PAN ORIENT ENERGY CORP.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2010
(*Unaudited*)

Pan Orient Energy Corp.
Consolidated Balance Sheets
(Unaudited)

($000s)	**September 30, 2010**	**December 31, 2009**
Assets		
Current		
Cash and cash equivalents	**23,704**	44,760
Accounts receivable	**18,857**	13,104
	42,561	57,864
Deposits	**3,849**	4,079
Petroleum and natural gas properties (note 4)	**229,098**	179,838
	275,508	241,781
Liabilities		
Current		
Accounts payable and accrued liabilities	**9,895**	14,287
Taxes payable (note 8)	**8,769**	14,918
	18,664	29,205
Future income tax	**47,167**	34,812
Asset retirement obligation (note 5)	**4,424**	2,829
	70,255	66,846
Equity (note 6)		
Shareholders' Equity		
Share capital	**110,068**	104,846
Contributed surplus (note 6e)	**11,793**	8,274
Accumulated other comprehensive income (loss) (note 7)	**6,016**	(4,149)
Retained earnings	**59,339**	47,259
	187,216	156,230
Non-controlling interest (note 3 and note 6d)	**18,037**	18,705
	205,253	174,935
Commitments (note 10)		
	275,508	241,781

See accompanying notes to the consolidated financial statements.

Pan Orient Energy Corp.
Consolidated Statements of Operations and Retained Earnings
(Unaudited)

($000s, except per share amounts)	Three Months Ended September 30 2010	Three Months Ended September 30 2009	Nine Months Ended September 30 2010	Nine Months Ended September 30 2009
Revenue				
Petroleum revenue	**27,050**	22,824	**74,524**	75,956
Royalties	**(1,751)**	(1,448)	**(4,745)**	(5,462)
Interest	**20**	12	**86**	424
	25,319	21,388	**69,865**	70,918
Expenses				
Transportation	**970**	787	**2,636**	3,105
Operating	**2,502**	1,996	**6,649**	5,277
General and administrative	**929**	577	**2,797**	3,839
Depletion, depreciation and accretion	**4,779**	3,481	**11,969**	13,783
Stock-based compensation	**1,055**	331	**5,042**	1,210
Foreign exchange loss (gain)	**19**	(5,094)	**122**	6,110
Foreign new venture expenditures (note 4)	**-**	3	**531**	39
	10,254	2,081	**29,746**	33,363
Income before taxes	**15,065**	19,307	**40,119**	37,555
Taxes (note 8)				
Special remuneratory benefit	**1,957**	592	**4,863**	4,883
Current income tax	**3,568**	6,167	**11,828**	11,215
Future income tax expense	**4,821**	1,811	**11,638**	13,344
	10,346	8,570	**28,329**	29,442
Net income for the period	**4,719**	10,737	**11,790**	8,113
Net income for the period attributable to (note 3)**:**				
Common Shareholders	**4,727**	10,617	**12,080**	8,149
Non-controlling interest	**(8)**	120	**(290)**	(36)
Net income for the period	**4,719**	10,737	**11,790**	8,113
Retained earnings, beginning of period	**54,612**	29,659	**47,259**	32,127
Net income for the period attributed to common shareholders	**4,727**	10,617	**12,080**	8,149
Repurchase of Shares (note 6)	**-**	(13)	**-**	(13)
Retained earnings, end of period	**59,339**	40,263	**59,339**	40,263
Net income per share attributable to common shareholders (note 6)				
Basic	**0.10**	0.23	**0.25**	0.18
Diluted	**0.09**	0.22	**0.24**	0.17

See accompanying notes to the consolidated financial statements.

Pan Orient Energy Corp.
Consolidated Statements of Comprehensive Income
(Unaudited)

($000s)	Three Months Ended September 30 2010	2009	Nine Months Ended September 30 2010	2009
Net income for the period	**4,719**	10,737	**11,790**	8,113
Foreign exchange gain (loss) on translation of self-sustaining operations	**5,208**	(4,076)	**10,165**	(2,819)
Realized foreign exchange	**-**	(3,897)	**-**	(4,646)
Comprehensive income for the period	**9,927**	2,764	**21,955**	648
Comprehensive income for the period attributable to:				
Common Shareholders	**9,935**	2,644	**22,245**	684
Non-controlling interest	**(8)**	120	**(290)**	(36)
Comprehensive income	**9,927**	2,764	**21,955**	648

See accompanying notes to the consolidated financial statements.

