PAN ORIENT ENERGY CORP.

Press Release

2009 Second Quarter Financial & Operating Results and Operations Update

CALGARY, August 28, 2009

Pan Orient Energy Corp. ("Pan Orient") (POE – TSXV) is pleased to provide highlights of its 2009 second quarter consolidated financial and operating results. Please note that all amounts are in Canadian dollars unless otherwise stated.

The Corporation today filed its unaudited consolidated financial statements as at and for the three and six months ended June 30, 2009 and related management's discussion and analysis with Canadian securities regulatory authorities. Copies of these documents may be obtained online at www.sedar.com or the Corporation's website, www.panorient.ca.

2009 SECOND QUARTER HIGHLIGHTS

- In the first half of 2009 Pan Orient has directed capital programs to the drilling of exploration and appraisal targets in Thailand to add new reserves and new drilling opportunities. The value of the exploration and appraisal drilling does not necessarily result in immediate production additions, but rather, will be become evident over the next 12 months. During the first six months of 2009 Pan Orient reinvested $23.2 million in Thailand with the drilling of 15 wells (9.0 net). Expenditures associated with exploration and appraisal wells during this period were $21.0 million, or 91% of total capital expenditures in Thailand.

  The 15 wells drilled in the first half of 2009 have resulted in eight producing oil wells, four wells are currently being tested, and three wells that were not capable of production. Drilling success during the first six months of 2009 has included significant appraisal wells at NSE-E2 and NSE-H1, new field / pool oil discoveries at NSE-F1, L44-W, NSE-H3 and NSE-I1, and the potential discovery of a new producing sandstone reservoir at NSE-J1. The new eight producing wells drilled in the first half of 2009 contributed 1,305 bbls/d of production, net to Pan Orient, in the second quarter of 2009.

- During the second quarter of 2009, Pan Orient drilled eight wells in Thailand. This drilling program resulted in a significant appraisal well at NSE-E2, new field / pool oil discoveries at NSE-H3, NSE-I1, and potentially NSE-J1, a development well currently testing at NSE-J2 and three wells at Bo Rang and L44-W for appraisal of this potentially significant field.

- Production during the second quarter of 2009 declined from the production level of the first quarter of 2009 as production additions from new wells did not replace the production declines. Average production in the second quarter of 4,840 bbls/d was 21% lower than the 6,165 bbls/d reported in the first quarter of 2009. This lower production was the result of wells coming off flush production, temporary water handling constraints, natural production declines and reduced production from one well which had produced 1,117 bbl/d net to Pan Orient for the first quarter and had production of 709 bbl/d net to Pan Orient in the second quarter of 2009.

- The operating results for Pan Orient in the second quarter of 2009 compared to the previous quarter reflect higher crude oil prices, lower production volumes, and a significant unrealized foreign exchange loss due to the strength of the Canadian dollar compared to the Thai Baht.

  - Funds flow from operations for the quarter was $16.6 million compared with $15.2 million for the first quarter of 2009 and $10.9 million for second quarter of 2008. Funds flow from operations per share (diluted) was $0.34 for the second quarter of 2009 and $0.67 for the year to date. The increase in funds flow from operations compared with the first quarter of 2009 is primarily the result of the 25% increase in the realized price for crude oil more than offsetting the lower production levels.

- There was a net loss of $5.3 million, or $0.12 per share, for the three months ended June 30, 2009 compared with net income of $2.9 million, or $0.06 per share, for the first quarter of 2009 and compared with net income of $8.5 million, or $0.17 per share, for the first quarter of 2008. In the second quarter of 2009, the Company recorded a realized foreign exchange gain of $0.7 million and an unrealized foreign exchange loss of $11.8 million compared with a realized foreign exchange loss of $0.2 million and an unrealized foreign exchange gain of $0.1 million in the first quarter of 2009.
- Foreign exchange was a significant factor in net income for the second quarter and will likely continue to be so in future periods because of our interests in Thailand. The Company is recovering its entire investment in Thailand, and starting in the second quarter of 2009 all translation differences from the Company's Thailand operations are included in earnings. As such, the carrying value of all current and long-term assets and liabilities in Thailand are revalued each quarter to the current rate of exchanges, resulting in a foreign exchange gain or loss. The $11.1 million foreign exchange loss for the second quarter of 2009 reflects the strength of the Canadian dollar at June 30, 2009 and is comprised of $11.8 million in unrealized foreign exchange losses resulting from the revaluation of assets and liabilities on the balance sheet and a $0.7 million realized foreign exchange gain arising from foreign exchange gains previously recorded to Other Comprehensive Income.

