has compiled the unaudited interim consolidated financial information of Pan Orient Energy Corp. consisting of the interim consolidated Balance Sheets at September 30, 2005 and the interim consolidated Statements of Loss and Deficit and interim consolidated Statements of Cash Flows for the three and nine month periods ended September 30, 2005 and 2004. Please note the interim financial statements have not been reviewed or audited by external auditors.

PAN ORIENT ENERGY CORP.
INTERIM CONSOLIDATED BALANCE SHEETS

| | September 30 2005 | December 31 2004 |
|---|----------------------|---------------------|
| | (Unaudited) | (Audited) |
| <u>ASSETS</u> | | |
| CURRENT | | |
| Cash and cash equivalents | \$ 9,504,616 | 5,589,135 |
| Accounts receivable | 98,328 | 61,737 |
| | <hr/> 9,602,944 | <hr/> 5,650,872 |
| LONG TERM | | |
| Investment in Tiger (Note 3) | 621,617 | - |
| Petroleum and natural gas properties (Note 4) | 1,702,742 | 802,549 |
| | <hr/> 2,324,359 | <hr/> 802,549 |
| | \$ 11,927,303 | 6,453,421 |
| <u>LIABILITIES</u> | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 101,087 | 62,113 |
| <u>SHAREHOLDERS' EQUITY</u> | | |
| SHARE CAPITAL (Note 6) | 12,385,780 | 6,391,308 |
| CONTRIBUTED SURPLUS | 581,520 | - |
| DEFICIT | (1,141,084) | - |
| | <hr/> 11,826,216 | <hr/> 6,391,308 |
| | \$ 11,927,303 | 6,453,421 |

See accompanying notes to interim consolidated financial statements

PAN ORIENT ENERGY CORP.**INTERIM CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT (UNAUDITED)**

| | Three Months Ended | | Nine Months Ended | |
|------------------------------------|--------------------|------|-------------------|------|
| | September 30 | | September 30 | |
| | 2005 | 2004 | 2005 | 2004 |
| REVENUES | | | | |
| Interest | \$ 54,472 | - | 104,362 | - |
| EXPENSES | | | | |
| General and administration | 110,776 | - | 228,420 | - |
| Depletion and amortization | 2,943 | - | 5,886 | - |
| Stock based compensation | 96,920 | - | 581,520 | - |
| | 210,639 | - | 815,826 | - |
| NET LOSS FOR THE PERIOD | (156,167) | - | (711,464) | - |
| DEFICIT BEGINNING OF PERIOD | (984,917) | - | - | - |
| ADJUSTMENT TO DEFICIT | - | - | (429,620) | - |
| DEFICIT, END OF PERIOD | \$ (1,141,084) | - | (1,141,084) | - |
| LOSS PER SHARE – Basic and Diluted | \$ (0.01) | - | (0.03) | - |

See accompanying notes to interim consolidated financial statements

PAN ORIENT ENERGY CORP.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

| | Three Months Ended | | Nine Months Ended | |
|--|---------------------|---------------|-------------------|---------------|
| | September 30 | | September 30 | |
| | 2005 | 2004 | 2005 | 2004 |
| CASH PROVIDED BY (USED IN) | | | | |
| OPERATING ACTIVITIES | | | | |
| Net loss for the period | \$ (156,167) | - | (711,464) | - |
| Items not affecting cash | | | | |
| Depletion and amortization | 2,943 | - | 5,886 | - |
| Stock based compensation | 96,920 | - | 581,520 | - |
| | (56,304) | - | (124,058) | - |
| Change in non-cash working capital | 59,584 | 140,174 | (300,144) | 140,174 |
| | 3,280 | 140,174 | (424,202) | 140,174 |
| INVESTING ACTIVITIES | | | | |
| Investment in Tiger | (341,617) | - | (621,617) | - |
| Acquisition of petroleum and natural gas properties | (252,922) | (60,545) | (906,079) | (1,060,545) |
| Cash acquired on reverse take-over | - | - | 407 | - |
| | (594,539) | (60,545) | (1,527,289) | (1,060,545) |
| FINANCING ACTIVITIES | | | | |
| Issue of common shares, net of share issue costs | - | - | 5,866,972 | 100 |
| Advances from related parties | - | - | - | 1,000,000 |
| | - | - | 5,866,972 | 1,000,100 |
| INCREASE IN CASH | (591,259) | 79,629 | 3,915,481 | 79,729 |
| CASH, BEGINNING OF PERIOD | 10,095,875 | 100 | 5,589,135 | - |
| CASH, END OF PERIOD | \$ 9,504,616 | 79,729 | 9,504,616 | 79,729 |

See accompanying notes to interim consolidated financial statements

PAN ORIENT ENERGY CORP.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2005 (UNAUDITED)

1) BASIS OF PRESENTATION

On April 15, 2005, Pan Orient Energy Corp. (formerly Welwyn Resources Ltd.) acquired all of the issued and outstanding shares of Pan Orient Energy Ltd. This reverse take-over resulted in a change of control of Pan Orient, including the resignation of all of the then current officers and directors of Pan Orient and the appointment of all of Pan Orient Energy Ltd.'s officers and directors to the corresponding positions of Pan Orient. As a result of the transaction, the former shareholders of Pan Orient Energy Ltd. acquired control of Pan Orient.