Pan Orient Energy Corp.
Consolidated Statements of Cash Flows
(Unaudited)

($000s)	Three Months Ended September 30 2010	2009	Nine Months Ended September 30 2010	2009
Cash Provided By (Used in)				
Operating Activities				
Net income	**4,719**	10,737	**11,790**	8,113
Items not affecting cash				
Depletion, depreciation and accretion	**4,779**	3,481	**11,969**	13,783
Stock-based compensation	**1,055**	331	**5,042**	1,210
Future income tax expense	**4,821**	1,811	**11,638**	13,344
Foreign new venture expenditures	**-**	-	**474**	-
Unrealized foreign exchange loss (gain)	**38**	(1,274)	**296**	10,452
Realized gain on Thailand investment (note 7)	**-**	(3,897)	**-**	(3,897)
	15,412	11,189	**41,209**	43,005
Changes in non-cash working capital	**(9,160)**	2,691	**(15,003)**	(48,696)
	6,252	13,880	**26,206**	(5,691)
Investing Activities				
Petroleum and natural gas properties	**(11,012)**	(16,033)	**(47,690)**	(44,535)
Realized gain on Thailand investment (note 7)	**-**	3,897	**-**	3,897
Deposits	**86**	-	**226**	(765)
Change in non-cash working capital	**(1,873)**	(4,207)	**(3,163)**	(2,177)
	(12,799)	(16,343)	**(50,627)**	(43,580)
Financing Activities				
Issue of common shares on exercise of options	**89**	-	**3,336**	550
Repurchase of common shares	**-**	(25)	**-**	(25)
	89	(25)	**3,336**	525
Change in cash and cash equivalents	**(6,458)**	(2,488)	**(21,085)**	(48,746)
Effect of foreign exchange on cash and cash equivalents	**519**	(3,354)	**29**	(4,929)
Cash and cash equivalents, beginning of period	**29,643**	51,092	**44,760**	98,925
Cash and cash equivalents, end of period	**23,704**	45,250	**23,704**	45,250
Taxes paid	**8,448**	6,509	**23,472**	57,732

See accompanying notes to the consolidated financial statements.

1) DESCRIPTION OF BUSINESS

Pan Orient Energy Corp. ("Pan Orient" or the "Company"), is an oil and natural gas company based in Calgary, Alberta, which holds properties onshore Thailand and Indonesia as well as interests in subsidiaries with properties in Northern Alberta. The Company is continually pursuing other oil and natural gas exploration opportunities in Asia.

2) SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

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 audited financial statements of the Company for the year ended December 31, 2009, except as noted below. The disclosures provided below are incremental to those included with the annual consolidated financial statements. Certain information and disclosures normally required in the notes to the annual financial statements have been condensed or omitted and therefore these interim financial statements and notes thereto should be read in conjunction with the audited financial statements for the year ended December 31, 2009. Unless otherwise indicated, all financial amounts are reported in thousands of Canadian dollars.

3) CHANGES IN ACCOUNTING POLICIES

On January 1, 2010, Pan Orient adopted the following Canadian Institute of Chartered Accountants ("CICA") Handbook sections:

"Business Combinations", Section 1582, which replaces the previous business combinations standard. The standard requires assets and liabilities acquired in a business combination, contingent consideration and certain acquired contingencies to be measured at their fair values as of the date of acquisition. In addition, acquisition related and restructuring costs are to be recognized separately from the business combination and included in the statement of earnings. The adoption of this standard will impact the accounting treatment of future business combinations entered into after January 1, 2010.

"Consolidated Financial Statements", Section 1601, which, together with Section 1602 below, replace the former consolidated financial statements standard. Section 1601 establishes the requirements for the preparation of consolidated financial statements. The adoption of this standard had no material impact on Pan Orient's consolidated financial statements.

