



PAN ORIENT ENERGY CORP.

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2009**
(Unaudited)

Pan Orient Energy Corp.
Consolidated Balance Sheets
(Unaudited)

(\$000s)	September 30, 2009	December 31, 2008
Assets		
Current		
Cash and cash equivalents	45,250	98,925
Accounts receivable	10,545	13,161
	55,795	112,086
Deposits	5,141	4,299
Petroleum and natural gas properties (note 3)	166,262	142,823
	227,198	259,208
Liabilities		
Current		
Accounts payable and accrued liabilities	9,738	14,739
Taxes payable (note 7)	11,368	55,260
	21,106	69,999
Future income tax	35,579	22,698
Asset retirement obligation (note 4)	3,209	1,964
	59,894	94,661
Non-controlling interest	18,738	18,774
Shareholders' equity (note 5)		
Share capital	103,957	103,078
Contributed surplus	7,774	6,531
Accumulated other comprehensive (loss) income (note 6)	(3,428)	4,037
Retained earnings	40,263	32,127
	36,835	36,164
	148,566	145,773
Commitments (note 9)	227,198	259,208

See accompanying notes.

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

(\$000s, except per share amounts)	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
Revenue				
Petroleum revenue	22,824	43,241	75,956	111,225
Royalties	(1,448)	(2,808)	(5,462)	(7,411)
Interest	12	209	424	567
	21,388	40,642	70,918	104,381
Expenses				
Transportation	787	1,032	3,105	2,994
Operating	1,996	907	5,277	2,696
General and administrative	577	1,777	3,839	4,041
Depletion, depreciation and accretion	3,481	5,000	13,783	11,042
Stock-based compensation	331	214	1,210	955
Foreign exchange (gain) loss (note 6)	(5,094)	(931)	6,110	(440)
Foreign new venture expenditures	3	619	39	619
	2,081	8,618	33,363	21,907
Income before taxes and non-controlling interest	19,307	32,024	37,555	82,474
Taxes (note 7)				
Special remuneratory benefit	592	8,196	4,883	29,132
Current income tax	6,167	11,041	11,215	25,663
Future income tax expense	1,811	3,833	13,344	6,982
	8,570	23,070	29,442	61,777
Income before non-controlling interest	10,737	8,954	8,113	20,697
Non-controlling interest	(120)	104	36	242
Net income for the period	10,617	9,058	8,149	20,939
Retained earnings beginning of period	29,659	12,893	32,127	1,012
Repurchase of shares (note 5)	(13)	(481)	(13)	(481)
Retained earnings end of period	40,263	21,470	40,263	21,470
Net income per share (note 5)				
Basic	0.23	0.20	0.18	0.46
Diluted	0.22	0.19	0.17	0.43

See accompanying notes.

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

(\$000s)	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2009	2008	2009	2008
Net income	10,617	9,058	8,149	20,939
Unrealized foreign currency translation (loss) gain	(4,076)	(689)	(2,819)	1,830
Foreign exchange (gain) loss realized	(3,897)	532	(4,646)	(58)
Comprehensive income	2,644	8,901	684	22,711

See accompanying notes.

