

PAN ORIENT ENERGY CORP.

(Listed on the TSX Venture Exchange - Symbol "POE" – 45,769,766 common shares issued)

Press Release

Second Quarter 2008 Highlights and Outlook

August 28, 2008

Pan Orient Energy Corp. is pleased to provide an update of Company operations in Thailand, Indonesia and Canada in conjunction with the Company's 2008 2nd quarter financial statements and associated management's discussion and analysis which can be found online at www.sedar.com.

HIGHLIGHTS

- Second quarter of 2008 oil revenues increased to \$35.5 million, up 9% from Q1. Oil revenues have increased over fifteenfold from 2007 levels.
- Q2 2008 net income of \$8.5 million, up from \$3.4 million in the first quarter of 2008.
- June 30, 2008 positive working capital of \$33.9 million.
- Q2 2008 Thailand oil production averaged 6,491 bbl/d gross (3,894 bbl/d net to Pan Orient), despite a 6 month delay in environmental approvals for drilling locations covering the northern half of the Na Sanun East field. Current production is approximately 10,000 bbl/d gross (6,000 bbl/d net), now that the approvals have been received.
- In May, 2008 the company closed the acquisition of two onshore production sharing contracts with a combined 8,428 square kilometers of highly prospective exploration acreage located on the islands of Java and Sumatra in the Republic of Indonesia.
- Pan Orient reaffirms its targeted 2008 exit rate of 15,000 bbl/d gross (9,000 bbl/d net to Pan Orient).

SELECTED QUARTERLY INFORMATION

| (\$000s unless otherwise indicated) | 2008 | | 2007 | |
|--|---------------|---------------|---------------|--------------|
| | Q2 | Q1 | Q4 | Q3 |
| Revenues | | | | |
| Oil – Thailand | 35,486 | 32,498 | 15,435 | 4,214 |
| Royalties – Thailand | (2,349) | (2,254) | (931) | (242) |
| Interest – Canada | 93 | 265 | 234 | 118 |
| | 33,230 | 30,509 | 14,738 | 4,090 |
| Expenses | | | | |
| Stock-based compensation | 446 | 296 | 1,487 | 235 |
| General and administrative | 1,378 | 885 | 1,086 | 764 |
| Foreign expenditures | - | - | - | - |
| Depletion, depreciation & accretion | 2,955 | 3,086 | 1,185 | 1,566 |
| Operating and transportation | 2,066 | 1,686 | 1,065 | 411 |
| Non-controlling interest | (149) | 12 | 457 | (23) |
| Foreign exchange loss (gain) | 696 | (205) | (473) | 1,079 |
| Current income tax | 8,262 | 6,360 | 4,646 | - |
| SRB | 9,601 | 11,335 | - | - |
| Future tax (reduction) increase | (483) | 3,631 | (1,414) | (28) |
| | 24,772 | 27,086 | 8,039 | 4,004 |
| Net income | 8,458 | 3,423 | 6,699 | 86 |
| Net income per share – basic (\$) | 0.19 | 0.08 | 0.15 | 0.00 |
| Net income per share – diluted (\$) | 0.17 | 0.07 | 0.14 | 0.00 |
| Net average quarterly production (bbl/d) | 3,894 | 4,604 | 2,320 | 722 |
| Capital expenditures | 6,686 | 3,581 | 6,524 | 9,035 |
| Funds flow from operations | 10,947 | 10,612 | 7,942 | 2,455 |
| Shares outstanding (000s) | 45,770 | 45,247 | 45,218 | 41,635 |

PRODUCTION AND NETBACKS

| | Three Months Ended June 30 | | Six Months Ended June 30 | |
|-----------------------------------|-------------------------------|--------------|-----------------------------|--------------|
| | 2008 | 2007 | 2008 | 2007 |
| Oil revenue (\$000s) | 35,486 | 2,812 | 67,984 | 4,384 |
| Average daily production (bbls/d) | 3,894 | 501 | 4,249 | 423 |
| Operating netback (\$/bbl) | | | | |
| Realized oil price | 100.13 | 61.67 | 87.91 | 57.39 |
| Royalties | (6.63) | (5.81) | (5.95) | (5.02) |
| Operating expenses | (3.16) | (16.47) | (2.31) | (15.97) |
| Transportation expenses | (2.67) | (2.54) | (2.54) | (2.51) |
| Total operating netback | 87.67 | 36.85 | 77.11 | 33.89 |
| Interest income | 0.26 | 2.15 | 0.46 | 2.91 |
| General & administrative expenses | (3.89) | (16.78) | (2.93) | (17.18) |
| Special Remuneratory Benefit | (27.09) | - | (27.07) | - |
| Income tax | (23.31) | - | (18.91) | - |
| Total corporate netback | 33.64 | 22.22 | 28.66 | 19.62 |

2008 PROGRAMS

THAILAND

In 2008 Pan Orient initiated a 2 rig multiwell exploration and development program within Thailand onshore concessions L33 and L44. This drilling program is expected to continue throughout 2009 focusing on the full development and appraisal of the Na Sanun East (“NSE”) field. Drilling will also be targeting the large prospective resource potential that has been identified within the main volcanic reservoir adjacent to the NSE field, based on existing well control and 3D seismic. Locations have now been identified on Pan Orient’s 100% owned L53 concession and drilling is anticipated in early 2009, after required environmental permits are in place.

CANADA

In April, 2008, the Company’s 55% owned heavy oil subsidiary, Andora Energy Corporation, submitted an application to EUB for a SAGD pilot at Sawn Lake and located on Andora’s 100% owned lands. Approval is anticipated in late Q3 2008 with project activity to ramp up in the first half of 2009.

OUTOOK

Pan Orient is continuing with its aggressive onshore Thailand drilling program, currently focused on appraisal of the NSE field. In August, NSE-A1 encountered a previously untested upper volcanic zone, testing at a rate of over 1,200 bopd. The well is currently on production at over 1,600 bopd. This same upper volcanic zone has subsequently been encountered in two other wells, NSE-A4 and NSE-B1, and both are currently testing. Three additional multiwell drilling pads located in the northern portion of the NSE Central fault block are complete and drilling will soon commence from these pads, one of which is targeting an area of 3P reserves.

A multi-well drilling program targeting the conventional sandstone reservoirs north of the existing Wichian Buri field wells and at Si Thep is also expected to be implemented and at least 4 exploration wells are anticipated to be drilled on Pan Orient’s 100% owned onshore Thailand L53 concession in early 2009.

An ongoing, active new ventures program will continue with a focus on Indonesia, Thailand and China.

The remainder of 2008, and into 2009, promises to be an active and exciting time for the Company, with significant near term production and reserve upside potential being pursued at Na Sanun East and further L33 and L44 exploratory drilling. This Thailand program will be followed by an aggressive 2009 drilling program in Indonesia.

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.

The TSX Venture Exchange has neither approved nor disapproved the contents of this press release. The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

NOT FOR DISSEMINATION TO U.S. NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES.

FOR FURTHER INFORMATION, PLEASE CONTACT:

Pan Orient Energy Corp.

Jeff Chisholm, President and CEO

- or -

Jason Bednar, Vice President Finance and CFO

Telephone: (403) 294-1770