"Non-controlling Interests", Section 1602, establishes accounting and reporting standards for the non-controlling (minority) interest in a subsidiary as well as the accounting for (i) a parent's loss of control (deconsolidation) of a subsidiary and (ii) changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation. Section 1602 clarifies that a non-controlling interest in a subsidiary is an ownership interest in a consolidated entity that should be reported as equity in the consolidated financial statements. This Section also changes the way the consolidated statements of income (loss) and comprehensive income (loss) are presented by requiring consolidated net income (loss) and comprehensive income (loss) to be reported at amounts that include the amounts attributable to both the parent and the non-controlling interest. Section 1602 required retrospective adoption of the presentation and disclosure requirements for non-controlling interests. All other requirements of Section 1602 have been applied prospectively.

The above CICA Handbook sections are converged with International Financial Reporting Standards ("IFRS"). Pan Orient will be required to report its results in accordance with IFRS beginning January 1, 2011.

4) PETROLEUM AND NATURAL GAS PROPERTIES

As at September 30, 2010 ($000s)	**Cost**	**Accumulated Depreciation and Amortization**	**Net Book Value**
Oil & Natural Gas			
Canada	58,229	-	58,229
Thailand	168,797	(50,955)	117,842
Indonesia	52,361	-	52,361
Office equipment	1,913	(1,247)	666
	281,300	(52,202)	229,098

As at December 31, 2009 ($000s)			
Oil & Natural Gas			
Canada	56,624	-	56,624
Thailand	123,936	(39,429)	84,507
Indonesia	37,958	-	37,958
Office equipment	1,754	(1,005)	749
	220,272	(40,434)	179,838

General and administrative and stock-based compensation costs totaling $0.8 million (2009 - $0.3 million) and $3.2 million (2009 - $1.3 million) that were directly related to exploration and development activities have been capitalized for the three and nine months ended September 30, 2010, respectively.

Costs associated with unproven properties of $17.5 million (2009 - $20.2 million) with respect to the Thailand full cost pool have been excluded from the depletion calculation. The capitalized costs associated with Canada and Indonesia are not subject to depletion as production has not commenced.

Recoverability of the Canadian and Indonesian capitalized costs is dependent on successfully completing development of the properties. With respect to the Canadian properties, recoverability is also dependent on determining the technical feasibility of the project. Capitalized costs incurred to date do not necessarily represent present or future values.

In 2010 costs of $531,000 (2009 - $39,000) were expensed and included in foreign new venture expenditures as a result of unsuccessful bids for production sharing contracts in Indonesia. The costs expensed in 2009 related to an unsuccessful bid for various oil and gas concessions in India.

5) ASSET RETIREMENT OBLIGATIONS

	Three Months Ended September 30		**Nine Months Ended September 30**	
($000s)	**2010**	**2009**	**2010**	**2009**
Asset retirement obligations, beginning of period	**3,485**	2,839	**2,829**	1,964
Obligations incurred	**436**	300	**975**	1,066
Revisions	**420**	-	**420**	-
Accretion	**83**	70	**200**	179
Asset retirement obligations, end of period	**4,424**	3,209	**4,424**	3,209

Total undiscounted cash flows, escalated at 2.0%, required to settle the Company's asset retirement obligations are estimated to be $12.2 million (2009 - $10.2 million). Estimated costs incurred in 2010 have been discounted at Pan Orient's credit-adjusted, risk-free interest rate of 8% (2009 and prior - 10%).

6) EQUITY

a) Issued and Outstanding Class A Common Shares

Common Shares	Number of shares	Amount (000s)
Balance as at December 31, 2009	46,313,366	$ 104,846
Exercise of stock options	2,305,834	3,336
Transfer from contributed surplus on exercise of stock options	-	1,886
Balance as at September 30, 2010	48,619,200	$ 110,068

On September 28, 2009 Pan Orient announced that it acquired 5,000 of its common voting shares at a price of $4.91 per share. These shares were cancelled and returned to treasury. As the consideration paid exceeded the stated value of the shares, the excess amount of $13,000 was recorded as a reduction to retained earnings.

b) Options to Purchase Common Shares

	Number of options	Weighted average exercise price ($)
Balance as at December 31, 2009	4,441,500	3.66
Granted	2,411,500	7.15
Exercised	(2,305,834)	1.45
Balance as at September 30, 2010	4,547,166	6.63

