



PAN ORIENT ENERGY CORP.

Press Release

2010 Second Quarter Financial & Operating Results and Operations Update

CALGARY, August 26, 2010

Pan Orient Energy Corp. ("Pan Orient") (POE – TSXV) is pleased to provide highlights of its 2010 second quarter consolidated financial and operating results and an update on operations. Please note that all amounts are in Canadian dollars unless otherwise stated and BOPD refers to barrels of oil per day net to Pan Orient.

The Corporation today filed its unaudited consolidated financial statements as at and for the three and six months ended June 30, 2010 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.

HIGHLIGHTS

- Pan Orient drilled seven wells (4.2 net wells) in Thailand during the second quarter of 2010 with three appraisal wells at Bo Rang "B", three appraisal wells at the NSE-F1 field to further define fields discovered in 2009, and one NSE development well. Total capital expenditures in Thailand were \$9.6 million.
- Thailand operations in the second quarter had oil sales of 3,448 BOPD, of which 55% was produced from the Bo Rang "A" & "B" fields. Funds flow from operations after tax in Thailand was \$12.8 million, or \$40.66 per barrel.
- Capital expenditures of \$6.5 million in Indonesia during the second quarter focused on completion of the two seismic programs. Pan Orient is targeting a November, 2010 commencement of drilling for the first well of three back to back wells in the Batu Gajah Production Sharing Contract in Sumatra, Indonesia. The drilling program in the Citarum Production Sharing Contract area in Java, Indonesia is anticipated to commence towards the end of the first quarter of 2011.
- For the second quarter of 2010, Pan Orient had total corporate funds flow from operations of \$13.5 million, or \$0.27 per share, funding 82% of the \$16.4 million of total capital expenditures in Thailand, Indonesia and Canada. Net income attributable to common shareholders for this period was \$3.9 million, or \$0.08 per share.
- At June 30, 2010 Pan Orient had \$24.0 million of working capital and long-term deposits, and no long-term debt.
- Subsequent to June 30th, exploration drilling by Pan Orient has resulted in two new field discoveries with the Wichian Buri Extension 1 well (WBEXT-1) in Concession L44 and the L33-1 well in Concession L33.

The WBEXT-1 exploration well established commercial oil production approximately 2.5 kilometers northeast of the nearest Wichian Buri field producing well. The WBEXT-1 well is producing under a 90 day production test and has averaged 2,020 BOPD net to Pan Orient from the volcanic reservoir over the past 15 days. The WBEXT-1A appraisal well is currently setting casing just above a deeper, second potential volcanic reservoir that was not penetrated in the WBEXT-1 discovery well.

The L33-1 exploration well in Concession L33 discovered a new volcanic reservoir approximately 4.5 kilometers north of the Concession L44 / Concession L33 boundary and represents the first discovery of hydrocarbon at commercial rates in Concession L33. The L33-1 well tested oil production at 660 BOPD, and the follow-up L33-2 appraisal well tested oil at 1,422 BOPD. Until a production license is approved by the Thailand Department of Mineral Fuels ("DMF"), historically 90 days from the date of the application submission, no production may be sold from wells in Concession L33 since a point of sale has not been established by a production license within the concession.

- In August, Pan Orient received formal approval by the DMF for the two square kilometer L53-A Production License around the L53-A exploration well. The L53-A well resumed production on August 17, 2010 and is currently producing at approximately 260 BOPD with a water cut of 30 %.

2010 SECOND QUARTER RESULTS

- During the second quarter of 2010 Pan Orient drilled seven wells (4.2 net wells) in Thailand with capital expenditures of \$9.6 million. The Thailand drilling program in the second quarter of 2010 was focused on appraisal drilling at Bo Rang "B" and NSE-F1 to further define fields discovered in 2009. During the quarter, three appraisal wells were drilled at the Bo Rang "B" field, three appraisal wells were drilled at the NSE-F1 field and one NSE development well was drilled in the NSE Central Field. The reduction in the level of Thailand capital expenditures in the second quarter of 2010 compared with the first quarter is largely due to the concentration of drilling in Concession L44 in which Pan Orient has a 60% ownership compared to significant expenditures in the first quarter of 2010 in Concession L53, which is 100% owned by Pan Orient.
- In the first half of 2010 Pan Orient has drilled twelve wells (7.2 net wells) with five development & appraisal wells at the Bo Rang "B" field, the first three appraisal wells in the NSE-F1 field, and the drilling of four additional wells in Na Sanun East. Pan Orient also completed the drilling and testing of the two 2009 exploration wells in the 100% owned Concession L53 with a cost of \$4.0 million in 2010. Total capital expenditures in Thailand of \$23.0 million for the six months ended June 30, 2010 have been fully funded by oil sales in Thailand which has generated \$25.1 million in funds flow from operations during this period.

