



**PAN ORIENT ENERGY CORP.**

**Press Release**

**Jatayu-1 Well Suspended For Re-Entry**

**CALGARY, August 31, 2012**

**INDONESIA OPERATIONS UPDATE**

**Citarum PSC (Pan Orient Operator and 77% Working Interest)**

Jatayu-1 Exploration Well

The Jatayu-1 exploration well, located onshore Indonesia will be suspended with the setting of 4.5" casing down to 6,640 feet measured depth. Upon completion of the casing of the well, the rig will mobilize to the Geulis-1 exploration location with drilling expected to commence on this well in approximately 3 to 4 weeks. During this period, a service rig is planned to be mobilized onto the Jatayu-1 location and to commence drilling the additional approximately 1,300 feet to the Parigi limestone target utilizing slim hole drilling equipment. By placing the unstable, over pressured and gas charged open hole section in Jatayu-1 behind 4.5" casing, it is believed that drilling fluid losses can be mitigated going forward by allowing, safely, significantly lower mud weights.

With a three week time frame required to mobilize the slim hole drilling equipment to the Jatayu-1 well site, the operation detailed above is expected to result in significant cost savings by not requiring the current drilling rig to go on standby. It is estimated that without significant further drilling problems, the Jatayu-1 will be completed to target depth for approximately \$1.5 million USD.

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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