	Options Outstanding September 30, 2010			Options Exercisable September 30, 2010		
Exercise Price ($)	Number of Options	Weighted Average Exercise Price ($)	Weighted Average Remaining Contractual Life (years)	Number of Options	Weighted Average Exercise Price ($)	Weighted Average Remaining Contractual Life (years)
0.75 – 2.00	66,666	1.80	0.16	66,666	1.80	0.16
2.01 – 4.00	1,144,000	3.57	1.95	858,000	3.55	1.48
4.01 – 6.00	350,000	5.58	3.76	129,167	5.54	3.73
6.01 – 8.00	2,411,500	7.15	3.55	803,835	7.15	3.55
11.75	575,000	11.75	2.21	431,250	11.75	2.21
0.75 – 11.75	4,547,166	6.63	2.94	2,288,918	6.42	2.43

On April 16, 2010 Pan Orient granted options to purchase 2,411,500 common shares under Pan Orient's stock option plan, of which 2,275,000 were granted to directors and officers. Each option has an exercise price of $7.15 (being the April 15, 2010 closing price of the shares on the TSX Venture Exchange); vest as to 1/3 on the grant date and 1/3 on each of the first and second anniversaries of the grant date and expire on April 16, 2014.

The original grant of options to officers and directors of Pan Orient on April 17, 2005 had an expiry date of April 17, 2010. A total of 1,634,000 common shares have been issued in 2010 pursuant to the exercise by officers and directors of this original grant of options.

c) Stock-based Compensation

A Black-Scholes option pricing model is used to estimate the fair value of options on the date of the grant and revalue stock options granted to consultants on a quarterly basis. The fair value of the stock based compensation is amortized over the vesting period of the options, generally being two to three years.

Weighted average assumptions and resultant fair values for stock options granted or revalued during the three and nine months ended September 30, 2010 and 2009, were as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2010	**2009**	**2010**	**2009**
Risk free interest rate (%)	**1.4**	1.3	**1.8**	1.0
Expected lives (years)	**4.0**	5.0	**4.0**	5.0
Expected volatility (%)	**60**	91	**60**	86
Dividend per share (%)	**-**	-	**-**	-
Weighted average fair value ($)	**$4.30**	$ 2.02	**$3.38**	$ 2.83

d) Andora Energy Corporation

i) Issued and Outstanding Common Shares

As at September 30, 2010 Andora had 57.3 million (December 31, 2009 – 57.6 million) common shares issued and outstanding of which Pan Orient held 53.4% (December 31, 2009 – 53.2%).

During 2010 Andora settled a $0.6 million account receivable related to a lawsuit from a previous business acquisition that was outstanding at December 31, 2009. In lieu of a cash settlement, 0.4 million shares of Andora that were held in escrow were released to Andora and cancelled which increased Pan Orient's interest from 53.2% to 53.5%. An additional 0.1 million shares were issued in May 2010 which decreased Pan Orient's interest from 53.5% to 53.4%.

In accordance with the new accounting policy on non-controlling interests (note 3), increases or decreases in a parent's ownership interest while retaining control is a capital transaction. The transactions resulted in a decrease in non-controlling interest of $0.4 million and a decrease in contributed surplus of $0.2 million.

ii) Options to Purchase Common Shares of Andora

	Number of options	Weighted average exercise price ($)
Balance as at December 31, 2009	1,325,000	1.60
Granted	5,775,000	0.72
Cancelled	(1,275,000)	1.60
Balance as at September 30, 2010	5,825,000	0.73

The following stock options of Andora are outstanding and exercisable at September 30, 2010:

	Options Outstanding September 30, 2010			Options Exercisable September 30, 2010		
Exercise Price ($)	**Number of Options**	**Weighted Average Exercise Price ($)**	**Weighted Average Remaining Contractual Life (years)**	**Number of Options**	**Weighted Average Exercise Price ($)**	**Weighted Average Remaining Contractual Life (years)**
0.72	5,775,000	0.72	3.55	1,925,000	0.72	3.55
1.60	50,000	1.60	0.39	50,000	1.60	0.39
0.72 – 1.60	5,825,000	0.73	3.53	1,975,000	0.74	3.47

On April 19, 2010 Andora cancelled 1,275,000 of the options outstanding and granted options to purchase 5,775,000 common shares under Andora's stock option plan. Each option has an exercise price of $0.72; vest as to 1/3 on the grant date, and 1/3 on each year thereafter of the grant date and expire on April 19, 2014.