In the first six months, Pan Orient drilled two development wells and three appraisal wells at Bo Rang "B" at a cost of \$5.2 million. This has resulted in four producing oil wells which contributed an average of 886 BOPD in the second quarter of 2010, and is currently producing approximately 792 BOPD. Total oil production from the Bo Rang "A&B" fields in the second quarter of 2010 averaged 1,890 BOPD and represented 55% of total Pan Orient production.

Four wells were drilled at Na Sanun East in the first six months at a cost of \$7.7 million. The NSE-G3 exploration well is currently suspended and will be re-entered and sidetracked in order to test a deep volcanic target once the pre stack depth migration processing of the 3D seismic survey over this area is completed. The NSE-E3 horizontal well is the third well drilling into the NSE-E1 structure, contributed an average of 331 BOPD in the second quarter of 2010, and is currently producing approximately 158 BOPD. The NSE-H3 well produced mainly gas from a secondary gas cap with some oil, and is currently shut-in. The NSE-B3 well is on production with current oil production of 60 BOPD and contributed an average of 14 BOPD for the second quarter of 2010.

The first three appraisal wells have been drilled in the second quarter in the NSE-F1 field at a cost of \$2.2 million to further define the oil pool. The NSE-F2 well is currently on production at 25 BOPD, the NSE-F3 well is a shut-in gas well and the NSE-F4 well is shut-in and awaiting a work-over whereby four small diameter horizontal legs will be drilled to a length of 100 meters from the existing well bore utilizing jetting technology.

- Thailand oil sales for the second quarter of 2010 were 3,448 BOPD compared with 3,816 BOPD in the first quarter of 2010, representing a 10% decline. In the second quarter of 2010, the Bo Rang "A" & "B" fields contributed 55% of oil sales volume, the Na Sanun East field contributed 36% of oil sales volume and 9% came from other fields. Production additions in the first half of 2010, primarily from the four new producing wells at Bo Rang "B" and the NSE-E3 well, did not fully replace production declines. The drilling program in the second quarter focused on appraisal drilling at the Bo Rang "B" and NSE-F1 fields and did not generate the expected production increases. Oil sales volumes to June 30, 2010 do not include the approximately 13,500 barrels of oil production from the testing of the L53-A well which was stored in tanks until a production license for Concession L53 was received in August.

On a year to date basis, average oil sales for the first half of 2010 were 3,631 BOPD compared with 5,499 BOPD for the first half of 2009.

- Operations in Thailand for the second quarter of 2010, generated \$12.8 million in funds flow from operations, with transportation expenses of \$2.56 per barrel, operating expenses of \$6.21 per barrel, G&A of \$3.69 per barrel and funds flow from operations per barrel of \$40.66. Funds flow from operations increased 3% compared to the previous quarter, with the 10% reduction in oil sales volume being more than offset by a significant reduction in Special Remuneratory Benefit and income tax expenses resulting from the high level of reinvestment into Concession L44 and minimal reinvestment in Concession L53. In the second quarter of 2010, Thailand crude oil revenue was allocated 17.5% to expenses for transportation, operating, and general & administrative, 25.7% to the government of Thailand in the form of royalties, Special Remuneratory Benefit and Income Tax, and 56.8% to Pan Orient.
- On a year to date basis, the operations in Thailand have generated \$25.1 million in funds flow from operations, with transportation expenses of \$2.53 per barrel, operating expenses of \$6.31 per barrel, G&A of \$3.70 per barrel and funds flow from operations per barrel of \$38.22. Thailand crude oil revenue for the six months ended June 30, 2010 has been allocated 17.5% to expenses for transportation, operating, and general & administrative, 29.7% to the government of Thailand in the form of royalties, Special Remuneratory Benefit and Income Tax, and 52.8% to Pan Orient.