- Operations in Thailand generated $17.4 million in funds flow from operations, had transportation and operating expenses of $6.66 per barrel, and funds flow from operations per barrel of $39.60. The WTI reference price for crude oil increased 38% to US$59.20 per barrel during the quarter from US$43.04 per barrel in the first quarter of 2009, but declined from US$123.98 in the second quarter of 2008. For the second quarter of 2009, Thailand crude oil revenue was allocated 15% to expenses for other royalties, transportation, operating, and general & administrative, 23% to the government of Thailand in the form of royalties, Special Remuneratory Benefit and Income Tax, and 62% to Pan Orient (before interest income and realized foreign exchange gain). The Special Remuneratory Benefit and Income Tax are a lower percentage in 2009 as a result of capital expenditures which are deductible for SRB and income tax purposes being proportionately higher than funds flow from operations.
- Pan Orient continues to maintain its financial strength and flexibility. At June 30, 2009 Pan Orient had $42 million of working capital and deposits, and no long-term debt. Internally generated funds flow from operations of $16.6 million during the quarter completely funded the $14.9 million of capital expenditures in Thailand, Indonesia and Canada. As of the date of this report, approximately $25.8 million of the Company's current cash balance was held in Canada, at interest rates similar to short-term deposits.

2009 DRILLING ACTIVITY

Significant results of 2009 Q1 and Q2 drilling activity include:

- NSE-F1 – discovery established commercial production 1 kilometer from the nearest NSE field producer;
- NSE-E2 and NSE-H1 – successful appraisal wells adding to production;
- L44-W – a potentially significant new oil field discovery straddling concessions L44 and L33;
- NSE-H3 – new pool discovery in previously untested volcanic reservoir;
- NSE-I1 – new field discovery in previously untested volcanic reservoir; and
- Bo Rang-1 RD – commercial oil rates were not achieved but there is strong evidence that the primary volcanic objective is oil bearing.

The Company has four (2.4 net) wells that started drilling by June 30, 2009 and which are in various stages of testing:

- NSE-J and NSE-J2 – development wells in the NSE Central fault compartment and there is potential for the discovery of a new producing sandstone reservoir at NSE-J1;
- Bo Rang-2 – appraisal well and following of Bo Rang-1 RD; and
- L44-W2 – first appraisal well for the L44-W discovery.

Pan Orient has the following wells which started drilling after June 30, 2009 and are in various stages of drilling and testing:

- o L44W-3 – second appraisal well for the L44-W discovery;
- o L44W-4 – third appraisal well for the L44-W discovery;
- o L44V-D2 – appraisal well for potential Bo Rang structure; and
- o Bo Rang-1RDST1 – appraisal well which is sidetrack of the Bo Rang-1 Re-drill which will have a 200 meter horizontal section.

THAILAND OPERATIONS UPDATE

Thailand drilling in the second quarter of 2009 was entirely within Concession L44 and the drilling program was shifted during the quarter from drilling Na Sanun East (NSE) field appraisal / development wells to drilling exploration / appraisal wells in the L44-W and Bo Rang areas. This decision was made on the basis of the success at L44-W early in the second quarter. The focus for the second and third quarters of 2009 is the appraisal of this new, high impact region to lay the technical foundation for the completion of production license applications for submission to the Thailand Department of Mineral Fuels (DMF).

Bo Rang Appraisal Drilling

Bo Rang-2 Appraisal well (60 percent working interest and operator)

Bo Rang-2 was drilled to a subsurface target location 590 meters south west of the Bo Rang-1RD drill pad. The upper main volcanic target was encountered at 666 meters true vertical depth (TVD), 34 meters structurally lower than the upper volcanic at the original BR-1RD well, and was 7 meters thick. Drilling fluid losses of 280 bbls/hr were observed while drilling through this zone indicating excellent permeability. The lower main volcanic reservoir was encountered at a depth of 702 meters TVD with drilling fluid losses of 60 bbls/hr observed and only the upper 7 meters of the zone penetrated.