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

(\$000s)	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2009	2008	2009	2008
Cash Provided By (Used in)				
Operating Activities				
Net income for the period	10,617	9,058	8,149	20,939
Items not affecting cash				
Depletion, depreciation and accretion	3,481	5,000	13,783	11,042
Stock-based compensation	331	214	1,210	955
Future income tax expense	1,811	3,833	13,344	6,982
Unrealized foreign exchange (gain) loss	(1,274)	(635)	10,452	(752)
Realized gain on Thailand investment (note 6)	(3,897)	-	(3,897)	-
Non-controlling interest	120	(104)	(36)	(242)
	11,189	17,366	43,005	38,924
Changes in non-cash working capital	2,691	9,148	(48,696)	42,030
	13,880	26,514	(5,691)	80,954
Investing Activities				
Petroleum and natural gas properties	(16,033)	(13,627)	(44,535)	(23,893)
Realized gain on Thailand investment (note 6)	3,897	-	3,897	-
Indonesia acquisition	-	(8)	-	(15,414)
Deposits	-	-	(765)	-
Change in non-cash working capital	(4,207)	1,122	(2,177)	(1,601)
	(16,343)	(12,513)	(43,580)	(40,908)
Financing Activities				
Issue of common shares, net of issue costs	-	-	550	430
Repurchase of common shares	(25)	(753)	(25)	(753)
	(25)	(753)	525	(323)
Change in cash and cash equivalents	(2,488)	13,248	(48,746)	39,723
Effect of foreign exchange on cash balances	(3,354)	633	(4,929)	750
Cash and cash equivalents, beginning of period	51,092	63,444	98,925	36,852
Cash and cash equivalents, end of period	45,250	77,325	45,250	77,325
Taxes paid	6,509	14,750	57,732	20,025

See accompanying notes.

Pan Orient Energy Corp.
Notes to Consolidated Financial Statements (Unaudited)

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 pursues other oil and natural gas exploration acreage 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, 2008. 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, 2008. Unless otherwise indicated, all financial amounts are reported in thousands of Canadian dollars.

Recent Accounting Pronouncements

Business Combinations

In January 2009, the CICA issued section 1582, "Business Combinations," which will replace CICA section 1581 of the same name. Under this guidance, the purchase price used in a business combination is based on the fair value of shares exchanged at their market price at the date of the exchange. Currently the purchase price used is based on the market price of the shares for a reasonable period before and after the date the acquisition is agreed upon and announced. This new guidance requires all acquisition costs to be expensed, which currently are capitalized as part of the purchase price. Contingent consideration is to be recognized at fair value at the acquisition date and will be measured at fair value through earnings each period until settled. Currently only contingent consideration that is resolved and payable is included in the cost to acquire the business. In addition, negative goodwill (bargain purchase gain) is required to be recognized immediately in earnings, unlike the current requirement to first reduce certain non-current assets in the purchase price allocation with any excess being recognized as an extraordinary gain. Section 1582 is effective January 1, 2011 with prospective application and early adoption permitted.

Consolidated Financial Statements

In January 2009, the CICA issued section 1601, "Consolidated Financial Statements" which will replace CICA section 1600 of the same name. This guidance requires uniform accounting policies to be consistent throughout all consolidated entities and the difference between reporting dates of a parent and a subsidiary to be no longer than three months. These are not explicitly required under the current standards. Section 1601 is effective on January 1, 2011 with early adoption permitted. This standard is not anticipated to have a significant effect on the Company. Pan Orient does not intend to early-adopt this accounting policy.

Non-controlling Interests

In January 2009 the CICA issued section 1602, "Non-controlling Interests" which will replace the associated portion of CICA section 1600, "Consolidated Financial Statements". Under the new standard non-controlling interest will be presented within equity and when there is a loss of control a gain or loss is recognized on the sold and retained interests. Increases or decreases in a parent's ownership interest while retaining control is a capital transaction. Section 1602 is effective on January 1, 2011 with early adoption permitted. Pan Orient does not intend to early-adopt this accounting policy.

Financial Instruments

In May 2009, the CICA amended Section 3862, "Financial Instruments – Disclosures" to include additional disclosure requirements regarding fair value measurement for financial instruments and liquidity risk disclosures. These amendments require a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. Fair values of assets and liabilities included in Level One are determined by reference to quoted prices in active markets for identical assets and liabilities. Fair values of assets and liabilities in Level Two include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Fair values in Level Three are based on inputs that are unobservable and significant to the overall fair value measurement. These disclosures will be effective for Pan Orient on December 31, 2009.