- Total funds flow from operations of Pan Orient for the quarter was \$13.5 million compared with \$12.3 million for the first quarter of 2010 and \$16.6 million for the second quarter of 2009. Funds flow from operations per share (diluted) was \$0.27 for the second quarter of 2010 and \$0.53 year to date.
- Net income attributable to common shareholders for the three months ended June 30, 2010 was \$3.9 million, or \$0.08 per share, compared with \$3.4 million, or \$0.07 per share, for the first quarter of 2010. On a year to date basis, Pan Orient reports net income attributable to common shareholders of \$7.4 million, or \$0.15 per share to June 30, 2010.
- Pan Orient continued active capital programs in both Thailand and Indonesia in the second quarter of 2010. Total capital expenditures for the quarter were \$16.4 million, including \$9.6 million in Thailand and \$6.5 million in Indonesia. Total capital expenditures to June 30, 2010 were \$36.7 million including \$23.0 million in Thailand primarily for drilling operations and \$13.3 million in Indonesia primarily on seismic operations.
- Capital expenditures in Indonesia were \$6.5 million for the second quarter and \$13.3 million for the six months ended June 30, 2010. Capital expenditures of \$6.3 million for the Batu Gajah Production Sharing Contract and \$6.9 million for the Citarum Production Sharing Contract in the first half of 2010 primarily relate to completion of the seismic programs.
- Pan Orient continues to maintain its financial strength and flexibility. At June 30, 2010 Pan Orient had \$24.0 million of working capital and long-term deposits, and no long-term debt. For the six months ended June 30, 2010 Pan Orient had funds flow from operations of \$25.8 million, funding 70% of the \$36.7 million of total capital expenditures in Thailand, Indonesia and Canada. For the second quarter of 2010, Pan Orient had funds flow from operations of \$13.5 million, funding 82% of the \$16.4 million of total capital expenditures in Thailand, Indonesia and Canada. In addition, at June 30, 2010 Pan Orient had \$7.8 million of equipment inventory to be utilized for future Thailand and Indonesia operations that is included in petroleum and natural gas assets on the balance sheet.

THAILAND OPERATIONS UPDATE

Concession L44

WBEXT (Wichian Buri Extension) Field

Pan Orient has drilled the WBEXT-1 exploration well and the WBEXT-1A appraisal well to date in the third quarter of 2010.

The WBEXT-1 well was drilled 2.5 kilometers northeast of the nearest Wichian Buri field producing well and 6.7 kilometers south of the L33-1 oil discovery well. The targets for this exploration well were the Wichian Buri F and G sandstone reservoirs, and an underlying volcanic target. While drilling through the F and G sandstone reservoirs live oil was observed at surface along with elevated mud gas readings and oil shows. Deteriorating conditions of the highly deviated wellbore prevented logging of the sandstone reservoirs and the well was completed for production in the volcanic reservoir. The WBEXT-1 exploration well tested free flowing 35 degree API oil at a rate of over 1,500 BOPD with a water cut of less than 0.05 percent from the volcanic reservoir. Pan Orient has received approval for a 90 day production test on August 9th. Oil production from the WBEXT-1 well has averaged 2,020 BOPD over the past 15 days.

The WBEXT-1A appraisal well, drilled from the same well pad as the WBEXT-1 discovery well, is currently setting casing just above a second potential volcanic reservoir approximately 150 meters deeper than the proven volcanic reservoir encountered at WBEXT-1. The main, proven volcanic reservoir exhibited 100 meters of oil shows and elevated mud gas readings while drilling through the main volcanic interval starting at 819m true vertical depth (approximately 25 meters low to the WBEXT-1 discovery), but did not encounter drilling fluid losses. Three attempts at logging of this volcanic zone, and the deepest of two overlying sandstone intervals that exhibited a high rate of penetration (inferring good porosity) and good oil shows, were unsuccessful due to bore hole conditions. A further 77 meters of oil shows and highly elevated mud gas readings were observed while drilling through fractured shale directly overlying the deeper potential volcanic reservoir, the top 1 meter of which was penetrated at 1,000 meters TVD prior to setting casing. In the event of drilling fluid losses in the deeper volcanic interval, testing of this zone will take place upon the completion of drilling through the interval. In the event that the zone appears to have low permeability (no drilling fluid losses) and in order to assure a high deliverability, the well will be immediately sidetracked to a highly faulted location approximately 150 meters north east of where the WBEXT-1A well originally penetrated the main volcanic objective.

A production license application is expected to be submitted to the DMF upon the completion of two additional appraisal wells after WBEXT-1 has been completed. Historically, these production license application approvals have taken approximately 90 days from submission to approval. Additional appraisal wells will be required to determine the extent of the WBEXT-1 accumulation at the volcanic reservoir level.

Additional drilling in the near term will concentrate on the Wichian Buri Extension area and, based on drilling results, may include:

- the two additional appraisal wells drilled from the WBEXT-1 surface pad after WBEXT-1A;
- up to four exploration / appraisal wells targeting further fault compartments west of the WBEXT-1 discovery and drilled from the WBEXT-2 surface pad which is located approximately 1.6 kilometers northwest of the WBEXT-1 surface location;
- up to four exploration / appraisal wells from the WBEXT-3 surface pad located 1.9 kilometers to the northeast of WBEXT-1, and
- up to four exploration / appraisal wells from the WBEXT-4 surface pad located 1.1 kilometers due north of WBEXT-1.