After running the completion, and while moving the drilling rig off location, the shut-in well pressures increased from zero to approximately 850 psi. After installation of the testing equipment, the gas was blown down on the well and oil flowed to the test production facilities. Initial fluid flow rates up to 1,348 bfpd with an initial 10% BS&W was observed on free flow and a total of 450 barrels of crude oil was produced prior to shut-in and a decision made to switch the well over to an electrical submersible pump (ESP) completion.

During the ESP installation operations attempts to kill the well proved difficult and heavy mud was pumped into the well bore to ensure no additional well control problems during the removal of the original completion, and subsequent installation of the ESP completion. After the ESP was installed, water was used to displace the well. This is a normal practice although the presence of such heavy mud (11.0 pounds per gallon, weighted with barite) and the lack of a spacer, appears to have resulted in the fall-out of suspended barite inside the casing and around the pump and completion tubulars. Numerous attempts to flow the well using the newly installed ESP or pull the ESP proved unsuccessful, and the decision was made to sidetrack the well.

The resulting sidetrack, Bo Rang-2ST1 encountered the same volcanic reservoirs as the original well but did not experience drilling fluid losses in the upper 1m meter thick volcanic but did experience losses in the lower volcanic.

Testing of Bo Rang-2ST1 has now been ongoing for approximately 6 days and the 100% water cut of the initial 5 days has decreased to between 72% to 85% over the past 24 hours as the well appears to clean up at fluid flow rates of approximately 250 barrels per day. The possibility can not be ruled out that all the oil observed in the Bo Rang-2 flow test originated from the upper 7 meter thick volcanic that was tight in the subsequent Bo Rang-2ST1 sidetrack well. This will be determined conclusively over the next 10-14 days of testing.

An approximately 18 meters thick shallow volcanic was encountered at 473 meters. This volcanic exhibited oil shows and elevated mud gas readings. Subsequent to drilling through this shallow volcanic zone and the running casing prior to drilling into the main target zone, 50% mud gas and free oil flowing over the shale shakers was observed at surface, believed to have originated from this zone at 473 meters that corresponds to the Bo Rang “B” structural closure that is mapped on

3D seismic as a much larger structural closure than that of the deeper volcanic or Bo Rang "A" structural closure. In the event that commercial oil flow rates are not achieved in the deeper zone currently being tested, testing will commence in the shallow zone immediately thereafter.

L44V-D2 Bo Rang Appraisal well (60 percent working interest and operator)

L44V-D2 was drilled to a subsurface location 533 meters north of the L44-V drill pad and 470 meters south of the Bo Rang-2 top main reservoir penetration. The main lower volcanic reservoir objective (the upper volcanic objective was absent) was penetrated at a depth of 710 meters TVD and a total thickness of approximately 59 meters. No fluid losses were observed while drilling; however oil shows and elevated mud gas readings were observed throughout the entire interval. Subsequent testing has resulted in rates of approximately 32 barrels of fluid a day with 64% water cut (11.7 bopd). L44V-D2 will likely be sidetracked into the upper Bo Rang "B" volcanic upon rig availability.

Bo Rang-1RDST1 Appraisal well (60 percent working interest and operator)

The Bo Rang-1 re-drill sidetrack is targeting the main volcanic objective at a subsurface location approximately 425 meters north west of the original Bo Rang-1 RD vertical well. The well is currently being plugged back in the original pilot hole at 693 meters TVD in preparation to drill a 200 meter horizontal section within the main volcanic objective. Drilling fluid losses of 20 bbls/hr were encountered while drilling the pilot hole along with oil shows. Drilling is anticipated to be completed within the next 7 days with testing to commence shortly thereafter.

<u>L44-W Appraisal Drilling</u>

L44-W2 Appraisal well (60 percent working interest and operator)

L44-W2 was drilled to a subsurface location approximately 400 meters north of the original L44-W discovery encountering the main reservoir target at 681 meters, 3 meters structurally higher than the discovery well and 33 meters thick. No losses were encountered while drilling and subsequent testing indicated the main zone was tight.