Pan Orient Energy Corp.
Notes to Consolidated Financial Statements (Unaudited)

3) PETROLEUM AND NATURAL GAS PROPERTIES

As at September 30, 2009 (\$000s)	Cost	Accumulated Depreciation and Amortization	Net Book Value
Oil & Natural Gas			
Canada	55,785	-	55,785
Thailand	110,964	(36,675)	74,289
Indonesia	35,408	-	35,408
Office equipment	1,718	(938)	780
	203,875	(37,613)	166,262
<hr/>			
As at December 31, 2008 (\$000s)			
Oil & Natural Gas			
Canada	55,075	-	55,075
Thailand	81,765	(23,303)	58,462
Indonesia	28,504	-	28,504
Office equipment	1,491	(709)	782
	166,835	(24,012)	142,823

General and administrative and stock-based compensation costs totaling \$0.3 million (2008 - \$0.1 million) and \$1.3 million (2008 - \$0.3 million) that were directly related to exploration and development activities have been capitalized for the three and nine months ended September 30, 2009, respectively.

Costs associated with unproven properties of \$20.2 million (2008 - \$11.2 million) with respect to the Thai full cost pool have been excluded from the depletion calculation. 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.

4) ASSET RETIREMENT OBLIGATIONS

(\$000s)	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
Asset retirement obligations, beginning of period	2,839	84	1,964	84
Obligations incurred	300	-	1,066	-
Accretion	70	-	179	-
Asset retirement obligations, end of period	3,209	84	3,209	84

Total undiscounted cash flows, escalated at 2.0%, required to settle the Company's asset retirement obligations are estimated to be \$10.2 million (2008 - \$0.1 million). Estimated costs have been discounted at a credit adjusted risk-free interest rate of 10.0%.

Pan Orient Energy Corp.
Notes to Consolidated Financial Statements (Unaudited)

5) SHARE CAPITAL

a) Issued and Outstanding Common Shares

Common Shares	Number of shares	Amount (000s)
Outstanding as at December 31, 2008	45,568,366	\$103,078
Exercise of stock options	600,000	550
Repurchase of shares	(5,000)	(11)
Transfer from contributed surplus on exercise of stock options	-	340
Outstanding as at September 30, 2009	46,163,366	\$103,957

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, purchased outside of the Company's expired normal course issuer bid, 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 (\$)
Outstanding as at December 31, 2008	4,441,500	3.54
Granted	750,000	4.43
Exercised	(600,000)	0.92
Forfeited	(50,000)	11.75
Outstanding as at September 30, 2009	4,541,500	3.65

Options Outstanding				Options Exercisable		
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	1,734,000	0.79	0.57	1,734,000	0.79	0.57
2.01 - 4.00	1,932,500	3.49	2.53	1,424,668	3.48	1.98
4.01 - 6.00	300,000	5.67	4.69	25,000	5.20	4.64
11.75	575,000	11.75	3.21	287,500	11.75	3.21
0.75 - 11.75	4,541,500	3.65	2.01	3,471,168	2.83	1.40

Pan Orient Energy Corp.
Notes to Consolidated Financial Statements (Unaudited)

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
Risk free interest rate (%)	1.3	2.9	1.0	3.2
Expected lives (years)	5	3	5	3
Expected volatility (%)	91	62	86	62
Dividend per share (%)	-	-	-	-
Weighted average fair value	\$2.02	\$2.40	\$2.83	\$3.76

During the three months ended June 30, 2009, the exercise price for 164,000 stock options previously granted to employees and consultants (not officers or directors of the Company) was modified to \$3.41. The vesting, expiration and other terms remained unchanged. Of the 164,000 options, 70,000 originally had an exercise price of \$11.00 and 94,000 originally had an exercise price of \$11.75. The total incremental stock-based compensation expense related to the modification, to be amortized over the remaining life of the options, is approximately \$38,000.

d) Andora Energy Corporation

i) Issued and Outstanding Class A Common Shares

As at September 30, 2009 Andora had 57.6 million (December 31, 2008 – 57.6 million) common shares issued and outstanding of which Pan Orient held 53.1% (December 31, 2008 – 53.1%).