Bo Rang "B" Field

During the first half of 2010 Pan Orient drilled two development wells and three appraisal wells in the Bo Rang "B" field. Results were generally in line with expectations for probable ("2P") reserves in the December 31, 2009 reserve report and some encouragement was observed with minor amounts of oil recovered at and below the inferred oil water contact for possible ("3P") reserves in the December 31, 2009 reserve report from a tight reservoir section with very low influx. It is anticipated one future additional well will be drilled within the 2P envelope and an additional well will target the 3P region in a more optimal position for the fractured volcanic reservoir.

NSE-F1 Field

During the second quarter of 2010 Pan Orient drilled three appraisal wells in the NSE-F1 field resulting in the NSE-F1 field oil water contact being interpreted at a depth of approximately -696 meters TVDSS. The area of oil accumulation appears to be much larger in areal extent than the envelope for proven reserves assigned in the December 31, 2009 reserve report, however the reservoir gross rock volume is reduced by: 1) the higher inferred oil water contact, and 2) a gas cap encountered in the eastern portion of the structure. These results will negatively impact the assessment of 2P and 3P reserves for the NSE-F1 field at year end, likely resulting in the loss of all 3P reserves and a new 2P estimate which is less than half the estimate of 7.2 million barrels net to Pan Orient at December 31, 2009. Further development drilling will be conducted in this field utilizing horizontal wells in an attempt to increase well deliverability, as was successfully utilized at Bo Rang "A" when similar initial low deliverability drilling results were encountered in the first few appraisal wells. Additional potential upside is also recognized in a shallower 10 meter thick volcanic that exhibited live oil to surface while drilling at NSE-F4. During testing of the NSE-F4 well this interval was tight, but it will be a test case for using horizontal jetting technology that drills four small diameter 100m horizontal holes out from the existing wellbore at relatively low cost. This test is expected to be conducted within the next two months with potential broad application to our reservoirs in Thailand in the success case.

NSE Central Field

During the second quarter of 2010, two development wells were drilled within the limits of the NSE Central field resulting in one producing well at NSE-B3 and one well at NSE-H3 which encountered a secondary gas cap. Production performance at the NSE Central field has been below the production forecast for 2P reserves in the December 31, 2009 reserve report and a negative revision to the 2P estimate of 10.8MM barrels net to Pan Orient is likely at year-end 2010 despite at least five horizontal infill locations that remain to be drilled within the field limits.

Concession L53 (POE 100% Working Interest and Operator)

Pan Orient has received formal approval by the DMF for the two square kilometer L53-A Production License around the L53-A exploration well. The L53-A well has resumed production at a rate of approximately 260 BOPD with a water cut of 30% and the approximately 13,500 barrels of crude oil produced during the 90 day test period have been sold.

The evaluation of crude oil resources conducted by Gaffney Cline and Associates-Singapore at March 31, 2010 estimated contingent resources within the area of the 2 square kilometer production license of: 0.26 million barrels of 1C contingent resources, 1.41 million barrels of 2C contingent resources, and 3.39 million barrels of 3C contingent resources. The only contingent item of this third party assessment was the granting of the production license.

The timing of further drilling in Concession L53 will be a function of the results of appraisal drilling in Concession L44. If drilling success in Concession L44 continues, drilling in Concession L53 will be delayed into early 2011 and a second drilling rig may be contracted for the first half of 2011.

Concession L33 (POE 60% Working Interest and Operator)

Pan Orient has drilled the L33-1 exploration well and the L33-2 exploration / appraisal well in Concession L33 to date in the third quarter of 2010.

The L33-1 exploration well was drilled vertically from a surface location in Concession L33 approximately 4.5 kilometers north of the Concession L44 / Concession L33 boundary targeting a volcanic reservoir. The L33-1 exploration well free flowed 35 degree API oil at an average rate of approximately 660 BOPD in the last 36 hours of a 108 hour test, and represents the first discovery of hydrocarbon at commercial rates in Concession L33. The well was shut-in at the end of the 108 hour period to leave sufficient oil storage capacity for the testing of the WBEXT-1 exploration well.

The L33-2 appraisal well has been drilled from a surface location approximately 1.8 kilometers south of L33-1 and targeted the same L33-1 volcanic reservoir. The L33-2 well has tested on free flow, 38 degree API crude at an average rate of approximately 1,422 BOPD with a water cut of less than 0.05% during the last 15 hours of a 36 hour test.

The variation in crude oil gravity (35 degree API at L33-1 compared with 38 degree API at L33-2) suggests the two structural culminations at L33-1 and L33-2 may be separate accumulations. The extent of the oil accumulations in the structures of L33-1 and L33-2 will not be known until the oil water contacts have been defined by additional appraisal drilling.

Now that the L33-2 well has been tested and proven oil bearing, a production license application is being prepared and a submission of the final document to the DMF has been targeted for the first week of September 2010. Until a production license is approved by the DMF, historically 90 days from the date of the application submission, no production may be sold from wells in Concession L33 since a point of sale as established by a production license does not exist within the concession.