Weighted average assumptions and resultant fair values used in the Black Scholes calculations for Andora stock options granted or revalued during the three and nine months ended September 30, 2010 and 2009 were as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2010	**2009**	**2010**	**2009**
Risk free interest rate (%)	**-**	1.3	**2.74**	1.6
Expected lives (years)	**-**	5.0	**4.0**	5.0
Expected volatility (%)	**-**	20	**40**	20
Dividend per share (%)	**-**	-	**-**	-
Weighted average fair value ($)	**$ -**	$ 0.20	**$ 0.25**	$ 0.21

e) Contributed Surplus

	Three Months Ended September 30		Nine Months Ended September 30	
($000s)	**2010**	**2009**	**2010**	**2009**
Balance, beginning of period	**10,618**	7,221	**8,274**	6,531
Pan Orient stock-based compensation expense	**937**	309	**4,441**	1,184
Pan Orient stock-based compensation capitalized	**158**	142	**432**	260
Andora stock-based compensation expense	**118**	22	**601**	26
Andora stock-based compensation capitalized	**15**	80	**82**	113
Change in Andora interest	**-**	-	**(151)**	-
Transferred to share capital on exercise of options	**(53)**	-	**(1,886)**	(340)
Balance, end of period	**11,793**	7,774	**11,793**	7,774

f) Net Income per Share Attributable to Common Shareholders

The basic weighted average and diluted common shares outstanding were as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2010	**2009**	**2010**	**2009**
Weighted average basic shares outstanding	**48,611,508**	46,168,205	**48,536,106**	45,919,241
Dilutive effect of stock options	**1,448,419**	2,295,076	**1,458,863**	2,096,837
Weighted average diluted	**50,059,927**	48,463,281	**49,994,969**	48,016,078

Options to purchase 2,986,500 common shares for the three and nine months ended September 30, 2010 (September 30, 2009 – 875,000) were not included in the computation of weighted average diluted common shares because they were anti-dilutive.

7) FOREIGN EXCHANGE

The Company's reporting currency is the Canadian dollar and its functional currencies are the Canadian dollar, the Thai baht and the US dollar. Each reporting period, the changes in the values of the baht and U.S. dollar relative to the Company's reporting currency must be recognized.

The Company's treasury function has been established with the goal of minimizing foreign currency exchange fluctuations to the extent possible. In addition to expatriating surplus funds from Thailand to Canada to hold in Canadian dollars, an integral part of this process is maintaining an appropriate cushion of baht in Thailand to satisfy payments in that currency as they come due, the most significant of which are the Company's Special Remuneratory Benefit and taxes.

Accumulated Other Comprehensive Income ("AOCI")

Activity related to the AOCI balance for the three and nine months ended September 30, 2010 and 2009 was as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
($000s)	**2010**	**2009**	**2010**	**2009**
Balance at beginning of period	**808**	4,545	**(4,149)**	4,037
Unrealized foreign currency translation gain (loss)	**5,208**	(4,076)	**10,165**	(2,819)
Foreign exchange loss realized	**-**	(3,897)	**-**	(4,646)
Balance at end of period	**6,016**	(3,428)	**6,016**	(3,428)

Accumulated other comprehensive income (loss) at the following balance sheet dates was comprised of the following:

	As at	
($000s)	**September 30, 2010**	**December 31, 2009**
Foreign exchange gain (loss) related to Thailand	**9,084**	**(2,633)**
Foreign exchange loss related to Indonesia	**(3,068)**	**(1,516)**
Total Accumulated Other Comprehensive Income (Loss)	**6,016**	**(4,149)**

The amount included in AOCI for Thailand relates to translation gains and losses on the non-temporary portion of the investment and will continue to fluctuate based on the exchange rates between the Thai baht and Canadian dollar. The balance of the Indonesia AOCI will continue to fluctuate in future periods depending on the amount of capital invested in Indonesia and the exchange rates between the Canadian and U.S. dollar.

8) THAILAND SPECIAL REMUNERATORY BENEFIT TAX AND INCOME TAXES

The Company is required to pay both Special Remuneratory Benefit (SRB) and income tax in Thailand. Thai income tax is calculated at 50% of taxable income which is basically comprised of cash flow from operations before changes in working capital less capital expenditures and other permitted deductions.