At a depth of 265 meters a first volcanic zone approximately 20 meters thick was encountered with 6,000 barrels of drilling fluid lost to this zone indicating exceptional permeability. A severe gas kick was also observed while drilling through this shallower zone and resulted in a delay of 12 days while dealing with the combined drilling fluid losses and gas. At a depth of 360 meters a second volcanic interval approximately 20 meters thick was encountered with high mud gas readings and oil shows.

Testing of the two shallow volcanic zones detailed above will be initiated in approximately 7 days once the rig testing L44-W3 has been moved off of the shared drilling pad.

L44-W3 Appraisal well (60 percent working interest and operator)

L44-W3 was drilled to a subsurface target location 843 meters north west of the L44-W2 subsurface target location. The well encountered the main volcanic objective at 724 meters TVD and was approximately 11 meters thick. A four meter oil stained, fractured core was cut in the middle of the main volcanic objective.

Two additional volcanics were encountered at 266 meters and 375 meters, 15 and 25 meters thick respectively. Losses were encountered in the 266m volcanic and shortly after drilling through the 375m volcanic.

Testing has just been initiated at L44-W3 and results will be reported upon completion.

L44-W4 Appraisal well (60 percent working interest and operator)

L44-W4 is targeting the main volcanic objective vertically below the L44-W drill pad. The well is currently drilling ahead at a depth of 296 meters after encountering a 23 meter thick volcanic at 264 meters with losses of 22 bbls/hr and free oil observed over the shale shakers at surface. Drilling is anticipated to be completed within the next 12 days.

NSE Central Appraisal Drilling

NSE-J1 NSE Central Development well (60 percent working interest and operator)

The NSE-J1 well, drilled in the extreme southern portion of the NSE Central fault compartment, encountered a highly fractured main volcanic reservoir below the original field oil water contact. Subsequent testing of an approximately 5 meters thick sandstone reservoir above the main volcanic reservoir resulted in initial production of approximately 200 bopd that has stabilized over the past three weeks at approximately 120 bopd. Previously there were no reserves attributed to this zone and work is currently underway to define the extent of this new zone and determine if it is in communication with the recent discovery made 2 kilometers to the north at NSE-H3.

NSE-J2 NSE Central Development well (60 percent working interest and operator)

The NSE-J2 well, drilled from the same pad as NSE-J1 penetrated the main volcanic reservoir with severe mud losses at 835 meters and was drilled down to 854 meters where further losses were encountered. Initial flow rates of approximately 500 bopd with no water were achieved prior to the well producing 100% water after a 2 day period. An attempt to isolate the lower interpreted water bearing portion of the well from the upper interpreted oil bearing zone with a cement plug was unsuccessful. The well will be perforated in the zone corresponding to oil production at NSE-J1 at some point over the next 3 weeks as timing allows.

Extension of Concession L44/43 and Concession L33/43

In July, Pan Orient received formal approval for the three year extension of Concession L44/43 and Concession L33/43 to July 16, 2012. The extension of Concession L44/43 has new commitments for the three year extension period of three exploration wells with a combined expenditure obligation to Pan Orient of US$0.9 million. The extension of Concession L33/43 has new commitments for the three year extension period of two exploration wells plus geological studies with a combined expenditure obligation to Pan Orient of US$0.6 million.

Environmental Approval of Concession L53/48 Exploration Well locations

Pan Orient has now received approval for drilling at four surface pad locations in Concession L53/48. Construction of the first two of the four approved locations is anticipated to commence in the next seven days with completion in the next four to six weeks, the exact timing to completion will be a function of the amount of rain encountered during the construction period.