Thailand Reserves

Management estimates that the majority, and possibly all, of expected negative 2P reserve revisions at the NSE-F1 and NSE Central fields in the 2010 year-end reserve evaluation will be offset by the reserve additions related to the recent discoveries at L33-1, L33-2 and WBEXT-1 and the addition of reserve volumes in Concession L53 which previously had been evaluated as contingent resources as at March 31, 2010 (and for which the L53-A Production License has recently been granted).

Thailand Oil Production

Oil production for the second quarter of 2010 averaged 3,448 BOPD. Oil production in July 2010 averaged 2,791 BOPD.

Oil production has averaged 4,600 BOPD net to Pan Orient over the past eight days, with 2,020 BOPD coming from the WBEXT-1 well which is producing under a 90 day production test and 300 BOPD from the L53-A well (all amounts are net to Pan Orient). Shut-in production capacity from the L33-1 and L33-2 wells in Concession L33 is approximately an additional 2,082 BOPD resulting in a current production capacity of 6,682 BOPD net to Pan Orient that will not be fully realized until the granting of a production license over the Concession L33 discoveries expected in December 2010.

Production guidance for 2010 provided by Pan Orient at the beginning of the year was for an average of 6,000 BOPD and as outlined in earlier press releases, the pace of production growth through the first half of 2010 has not been in line with this original estimate.

Considerable uncertainty with regard to the average production level for 2010 remains, related mainly to: 1) appraisal drilling results from the WBEXT-1 field volcanic reservoirs and the untested overlying sandstone reservoirs, and 2) the timing of DMF approval of the production licenses for the Concession L33 and WBEXT-1 field discoveries. In consideration of the above factors, management is revising the average production forecast for 2010 to between 4,200 BOPD and 4,500 BOPD with an exit rate of between 6,500 BOPD and 7,500 BOPD with the assumption that the WBEXT-1 well (the first well drilled in the WBEXT-1 field and currently producing 2,020 BOPD), will be shut-in by year-end after its 90 day production test, and that the L33-1 and L33-2 wells will be on production in December 2010. The underlying assumption with regard to the lower end of the range is that an additional six new producing wells are drilled and on-stream at 300 BOPD each between now and year-end. For the high end of the range, an additional eight producing wells are assumed to be drilled and on production between now and year end at an average of 400 BOPD each.

INDONESIA OPERATIONS UPDATE

Batu Gajah Production Sharing Contract (POE 90% Working Interest and Operator)

A 500 kilometer 2D seismic program in the Batu Gajah Production Sharing Contract has been competed and the tendering for all drilling and related services will be completed by the second week of September 2010. Surface land acquisition for two locations has been finalized with Ministry of Forestry and approval for a third location is pending and expected in early September. With the delay in Ministry of Forestry approval for one drilling location and the two re-tendering processes that were required for various drilling services, Pan Orient is targeting a November 2010 commencement of drilling for the first well of the three well program. Drilling time per well is estimated to be 14 days with drilling of the three wells completed by year end. Outstanding Ministry of Forestry approval for one of the three drilling locations remains the most significant potential delay factor outside of the Company's control.

Citarum Production Sharing Contract (POE 69% Working Interest and Operator)

The 2D seismic program over the Citarum Production Sharing Contract was completed in July 2010. Two locations have been defined with the exact position of a third location subject to the final interpretation of the last, eastern portion of the 2D seismic program. Drilling of the three well program at Citarum is anticipated to commence towards the end of the first quarter of 2011.

Operations Summary

(thousands of Canadian dollars except where indicated)