SRB is calculated separately for each of the Company's four concessions and is not charged until all capital and any operating losses have been recovered. The sliding scale SRB rate ranges from 0 - 75% and is principally driven by production and pricing but is also subject to other adjustments such as changes in Thailand's consumer price index, wholesale price index and cumulative meters drilled on the concession. The calculated SRB tax rate is applied to petroleum profits as defined in Thai tax legislation which includes a deduction for capital spent. SRB is paid annually after the end of the calendar year.

A summary of tax payable for the three and nine months ended September 30, 2010 and 2009 is as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
($000s)	**2010**	**2009**	**2010**	**2009**
Balance, beginning of period	**11,667**	9,482	**14,918**	55,260
SRB expense – current period	**1,957**	592	**4,863**	4,883
Income tax – current period	**3,568**	6,167	**11,828**	11,215
Prior period SRB paid	**-**	-	**(6,585)**	(36,048)
Prior period income tax paid	**(8,448)**	(6,509)	**(16,887)**	(21,684)
Foreign exchange	**25**	1,636	**632**	(2,258)
Balance, end of period	**8,769**	11,368	**8,769**	11,368

9) FINANCIAL INSTRUMENTS

Credit Risk
The most significant exposure to this risk is relative to the sale of oil production; all of the Company's Thailand production is sold to a refinery owned by the Thai National Oil Company. Pan Orient is paid for its production on a monthly basis, typically within a week of the end of the month. The Company has assessed the risk of non-collection from the Thai government as minimal.

Foreign Currency Exchange Rate Risk
The Company's reporting currency is the Canadian dollar and its functional currencies are the Canadian dollar, the Thai baht and the U.S. dollar (USD). Changes in foreign exchange rates between the Canadian dollar and the U.S. dollar and Thai baht can affect net income (loss) and other comprehensive income (loss).

As at September 30 the following financial instruments were denominated in currencies other than the Canadian dollar:

	As at September 30, 2010		**As at September 30, 2009**	
($000s)	Thai baht (000s of Thai baht)	USD ($000s)	Thai baht (000s of Thai baht)	USD ($000s)
Cash and cash equivalents	**345,329**	**8,682**	522,006	5,270
Accounts receivable	**418,136**	**828**	242,600	437
Deposits	**44,000**	**2,335**	44,000	3,427
Accounts payable	**(374,110)**	**(1,222)**	(129,129)	(3,685)
Taxes payable	**(255,131)**	**-**	(343,795)	-
Net exposure in functional currency	**178,224**	**10,623**	335,682	5,449
Net exposure in Canadian dollars[1] ($000s)	**6,126**	**10,951**	10,937	5,850

(1) Translated at September 30, 2010 and 2009 exchange rates.

Based on financial instruments held at September 30, 2010 and 2009, fluctuations in the exchange rates as indicated below would have the following estimated effect on net income and other comprehensive income:

	As at September 30	
($000s)	**2010**	**2009**
Effect of 1% change in CAD$ to USD exchange rate:		
Pre-tax net income	**77**	4
Other comprehensive income	**31**	34
Effect of 1% change in CAD$ to baht exchange rate:		
Pre-tax net income	**-**	34
Other comprehensive income	**62**	77

The Company did not have any forward exchange contracts in place as at or during the three or nine months ended September 30, 2010 or 2009.

10) COMMITMENTS

As at September 30, 2010 the Company's estimated outstanding capital commitments were as follows:

Country and Concession Name	Remaining Work Program Commitment	Obligation Period Ending	Estimated Net Financial Commitment USD ($000s)	Estimated Net Financial Commitment CAD ($000s) (1)
Thailand				
L 44/43	▪ study and training fund	July 2012	18	19
L33/43	▪ geological studies	July 2012	30	31
	▪ study and training fund		18	19
L 53/48	▪ drill 4 exploration wells	January 2013	1,300	1,348
	▪ geological studies		80	83
	▪ study and training fund		47	49
Indonesia (2)				
Citarum (3)	▪ 270 km 2D seismic	October 2011	8,173	8,447
	▪ drill 3 exploration wells			
Batu Gajah (3)	▪ 400 km 3D seismic	January 2012	22,138	22,882
	▪ drill 3 exploration wells			
South CPP (3)	▪ 200 km 2D seismic	November 2011	6,199	6,407
	▪ drill one exploration well			
Total			38,003	39,285

(1) Translated at September 30, 2010 exchange rate of US $1 = CAD $1.037.
(2) The Company owns a 90% working interest in the Batu Gajah production sharing contract (PSC), a 69% operated working interest in the Citarum PSC, and a 90% operated working interest in the South CPP PSC. Amounts recorded in the financial statements and work commitments related to these PSCs include amounts paid by Pan Orient on behalf of a partner's carried interest (10% for Batu Gajah, 11% for Citarum and 10% for South CPP).
(3) "Work Program Commitment" is primarily based on the PSC contracts but also includes certain revisions with respect to work required and timing of completion negotiated with and approved by the Government of Indonesia.