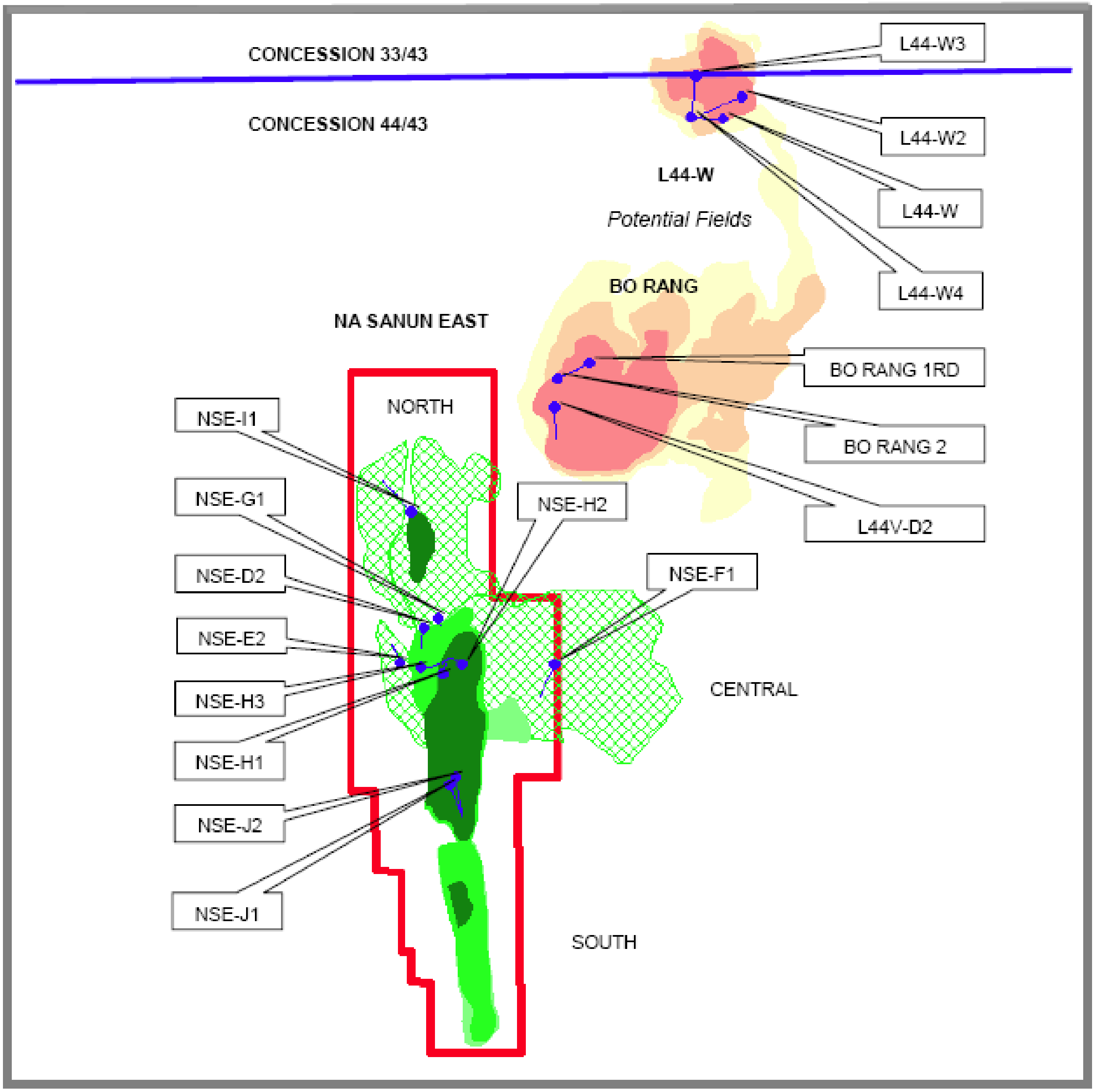
Production

Current production capacity, net to Pan Orient is approximately 4,000 bbls per day with approximately 420 bopd shut-in as the 90 day production test period for L44-W has expired and will not be renewed until the production license application has been submitted and approved. This process is expected to be completed in just over 3 months.

Looking out over the remainder of 2009, production in the third quarter will be a function of the results of well testing at L44-W and Bo Rang where testing of a number of wells is currently underway or about to occur upon the completion of drilling. Drilling results to date have been encouraging with both excellent reservoir and oil encountered but not consistently together. Further encouraging signs have been observed in the numerous shallow volcanic reservoirs (at least three) that have been penetrated in the L44-W and Bo Rang structural closures but no tests have been conducted in these intervals yet.