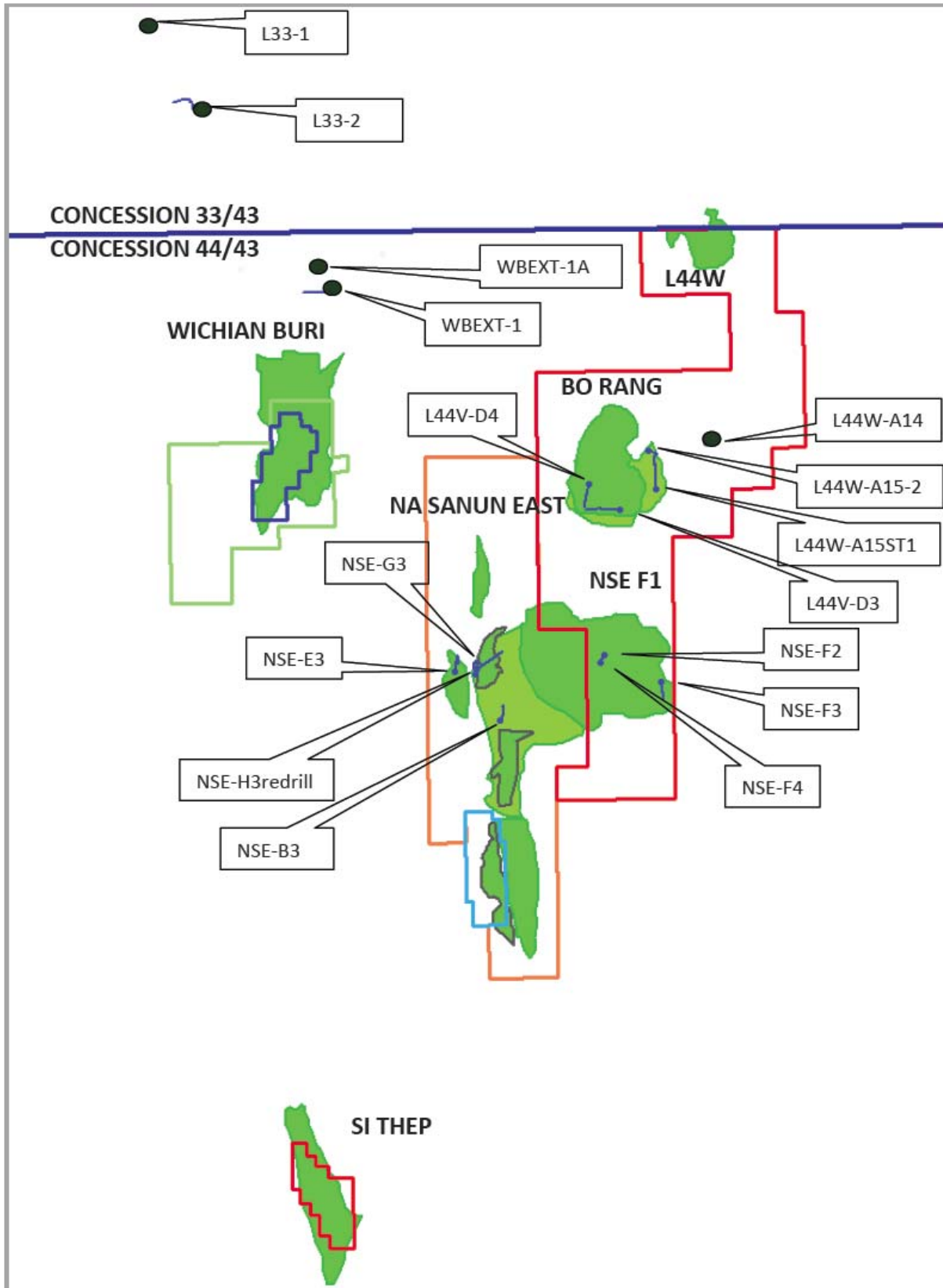
	Three Months Ended June 30,		Six Months Ended June 30,		Change
	2010	2009	2010	2009	
FINANCIAL					
Oil revenue, before royalties and transportation expense	22,436	26,432	47,474	53,132	-11%
Funds flow from operations (Note 1)	13,461	16,577	25,797	31,816	-19%
Per share – diluted	\$ 0.27	\$ 0.34	\$ 0.53	\$ 0.67	-21%
Funds flow from operations by region (Note 1)					
Canada	818	323	849	(587)	
Thailand	12,756	16,475	25,119	32,533	-23%
Indonesia	(113)	(221)	(171)	(130)	31%
Total	13,461	16,577	25,797	31,816	-19%
Net income (loss) attributable to common shareholders	3,948	(5,349)	7,353	(2,468)	
Per share - diluted	\$ 0.08	\$ (0.12)	\$ 0.15	\$ (0.05)	
Working capital	20,035	36,905	20,035	36,905	-46%
Working capital plus long-term deposits	24,029	41,969	24,029	41,969	-43%
Long-term debt	-	-	-	-	
Capital expenditures (Note 2)	16,409	14,906	36,678	28,502	29%
Shares outstanding (thousands)	48,594	46,168	48,594	46,168	5%
Funds flow from operations per barrel					
Canada operations	\$ 2.61	\$ 0.73	\$ 1.29	\$ (0.60)	
Thailand operations	40.66	37.40	38.22	32.68	17%
Indonesia operations - G&A expense	(0.36)	(0.49)	(0.26)	(0.13)	103%
	\$ 42.90	\$ 37.64	\$ 39.25	\$ 31.95	23%
Capital Expenditures (Note 2)					
Canada	346	103	410	248	65%
Thailand	9,582	12,465	23,001	23,242	-1%
Indonesia	6,481	2,339	13,267	5,012	165%
Total	16,409	14,906	36,678	28,502	29%
Working Capital and Deposits					
Working Capital & Deposits - beginning of period	25,358	47,705	32,738	46,386	-29%
Funds flow from operations (Note 1)	13,461	16,577	25,797	31,816	-19%
Capital expenditures (Note 2)	(16,409)	(14,906)	(36,678)	(28,502)	29%
Non-cash settlement of Andora receivable	-	-	(600)	-	
Foreign exchange impact on working capital	(102)	(7,957)	(475)	(8,281)	-94%
Net proceeds on share transactions	1,721	550	3,247	550	490%
Working Capital & Deposits - end of period	24,029	41,969	24,029	41,969	-43%
Canada Operations					
Interest income	6	3	14	23	-38%
General and administrative recovery (expense)	707	(425)	737	(1,095)	-167%
Realized foreign exchange gain	162	745	155	522	-70%
Foreign new ventures expenditures	(57)	-	(57)	(36)	58%
Funds flow from operations	818	323	849	(587)	
Funds flow from operations per barrel					
Interest income	\$ 0.02	\$ 0.01	\$ 0.02	\$ 0.02	-12%
General and administrative expense	2.25	(0.97)	1.12	(1.10)	
Realized foreign exchange gain	0.52	1.69	0.24	0.52	-55%
Foreign new ventures expenditures	(0.18)	-	(0.09)	(0.04)	140%
	\$ 2.61	\$ 0.73	\$ 1.29	\$ (0.60)	