ii) Options to Purchase Common Shares of Andora

Andora's stock options outstanding and exercisable at September 30, 2009 were as follows:

Options Outstanding				Options Exercisable		
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)
1.35	3,750,000	1.35	0.15	3,750,000	1.35	0.15
1.60	1,325,000	1.60	1.75	1,075,000	1.60	1.69
1.35 – 1.60	5,075,000	1.42	0.57	4,825,000	1.41	0.49

Subsequent to September 30, 2009 all of the 3,750,000 options with a strike price of \$1.35 per option expired unexercised.

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
Risk free interest rate (%)	1.3	3.0	1.6	3.2
Expected lives (years)	5	3	5	3
Expected volatility (%)	20	20	20	20
Dividend per share (%)	-	-	-	-
Weighted average fair value	\$0.20	\$0.28	\$0.21	\$0.29

Pan Orient Energy Corp.
Notes to Consolidated Financial Statements (Unaudited)

e) Contributed Surplus

(\$000s)	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
Balance, beginning of period	7,221	6,534	6,531	5,671
Pan Orient stock-based expense	309	214	1,184	840
Pan Orient stock-based compensation capitalized	142	147	260	270
Andora stock-based expense	22	-	26	115
Andora stock-based compensation capitalized	80	-	113	60
Transferred to share capital	-	-	(340)	(61)
Balance, end of period	7,774	6,895	7,774	6,895

f) Share Appreciation Rights Plan

At December 31, 2008 the Company had 55,000 share appreciation rights (SARs) (September 30, 2008 – nil) outstanding with an exercise price of \$4.00 per SAR. During the first quarter of 2009, an additional 95,000 SARs were granted with an exercise price of \$4.00 per SAR. During the three months ended June 30, 2009, all SARs were cancelled at no cost to the Company. No compensation expense has been recorded for the SARs in 2009.

g) Income per Share

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
Weighted average basic shares outstanding	46,168,205	45,752,551	45,919,241	45,467,711
Dilutive effect of stock options	2,295,076	3,191,290	2,096,837	3,328,490
Weighted average diluted	48,463,281	48,943,841	48,016,078	48,796,201

Options to purchase 875,000 common shares for the three and nine months ended September 30, 2009 (September 30, 2008 – 789,000) were not included in the computation of weighted average diluted common shares because they were anti-dilutive.

6) 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 SRB and taxes.

The Company's Thailand operations have a functional currency of Thai baht. Prior to April 1, 2009, the Company's net investment in the Thailand operations included intercompany loans that were denominated in baht, U.S. dollars and Canadian dollars and there was no planned or anticipated settlements of these loans contemplated. Accordingly, foreign currency translation gains and losses on these intercompany loans and the Company's investment in the shares of its Thailand subsidiaries were recognized in other comprehensive income. As a result, translation gains and losses on the Thailand operations were included in accumulated other comprehensive income (AOCI) on the balance sheet. Commencing April 1, 2009 the Company made a decision to repatriate funds from the Thailand operations through settlement of the intercompany loans and payment of dividends. Once this decision was reached, the intercompany loans were not considered as part of the Company's net investment in the Thailand operations. Therefore, effective April 1, 2009:

- translation gains and losses on the non-temporary investment in the Thailand operations are included in other comprehensive income and reclassified to net income as the investment is repatriated; and

Pan Orient Energy Corp.

Notes to Consolidated Financial Statements (Unaudited)

- previous foreign currency gains and losses related to the intercompany loans that were included in AOCI were reclassified to net earnings in the periods of settlement of the underlying loans. As at September 30, 2009 all amounts included in AOCI related to the intercompany loans have been reclassified to net earnings.