As Pan Orient Energy Ltd. is deemed to be the acquirer, the consolidated statements of loss and deficit and the consolidated statements of cash flows for the 2004 comparative year reflect only the accounts of Pan Orient Energy Ltd. Prior to the Reverse Take-Over the Company had not conducted any operations other than the acquisition of non-producing oil and gas properties and as such its interest income and administrative expenses prior to that date were capitalized as acquisition costs. Included in the three and nine month periods ended September 30, 2005 are the accounts of Pan Orient (formerly Welwyn Resources Ltd.) from April 8, 2005, forward.

Pan Orient is a junior oil and natural gas company based in Calgary, Alberta, which holds properties in northern Alberta and actively pursues opportunities in Asia for the acquisition of exploration acreage and exploration of oil and natural gas. At September 30, 2005, Pan Orient did not hold any interests or reserves in the Asia region, but held an interest in petroleum and natural gas properties in the Sawn Lake area of northern Alberta with no current production.

2) SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim consolidated financial statements of Pan Orient have been prepared by management in accordance with Canadian generally accepted accounting principles. The interim financial statements have been prepared following the same accounting policies and methods of computation as the financial statements of Welwyn Resources Ltd. for the year ended December 31, 2004. The disclosures included below are incremental to those included with the annual financial statements. The interim financial statements should be read in conjunction with the Company's financial statements and notes thereto for the year ended December 31, 2004.

3) INVESTMENT IN TIGER

On April 28, 2005 Pan Orient announced an acquisition agreement had been executed with the Board of Directors of Tiger Petroleum Inc. ("Tiger"). Tiger is a public oil and gas company engaged in the exploration for, and the development, production and acquisition of, natural gas and petroleum interests in Asia, particularly Thailand. The acquisition consideration consists of one (1) common share of Pan Orient for each four and one quarter (4.25) common shares of Tiger and also included a corresponding offer to Tiger convertible debenture holders. The offer and the accompanying take-over bid circular was filed on August 26 and was open for the acceptance and tender of Tiger security holders until October 20, 2005.

On October 21, 2005, Pan Orient announced that approximately 92% of the issued and outstanding Tiger shares, and 93% of the aggregate principal amount of the Tiger debentures, were tendered into the offer. The remaining 8% of Tiger shares are intended to be acquired, by Pan Orient, pursuant to the compulsory acquisition provisions contained in the Quebec Companies Act, as Tiger is a Quebec incorporated company.

Following completion of the compulsory acquisition, Pan Orient will have issued an aggregate of approximately 4,133,204 Pan Orient shares as consideration for the Tiger shares and certain of the debentures taken-up pursuant to the offer and will have paid an aggregate of approximately \$439,119.89 cash as consideration for certain of the debentures taken-up pursuant to the offer. Following the issuance of these shares there will be 27,681,991 Pan Orient shares issued and outstanding.

At September 30, 2005, Pan Orient had expended \$621,617 relating to its investment in Tiger and resulting offer and take over bid circular. Included in this amount is \$280,000 for the first quarter 2005 purchase of 1,400,000 Tiger shares at \$0.20 per share as part of a private placement by Tiger. This investment is recorded at cost and the Company held 9.36% of Tiger's common shares at September 30, 2005. Of the remaining \$341,617, an amount of \$212,375 was advanced to Tiger for its working capital purposes and secured by Pan Orient against certain Tiger assets. Upon completion of the Tiger acquisition all amounts will be recorded as acquisition costs.

4) PETROLEUM AND NATURAL GAS PROPERTIES

| | Cost | Accumulated Amortization | Net Book Value |
|--------------------------------------|--------------|-------------------------------------|---------------------------|
| Petroleum and natural gas properties | \$ 1,708,628 | \$ 5,886 | \$ 1,702,742 |

The petroleum and natural gas properties are in Canada and include acquisition and carrying charges at cost. Since the properties are non-producing no depletion has been calculated to date.

Included in petroleum and natural gas properties are computer and office equipment acquired during the period for \$230,803 of which \$188,471 has not been amortized.

5) RELATED PARTY TRANSACTIONS

During the first nine months of 2005, the Company paid to its officers and shareholders, either directly, or indirectly to companies controlled by them, \$260,500 for consulting and management services. Of these costs, \$179,500 was included in the cost of acquisition of the petroleum and natural gas properties.