Base case estimates of production for the third quarter of 2009 net to Pan Orient range between an average of 3,300 to 3,700 bopd. The range of uncertainty is a function of the complexity of the reservoirs encountered at L44-W and Bo Rang. Modest success from the current drilling and testing program would move estimates to the upper end of this range and further set the stage for production growth in the fourth quarter of 2009 with additional drilling in the current focus area. Production for the fourth quarter of 2009 will be impacted by the timing of the approval by the DMF of a new production license application in addition to the factors outlined for the third quarter, and is estimated to have an exit rate of between 5,000 to 6,000 bopd. The results from initial exploration in the 100% owned and operated L53/48 concession will have the potential to make a material impact on 2009 fourth quarter production in a success case.

THAILAND 2009 DRILLING



INDONESIA OPERATIONS UPDATE

The Company continues to be very active in Indonesia with seismic programs, building the organization and preparation for 2010 drilling in order to set the foundation for the next phase of growth of the company. In addition to the three Pan Orient operated concessions onshore Java and Sumatra, the Company continues to focus on the evaluation of additional asset opportunities with a focus on producing assets that possess material exploration upside to compliment the existing portfolio of low to high risk exploration prospects and establish Indonesia as a core asset for Pan Orient.

Citarum PSC (1,991 net Km^2- Onshore Java - 69% Working Interest & Operator)

The acquisition of an initial 750 km 2D seismic program continues with approximately 1/3 of the data acquired to date and completion expected near the end of 2009 to early 2010. Data quality has been superior to that acquired in the adjacent acreage by previous operators and a number of relatively shallow (~1,700m) leads have been identified on the data that has been processed to date. Exploration drilling of up to four wells is tentatively scheduled to commence the second half of 2010, upon the completion of drilling in the POE operated Batu Gajah PSC.

Batu Gajah PSC (3,590 net Km^2- Onshore Sumatra - 90% Working Interest & Operator)

The seismic crew for the acquisition of 500 kilometers of 2D data has been mobilized to the concession and will commence first shots in September with survey completion anticipated near year end 2009. The Company plans on drilling up to four exploration wells commencing in the first half of 2010. At least one of these wells will be timed subject to the receipt of 3D seismic data that has been recently acquired by an operator of the adjacent Jabung PSC. This operator is obligated to provide, at no cost to Pan Orient, approximately 50 square kilometers of 3D data that was acquired over the Batu Gajah PSC. This 3D data is part of two much larger 3D surveys acquired in adjacent lands over recent discoveries made by this operator.

South CPP PSC (4,026 net Km^2- Onshore Sumatra - 90% Working Interest & Operator)

G & G activities currently underway include the reprocessing of existing 2D seismic data with no drilling planned for South CPP until 2012.

SAWN LAKE HEAVY OIL PROJECT, CANADA OPERATIONS UPDATE

Andora Energy Corporation, a 53.2% owned subsidiary of Pan Orient, has received Commercial Scheme Approval for a Steam Assisted Gravity Drainage (SAGD) recovery process under the Oil Sands Conservation Act from the Energy Resources Conservation Board (ERCB) and approval from the Government of Alberta under the Environmental Protection and Enhancement Act (EPEA). The Pilot location is on Andora 100% owned acreage within the South Block of its Sawn Lake Property in the Peace River Oil Sands Region.

The objective of the pilot is to demonstrate the feasibility of producing bitumen from the Bluesky Zone at economic rates as well as the technical feasibility of the SAGD thermal recovery process allowing Andora to validate the design of the commercial project. The pilot will consist of a single well pair and associated steam injection and bitumen production facilities for an estimated cost of $15 million. All season access into the site is currently underway with anticipated completion for late 2009. The timing for equipment procurement, construction of the project facility and drilling of the well pair has yet to be determined.