Exchange gains or losses on assets and liabilities held in Canada are included in earnings and translation gains or losses from the Company's self-sustaining Indonesia entities are recorded in AOCI.

a) Foreign Exchange Gain (Loss)

The components of the Company's foreign exchange gain (loss) were as follows:

(\$000s)	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
Realized				
Canada	(77)	828	(304)	(370)
Gain on Thailand investment	3,897	-	3,897	-
(Loss) gain transferred from Thailand OCI	-	(532)	749	58
Total realized	3,820	296	4,342	(312)
Unrealized	1,274	635	(10,452)	752
Total Foreign Exchange Gain (Loss)	5,094	931	(6,110)	440

With respect to realized amounts, the gains (losses) in Canada and the amounts transferred from Thailand OCI are included in operating activities while the gain on the Thailand investment is reported as an investing activity.

b) Accumulated Other Comprehensive Income

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

(\$000s)	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
Balance at beginning of period	4,545	207	4,037	(1,722)
Unrealized foreign currency translation (loss) gain	(4,076)	(689)	(2,819)	1,830
Gain on Thailand investment transferred to earnings	(3,897)	-	(3,897)	-
Loss (gain) transferred from Thailand OCI	-	532	(749)	(58)
Balance at end of period	(3,428)	50	(3,428)	50

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

(\$000s)	As at	
	September 30, 2009	December 31, 2008
Foreign exchange gain related to Thailand	154	922
Foreign exchange gain related to Thailand non-permanent investment	-	2,888
Foreign exchange (loss) gain related to Indonesia investment	(3,582)	227
Total Accumulated Other Comprehensive (Loss) Income	(3,428)	4,037

The remaining amount included in AOCI for Thailand relates to translation gains and losses on the share portion of the investment and undistributed earnings 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.

Pan Orient Energy Corp.
Notes to Consolidated Financial Statements (Unaudited)

7) SPECIAL REMUNERATORY BENEFIT AND INCOME TAXES

Pan Orient pays a special remuneratory benefit (SRB) and income tax on its Thailand operations. SRB is a tax at sliding scale rates of 0-75% applied on a concession-by-concession basis to petroleum profits, as defined in Thai tax legislation, which includes a deduction for capital spent. The rate is principally determined by production and pricing but is subject to other adjustments such as changes in Thailand's consumer and wholesale price indices and cumulative metres drilled on the concession. Thai current income tax is 50% of taxable income which is calculated as cash flow from operations before changes in non-cash working capital less capital expenditures (deductible at varying rates), SRB and other permitted deductions.

A summary of taxes payable at September 30, 2009 is as follows:

(\$000s)	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
Balance, beginning of period	9,482	33,834	55,260	4,645
SRB expense – current period	592	8,196	4,883	29,132
Income tax – current period	6,167	11,041	11,215	25,663
Prior period SRB paid	-	-	(36,048)	-
Prior period income tax paid	(6,509)	(14,750)	(21,684)	(20,025)
Foreign exchange	1,636	1,820	(2,258)	726
Balance, end of period	11,368	40,141	11,368	40,141

8) FINANCIAL INSTRUMENTS

Credit Risk

The most significant exposure to this risk is relative to the sale of oil production; all of the Company's production is sold to a refinery owned by the Thai National Oil Company. Pan Orient is paid for its production on a monthly basis and the Company has assessed the risk of non-collection from the Thai government as minimal. As at September 30, 2009 the Company's accounts receivable from the Thai government was \$6.6 million (2008 - \$13.5 million) which was collected subsequent to the end of the period.

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 other functional currencies affect net income and other comprehensive income. As at September 30 the following financial instruments were denominated in currencies other than the Canadian dollar:

(\$000s)	As at September 30, 2009		As at September 30, 2008	
	Thai baht (000s of Thai baht)	USD (\$000s)	Thai baht (000s of Thai baht)	USD (\$000s)
Cash and cash equivalents	522,006	5,270	1,511,699	21,673
Accounts receivable	242,600	437	483,542	744
Deposits	44,000	3,427	24,000	-
Accounts payable	(129,129)	(3,685)	(195,050)	(3,585)
Taxes payable	(343,795)	-	(1,766,188)	-
Net exposure in functional currency	335,682	5,449	58,003	18,832
Net exposure in Canadian dollars ⁽¹⁾ (\$000s)	10,937	5,850	1,804	19,563

(1) Translated at September 30, 2009 and 2008 exchange rates.