Indonesia financial commitments as provided above represent the current exploration phase that the Company is conducting. If Pan Orient exercises its options to continue beyond the obligation periods noted, additional commitments will be determined on a year-by-year basis through submission of a work program and approval from the Government of Indonesia (GOI). The actual commitments are the work programs themselves as specified in the PSC agreement.

The obligation period shown for Citarum and Batu Gajah differs from the PSC agreement as commitments from previous years have been deferred and rolled forward. Every year the Company submits a work program for each PSC to the GOI and along with it, a request to roll forward any incomplete commitments from the previous year. Although this request is a departure from the original contract, it is considered standard practice in Indonesia. The above obligation periods for Citarum and Batu Gajah are consistent with this practice. In the past, such applications on behalf of Pan Orient have been approved by the GOI and management has no reason to believe that future requests will not be granted approval however there is no guarantee. Upon default of a commitment related to any of the first three years of a PSC the operator is required to relinquish 15% of the original PSC area, the actual acreage at the discretion of the operator. To date, Pan Orient has complied with all relinquishments as required. Depending on the stage of the PSC, failure to fulfill the required commitments may also result in penalty payment equal to the unspent commitments and/or forfeiture of the PSC.

The expenditures as provided in the table above represent the Company's estimated costs in completing the work program requirements. Actual expenditures required to carry out these commitments may be significantly different than the estimates.

The Company intends to fund commitments through existing cash surplus and expected cash flows from Thailand operations.

11) SEGMENTED INFORMATION

The Company has properties in three countries, each of which is considered a separate operating segment. The three segments consist of: 1) partially developed conventional petroleum and natural gas properties in Thailand; 2) undeveloped petroleum and natural gas properties in Indonesia; and 3) an undeveloped heavy oil property in Canada. The following table provides information for each geographical segment as at and for the three and nine months ended September 30:

	Three Months Ended September 30		Nine Months Ended September 30	
($000s)	**2010**	**2009**	**2010**	**2009**
Petroleum revenue				
Thailand	**27,050**	22,824	**74,524**	75,956
Indonesia	**-**	-	**-**	-
Canada	**-**	-	**-**	-
Total	**27,050**	22,824	**74,524**	75,956
Interest revenue				
Thailand	**5**	5	**57**	394
Indonesia	**-**	-	**-**	-
Canada	**15**	7	**29**	30
Total	**20**	12	**86**	424
Current income tax expense[(1)]				
Thailand	**5,525**	6,759	**16,691**	16,098
Indonesia	**-**	-	**-**	-
Canada	**-**	-	**-**	-
Total	**5,525**	6,759	**16,691**	16,098
Depletion, depreciation and accretion				
Thailand	**4,849**	3,458	**11,793**	13,635
Indonesia	**(117)**	(16)	**46**	27
Canada	**47**	39	**130**	121
Total	**4,779**	3,481	**11,969**	13,783
Net income (loss) attributable to common shareholders				
Thailand	**5,677**	6,202	**16,759**	6,303
Indonesia	**173**	(121)	**(147)**	(577)
Canada	**(1,123)**	4,536	**(4,532)**	2,423
Total	**4,727**	10,617	**12,080**	8,149
Capital expenditures [(2)]				
Thailand	**8,695**	12,403	**31,695**	35,645
Indonesia	**2,132**	3,528	**15,400**	8,539
Canada	**185**	102	**595**	351
Total	**11,012**	16,033	**47,690**	44,535
Total assets				
Thailand	**145,941**	99,033	**145,941**	99,033
Indonesia	**59,961**	40,742	**59,961**	40,742
Canada	**69,606**	87,423	**69,606**	87,423
Total	**275,508**	227,198	**275,508**	227,198

(1) Includes SRB and income tax.
(2) Does not include acquisition activities.

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