Operations Summary

(thousands of Canadian dollars except where indicated)	Three Months Ended June 30, **2009**	2008	Period Ended June 30, **2009**	2008	Change
FINANCIAL					
Oil revenue, before royalties and transportation expense	**26,432**	35,486	**53,132**	67,984	-22%
Funds flow from operations (Note 1)	**16,577**	10,947	**31,816**	21,560	48%
Per share - basic	**$ 0.36**	0.24	**$ 0.69**	$0.48	46%
Per share - diluted	**$ 0.34**	0.22	**$ 0.67**	$0.44	51%
Funds flow from operations by region					
Canada	**(646)**	(1,009)	**(1,336)**	(791)	
Thailand	**17,444**	11,956	**33,282**	22,351	49%
Indonesia	**(221)**	-	**(130)**	-	
Total	**16,577**	10,947	**31,816**	21,560	48%
Net Income (Loss)	**(5,349)**	8,458	**(2,468)**	11,881	
Per share	**$ (0.12)**	$ 0.19	**$ (0.05)**	$ 0.26	
Per share - diluted	**$ (0.12)**	$ 0.17	**$ (0.05)**	$ 0.24	
Working capital	**36,905**	33,947	**36,905**	33,947	9%
Working capital plus deposits	**41,969**	36,323	**41,969**	36,323	16%
Long-term debt	**-**	-	**-**	-	
Capital expenditures (Note 2)	**14,906**	6,686	**28,502**	10,267	178%
Shares outstanding (thousands)	**46,168**	45,770	**46,168**	45,770	1%
Funds flow from operations per barrel					
Canada operations	**$ (1.47)**	$ (2.85)	**$ (1.35)**	$ (1.03)	32%
Thailand operations	**39.61**	33.74	**33.43**	28.91	16%
Indonesia operations - G&A expense	**(0.50)**	-	**(0.13)**	-	
	$ 37.64	$ 30.89	**$ 31.95**	$ 27.88	15%
Capital Expenditures (Note 2)					
Thailand	**12,465**	6,681	**23,242**	10,159	129%
Indonesia	**2,339**	-	**5,012**	-	
Canada	**103**	5	**248**	108	-130%
Total	**14,906**	6,686	**28,502**	10,267	178%
Working Capital and Deposits					
Working Capital & Deposits - beginning of period	**47,705**	48,153	**46,386**	40,763	9%
Funds flow from operations (Note 1)	**16,577**	10,947	**31,816**	21,560	48%
Capital expenditures (Note 2)	**(14,906)**	(6,686)	**(28,502)**	(10,267)	178%
Indonesia acquisition	**-**	(15,406)	**-**	(15,406)	
Unrealized effect of FX on non-cash working capital	**(2,219)**	(1,034)	**(6,706)**	(873)	
Unrealized effect of FX on cash balance	**(5,738)**	(16)	**(1,574)**	116	
Proceeds on share issuance	**550**	365	**550**	430	28%
Working Capital & Deposits - end of period	**41,969**	36,323	**41,969**	36,323	16%
Canada Operations					
Interest income	**3**	68	**23**	330	-93%
General and administrative expense	**(425)**	(691)	**(1,095)**	(1,105)	-1%
Realized foreign exchange gain (loss)	**(224)**	(385)	**(227)**	(16)	
Foreign new ventures expenditures	**-**	-	**(36)**	-	
Funds flow from operations	**(646)**	(1,008)	**(1,336)**	(791)	69%
Funds flow from operations per barrel					
Interest income	**$ 0.01**	$ 0.19	**$ 0.02**	$ 0.43	-95%
General and administrative expense	**(0.97)**	(1.95)	**(1.10)**	(1.43)	-23%
Realized foreign exchange gain (loss)	**(0.51)**	(1.09)	**(0.23)**	(0.02)	
Foreign new ventures expenditures	**-**	-	**(0.04)**	-	
	$ (1.47)	$ (2.85)	**$ (1.35)**	$ (1.02)	32%