Pan Orient Energy Corp.
Notes to Consolidated Financial Statements (Unaudited)

Based on financial instruments held at September 30, 2009 and 2008, fluctuations in the exchange rates as indicated below would have the following estimated effect on net income and other comprehensive income:

(\$000s)	As at September 30	
	2009	2008
Effect of 1% change in CAD\$ to USD exchange rate:		
Pre-tax net income (realized and unrealized foreign exchange)	4	184
Other comprehensive income	34	212
Effect of 1% change in CAD\$ to baht exchange rate:		
Pre-tax net income (unrealized foreign exchange)	34	-
Other comprehensive income	77	787

The Company did not have any forward exchange contracts in place as at or during the three and nine months ended September 30, 2009 or 2008.

9) COMMITMENTS

As at September 30, 2009 the Company's estimated outstanding capital commitments were as follows:

Country and Concession Name	Work Program Commitment	Obligation Period Ending	Estimated Net Financial Commitment	
			USD (\$000s)	CAD (\$000s) ⁽¹⁾
Thailand				
L 44/43	▪ study and training fund	July 2012	24	26
L33/43	▪ drill 3 exploration wells	July 2012	630	684
L 53/48	▪ geological studies	January 2013	2,160	2,345
	▪ drill 4 exploration wells			
Indonesia				
Citarum ⁽²⁾	▪ 1,250 km 2D seismic	October 2010	18,005	19,478
	▪ drill 3 exploration wells			
Batu Gajah ⁽²⁾	▪ 500 km 2D seismic	January 2010	28,843	31,202
	▪ 400 km ² 3D seismic			
	▪ drill 3 exploration wells			
South CPP	▪ 200 km 2D seismic reprocessing	November 2011	5,026	5,438
	▪ drill one exploration well			
Total			54,688	59,173

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

(2) Work program commitment is based on original contract and timing is subject to government approval.

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 ending 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.

Pan Orient Energy Corp.

Notes to Consolidated Financial Statements (Unaudited)

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.

10) 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:

(\$000s)	Three Months Ended September 30		Nine Months Ended September 30	
	2009	2008	2009	2008
Petroleum revenue				
Thailand	22,824	43,241	75,956	111,225
Indonesia	-	-	-	-
Canada	-	-	-	-
Total	22,824	43,241	75,956	111,225
Interest revenue				
Thailand	5	123	394	152
Indonesia	-	-	-	-
Canada	7	86	30	415
Total	12	209	424	567
Current income tax expense ⁽¹⁾				
Thailand	6,759	19,237	16,098	54,795
Indonesia	-	-	-	-
Canada	-	-	-	-
Total	6,759	19,237	16,098	54,795
Depletion, depreciation and accretion				
Thailand	3,458	4,957	13,635	10,894
Indonesia	(16)	-	27	-
Canada	39	43	121	148
Total	3,481	5,000	13,783	11,042
Net income (loss)				
Thailand	6,202	11,352	6,303	23,946
Indonesia	(121)	(180)	(577)	(180)
Canada	4,536	(2,114)	2,423	(2,827)
Total	10,617	9,058	8,149	20,939
Capital expenditures ⁽²⁾				
Thailand	12,403	10,700	35,645	20,859
Indonesia	3,528	2,116	8,539	2,116
Canada	102	811	351	918
Total	16,033	13,627	44,535	23,893
Total assets				
Thailand	99,033	94,426	99,033	94,426
Indonesia	40,742	23,839	40,742	23,839
Canada	87,423	102,256	87,423	102,256
Total	227,198	220,521	227,198	220,521

(1) Includes SRB and income tax.

(2) Does not include acquisition activities.