In April 2004, the Company purchased a 20% interest in petroleum and natural gas properties in northern Alberta for \$1,000,000 which was funded by certain of the Company's shareholders in exchange for a note payable. In the fourth quarter of 2004 one half of the above mentioned interest was sold in exchange for the acceptance of \$500,000 of the note payable by the purchaser. The remaining \$500,000 of the note payable was subsequently converted into shares of the Company.

The transactions were in the normal course of operations and were recorded at the exchange value which was the amount of consideration established and agreed to by the related parties.

PAN ORIENT ENERGY CORP.**NOTES TO INTERIM FINANCIAL STATEMENTS SEPTEMBER 30, 2005 (UNAUDITED)****6) SHARE CAPITAL**

a) Authorized:

Unlimited number of common voting shares

Unlimited number of preferred shares

b) Issued and outstanding common shares

On April 8, 2005, the date of the Reverse Take-Over, Pan Orient Energy Corp. had 1,108,000 common shares outstanding and Pan Orient Energy Ltd. had 16,270,799 common shares outstanding. As the acquisition agreement between the two companies called for a one for one share exchange, the total common shares outstanding at September 30, 2005, after giving effect to the adjustments described below is 23,548,787.

| Common Shares | Number | Amount |
|--|-------------------|----------------------|
| Shares issued to Pan Orient Energy Ltd. shareholders | 16,270,799 | \$ 8,146,224 |
| Pan Orient Energy Corp. shares issued and outstanding at March 31, 2005 | 1,108,000 | 0 |
| Pan Orient Energy Corp. shares issued for convertible debentures | 36,666 | 27,500 |
| Pan Orient Energy Corp. shares issued for amounts owing to related parties | 133,333 | 100,000 |
| Pan Orient Energy Corp. shares issued on April 8, 2005 financings | 5,999,989 | 4,499,992 |
| Less: Share issue costs during the second quarter | - | (387,936) |
| Balance as at June 30, 2005 | 23,548,787 | \$ 12,385,780 |

In connection with the completion of the Reverse Take-Over, Pan Orient completed two financings totaling \$4,499,992: (a) a fully subscribed Private Placement financing for the issuance of 3,333,324 Pan Orient Common Shares, which included the agents fully exercising their 25% over allotment option, at a price of \$0.75 per share for gross proceeds of \$2,499,992 and (b) a fully subscribed Short Form Offering Document financing for the issuance of 2,666,666 Pan Orient Common Shares at a price of \$0.75 per share for gross proceeds of \$2,000,000. Both financings were subject to a 7% cash agent's commission. Pan Orient had completed a financing under similar terms in February 2005 for gross proceeds of \$8,000,000.

Additionally, in connection with the completion of the Reverse Take-Over, the following amounts were converted into Pan Orient Common Shares, at a price of \$0.75 per share: (a) \$27,500 of convertible debentures payable and (b) \$100,000 of amounts due to related parties.

PAN ORIENT ENERGY CORP.**NOTES TO INTERIM FINANCIAL STATEMENTS SEPTEMBER 30, 2005 (UNAUDITED)**

c) Options to purchase common shares

| | Number of Shares | Weighted Average Exercise Price |
|-----------------------------|---------------------|------------------------------------|
| Balance, December 31, 2004 | - | \$ - |
| Forfeited | - | - |
| Excercised | - | - |
| Granted | 2,350,000 | 0.75 |
| Balance, September 30, 2005 | 2,350,000 | \$0.75 |

A modified Black-Scholes option pricing model, with the following assumptions for the nine months ended September 30, 2005, was used to estimate the fair value of options on the date of the grant, for inclusion as stock-based compensation expense. The fair value of the stock based compensation is amortized over the vesting period of the options.

| | |
|-------------------------|---------|
| Risk free interest rate | 4.00% |
| Expected lives | 5 years |
| Expected volatility | 92% |
| Dividend per share | 0.00% |

The grant date fair value of options issued during 2005 was \$0.55 per option.

d) Escrowed securities

Included in the 23,548,787 shares outstanding at September 30, 2005 are a total of 4,653,100 Pan Orient Shares owned by directors, officers and certain non-management shareholders of Pan Orient which are subject to the escrow requirements of the TSXV. Of these, 625,600 Pan Orient Shares are subject to a Tier 1 Value Security Escrow Agreement pursuant to Policy 5.4 of the TSXV and will be releasable from escrow as to 25% on each of the six month anniversaries of the date that the Reverse Take-Over was approved by the TSXV, with the final 25% being released 18 months from such date.

The remaining 4,027,500 Pan Orient Shares subject to escrow, including 2,884,919 Welwyn Shares held by non-management shareholders who entered into voluntary escrow agreements in April 2005, are subject to a Tier 2 Value Security Escrow Agreement pursuant to the Policy 5.4 of the TSXV and will be releasable from escrow as to 15% on each of the six month anniversaries of the date that the Reverse Take-Over was approved by the TSXV with the final 15% being released 36 months from such date. The depository for the escrowed shares is Valiant Trust Company.