(thousands of Canadian dollars except where indicated)	Three Months Ended June 30, **2009**	2008	Period Ended June 30, **2009**	2008	Change
Thailand Operations					
Total production	**440,484**	354,388	**995,304**	773,368	29%
Average daily oil production (bbls/d)	**4,840**	3,894	**5,499**	4,249	29%
Average oil sales price, before transportation (CDN$/bbl)	**$ 60.01**	$ 100.13	**$ 53.38**	$ 87.91	-39%
Reference Price (volume weighted) and differential					
Crude oil (WTI $US/bbl)	**$ 59.20**	$ 123.98	**$ 50.00**	$ 110.94	-55%
Exchange Rate $US/$Cdn	**1.169**	0.990	**1.209**	0.990	22%
Crude oil (WTI $Cdn/bbl)	**$ 69.23**	$ 122.74	**$ 60.45**	$ 109.83	-45%
Sales price / WTI reference price	**87%**	82%	**88%**	80%	8%
Funds flow from operations					
Crude oil sales	**26,432**	35,486	**53,132**	67,984	-22%
Government royalty	**(1,877)**	(2,214)	**(3,972)**	(4,420)	-10%
Other royalty	**(22)**	(135)	**(42)**	(183)	-77%
Transportation expense	**(1,065)**	(945)	**(2,318)**	(1,963)	18%
Operating expense	**(1,866)**	(1,121)	**(3,281)**	(1,789)	83%
Field Netback	**21,602**	31,071	**43,519**	59,629	-27%
General and administrative expense	**(1,094)**	(687)	**(2,037)**	(1,159)	76%
Realized foreign exchange gain (loss)	**969**	(590)	**749**	(590)	
Interest Income	**106**	25	**390**	28	
Special Remuneratory Benefit (SRB)	**(1,371)**	(9,601)	**(4,291)**	(20,936)	-80%
Current income tax	**(2,768)**	(8,262)	**(5,048)**	(14,622)	-65%
Funds flow from operations	**17,444**	11,956	**33,281**	22,351	49%
Funds flow from operations per barrel (CDN$/bbl)					
Crude oil sales	**$ 60.01**	$ 100.13	**$ 53.38**	$ 87.91	-39%
Government royalty	**(4.26)**	(6.25)	**(3.99)**	(5.71)	-30%
Other royalty	**(0.05)**	(0.38)	**(0.04)**	(0.24)	-82%
Transportation expense	**(2.42)**	(2.67)	**(2.33)**	(2.54)	-8%
Operating expense	**(4.24)**	(3.16)	**(3.30)**	(2.31)	42%
Field Netback	**49.04**	87.67	**43.72**	77.10	-43%
General and administrative expense	**(2.48)**	(1.94)	**(2.05)**	(1.50)	37%
Realized foreign exchange gain (loss)	**2.20**	(1.66)	**0.75**	(0.76)	
Interest Income	**0.24**	0.07	**0.39**	0.04	
Special Remuneratory Benefit (SRB)	**(3.11)**	(27.09)	**(4.31)**	(27.07)	-84%
Current income tax	**(6.28)**	(23.31)	**(5.07)**	(18.91)	-73%
Thailand - Funds flow from operations	**$ 39.61**	$ 33.74	**$ 33.43**	$ 28.90	16%
Government royalty as percentage of sales	**7%**	6%	**7%**	7%	1%
SRB as percentage of crude oil sales	**5%**	27%	**8%**	31%	-23%
Income tax as percentage of crude oil sales	**10%**	23%	**10%**	22%	-12%
As percentage of crude oil sales					
Expenses - transportation, operating, G&A and other	**15%**	8%	**14%**	7%	7%
Government royalty, SRB and income tax	**23%**	57%	**25%**	59%	-34%
Funds flow from operations, before interest income and realized foreign exchange gain	**62%**	35%	**61%**	34%	27%
Wells drilled					
Gross	**8**	4	**15**	9	67%
Net	**4.8**	2.4	**9.0**	5.4	67%

(1) Funds flow from operations ("funds flow" before changes in non-cash working capital and reclamation costs) is used by management to analyze operating performance and leverage. Funds flow as presented does not have any standardized meaning prescribed by Canadian GAAP and therefore it may not be comparable with the calculation of similar measures of other entities.
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 Canadian GAAP. All references to funds flow throughout this report are based on funds flow from operations before changes in non-cash working capital and reclamation costs.

(2) Cost of capital expenditures, excluding any asset retirement obligation and excluding the impact of changes in foreign exchange rates.

Pan Orient is a Calgary, Alberta based oil and gas exploration and production company with operations currently located onshore Thailand, Indonesia and in Western Canada.

This news release contains forward-looking information. Forward-looking information is generally identifiable by the terminology used, such as "expect", "believe", "estimate", "should", "anticipate" and "potential" or other similar wording. Forward-looking information in this news release includes, but is not limited to, references to: well drilling programs and drilling plans, estimates of reserves and potentially recoverable resources, and information on future production and project start-ups. By their very nature, the forward-looking statements contained in this news release 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 news release 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 reserve 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, demand for oil and gas, commercial negotiations, 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.

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