	Three Months Ended June 30,		Six Months Ended June 30,		Change
	2010	2009	2010	2009	
<i>(thousands of Canadian dollars except where indicated)</i>					
Thailand Operations					
Total crude oil sales (bbls)	313,757	440,484	657,157	995,304	-34%
Average daily crude oil sales (bbls/d)	3,448	4,840	3,631	5,499	-34%
Average oil sales price, before transportation (CDN\$/bbl)	\$ 71.51	\$ 60.01	\$ 72.24	\$ 53.38	35%
Reference Price (volume weighted) and differential					
Crude oil (WTI \$US/bbl)	\$ 77.82	\$ 59.20	\$ 78.35	\$ 50.00	57%
Exchange Rate \$US/\$Cdn	1.037	1.169	1.048	1.209	-13%
Crude oil (WTI \$Cdn/bbl)	\$ 80.73	\$ 69.23	\$ 82.13	\$ 60.45	36%
Sales price / WTI reference price	89%	87%	88%	88%	
Funds flow from operations (Note 1)					
Crude oil sales	22,436	26,432	47,474	53,132	-11%
Government royalty	(1,358)	(1,877)	(2,947)	(3,972)	-26%
Other royalty	(26)	(22)	(47)	(42)	12%
Transportation expense	(802)	(1,065)	(1,666)	(2,318)	-28%
Operating expense	(1,949)	(1,866)	(4,147)	(3,281)	26%
Field Netback	18,301	21,602	38,667	43,519	-11%
General and administrative expense	(1,159)	(1,094)	(2,434)	(2,037)	19%
Interest Income	24	106	52	390	-87%
Special Remuneratory Benefit (SRB)	(737)	(1,371)	(2,906)	(4,291)	-32%
Current income tax	(3,673)	(2,768)	(8,260)	(5,048)	64%
Funds flow from operations	12,756	16,475	25,119	32,533	-23%
Funds flow from operations per barrel (CDN\$/bbl)					
Crude oil sales	\$ 71.51	\$ 60.01	\$ 72.24	\$ 53.38	35%
Government royalty	(4.33)	(4.26)	(4.48)	(3.99)	12%
Other royalty	(0.08)	(0.05)	(0.07)	(0.04)	69%
Transportation expense	(2.56)	(2.42)	(2.53)	(2.33)	9%
Operating expense	(6.21)	(4.24)	(6.31)	(3.30)	91%
Field Netback	58.33	49.04	58.84	43.72	35%
General and administrative expense	(3.69)	(2.48)	(3.70)	(2.05)	81%
Interest Income	0.08	0.24	0.08	0.39	-80%
Special Remuneratory Benefit (SRB)	(2.35)	(3.11)	(4.42)	(4.31)	3%
Current income tax	(11.71)	(6.28)	(12.57)	(5.07)	148%
Thailand - Funds flow from operations	\$ 40.66	\$ 37.40	\$ 38.22	\$ 32.68	17%
Government royalty as percentage of crude oil sales	6%	7%	6%	7%	-1%
SRB as percentage of crude oil sales	3%	5%	6%	8%	-2%
Income tax as percentage of crude oil sales	16%	10%	17%	10%	8%
As percentage of crude oil sales					
Expenses - transportation, operating, G&A and other	17.5%	15.3%	17.5%	14.4%	3%
Government royalty, SRB and income tax	25.7%	22.8%	29.7%	25.1%	5%
Funds flow from operations, before interest income and realized foreign exchange	56.8%	61.9%	52.8%	61.5%	-9%
Wells drilled					
Gross	7	8	12	15	-20%
Net	4.2	4.8	7.2	9.0	-20%

- (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.
- (3) Totals may not add due to rounding

Pan Orient 2010 Thailand Drilling to August 24, 2010				2010 Oil Sales	
				Net POE (bbls/d)	
Well	Field			Q1	Q2
First Quarter 2010					
1	NSE-G3	NSE	Exploration well currently suspended and will be re-entered and sidetracked in order to test a deeper volcanic objective.	-	-
2	L44V-D3	Bo Rang B	Horizontal development well at Bo Rang "B" on production	146	337
3	L44V-D4	Bo Rang B	Horizontal development well at Bo Rang "B" on production	128	416
4	NSE-E3	NSE	Horizontal appraisal well on production. Third well into the NSE-E1 pool.	-	331
5	NSE-H3	NSE	Appraisal well targeted the main volcanic reservoir within NSE Central field. Produced mainly gas from a secondary gas cap with some oil, and is currently shut-in.	-	-
Second Quarter 2010					
6	NSE-B3	NSE	Horizontal development well targeted the main volcanic reservoir within the NSE Central field and is currently producing 60 BOPD net to Pan Orient.		14
7	L44W-A15	Bo Rang B	Key step out horizontal appraisal well that targeted the edge of the probable reserve ("2P") envelope on the eastern flank of the Bo Rang "B" field. Well currently producing at 14 BOPD net to Pan Orient. It is believed the unexpected low production rate compared to the deviated L44W-A15-2 well may be due to drill cuttings lodged in the fracture system behind the perforated liner that was used in the completion.		38
8	L44W-A15-2	Bo Rang B	Deviated appraisal well at Bo Rang "B" on production		95
9	NSE-F2	NSE-F1	Vertical appraisal well drilled 1.2 kilometers NE of the NSE-F1 discovery and outside of the NSE-F1 field reserve envelope for proven reserves ("1P") in the Dec31-09 reserve report. The well confirms a field areal extent larger than the 1P envelope, but with an oil water contact that is most likely 79 meters higher than the 2P oil water contact estimated in the reserve report.		3
10	L44W-A14	Bo Rang B	Step out appraisal well at Bo Rang "B" to test the areal extent of the Bo Rang "B" field assigned as possible reserves ("3P") in the Dec31-09 reserve report. The main Bo Rang "B" volcanic reservoir was encountered two meters below the estimated oil water contact assigned as probable reserves ("2P") in the Dec31-09 reserve report, and the base of the volcanic was four meters below the 3P estimated oil water contact. Testing indicated that the main volcanic target lacked permeability.		-
11	NSE-F3	NSE-F1	Deviated appraisal well 1.6 kilometers SE of NSE-F2. Shut-in gas well.		-
12	NSE-F4	NSE-F1	Deviated appraisal well targeting the main volcanic reservoir objective approximately 120 meters south of the original NSE-F2 well. Shut-in and awaiting a work-over whereby four small diameter horizontal legs will be drilled to a length of 100 meters from the existing well bore utilizing jetting technology.		-
Third Quarter 2010 to August 24, 2010					
13	L33-1	L33-1	Discovery with exploration well in Concession L33 drilled 4.5 km north of the Concession L33 / Concession L44 boundary. The volcanic structure free flowed 35 degree API oil at average rate of 660 BOPD net POE in the last 36 hours of a 108 hour test. Further testing requires approval of a 90 day test period and sale of oil requires granting of a production license.		
14	WBEXT-1	WBEXT	Discovery with exploration well drilled 2.5 kilometers NE of the nearest Wichian Buri field producing well and 6.7 kilometers south of the L33-1 oil discovery well. Approval by the DMF of a 90 day production test has been received and the well is back on production and free flowing 35 degree API oil at a rate of 2,020 BOPD net POE with a water cut of less than 0.05 percent over the past 15 days. Oil was observed at surface while drilling through the F and G sandstone reservoirs, but the zones were not logged or tested.		
15	L33-2	L33-1	Appraisal well 1.8 kilometers south of L33-1. The L33-2 well has tested on free flow, 38 degree API crude at an average rate of 1,422 BOPD net POE with a water cut of less 0.05% during the last 15 hours of a 36 hour test from the volcanic zone. Further testing requires approval of a 90 day test period and sale of oil requires granting of a production license.		
16	WBEXT-1A	WBEXT	First of three appraisal wells planned to be drilled from the WBEXT-1 surface location pad. Currently setting casing just above a second potential volcanic reservoir approximately 150 meters deeper than the proven volcanic reservoir encountered at WBEXT-1		

Thailand 2010 Drilling – Concessions L33/43 & L44/43



August 26, 2010

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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