

## **PAN ORIENT ENERGY CORP.**

(Listed on the TSX Venture Exchange - Symbol "POE" – 40,056,842 common shares issued)

Press Release

### **THAILAND UPDATE**

**January 2, 2007**

#### **Highlights**

- POE-9 high impact exploration well has been logged and cased after encountering severe mud loss while drilling through two of the fractured volcanic objectives. Testing of one of four potential zones has commenced.
- POE-5 commingling of the “G”, “H” and “F” sand production has resulted in stabilised rates of 102 bopd.
- WB-N6 has been perforated over the “G” interval and is flowing oil at un-stabilised rates of 77 to 115 bopd. Prior to perforation of the “G” sand, N6 was producing approximately 10 to 15 bopd.
- POE-1 development well has been perforated within the “F” sand interval and surface pumps are being installed.

#### **POE-9 Exploration Well**

POE-9 was drilled and cased to a total depth of 1,275 meters on December 31, 2006. Four potential volcanic or igneous reservoir intervals were encountered at depths of 794, 853, 1,007 and 1,142 meters with thicknesses ranging from 15 to 50 meters. Severe drilling mud losses were encountered at 802 and 867 meters within the first two potential reservoir zones indicating the presence of fractures. Total subsurface mud losses of approximately 900 to 1,000 barrels of drilling fluid occurred after penetrating the first target zone in POE-9 and oil was observed over the shale shakers at surface in addition to high mud gas readings over five separate intervals. Testing is underway with 17 meters of perforations between 853 and 870 meters over the zone that correlates directly to the productive interval at nearby Na Sanun-1 well that flowed 1,400 bopd. Extended testing is required to confirm the hydrocarbon potential of this type of complex volcanic or igneous reservoir and initial results are expected in approximately two weeks.

### **POE-5 Production Testing**

POE-5 is flowing oil at stabilised production rates of 102 bopd from the commingled "F", "G" and "H" sands with the majority of production from the "F" and "H" sands.

### **WB-N6 Development Well**

WB-N6 was drilled by a previous operator of the Wichian Buri field and prior to current operations was producing oil at a rate of approximately 10 to 15 bopd from the "F" sand interval. Pan Orient recently perforated the deeper "G" sand interval and the well is currently producing at commingled rates of 77 to 115 bopd. With these excellent results, similar operations will be undertaken at WB-N4 and WB-N5 and Si Thep upon service availability towards the end of January 2007.

### **POE-1 Development Well**

POE-1 has been perforated over the "F" sand interval and surface pumping equipment is currently being installed.

### **POE-2 Production Testing**

POE-2 has been perforated in the "F" sand and is currently being flowed commingled with the earlier perforated "G" sand zone. Results indicate no contribution from the "F" sand possibly due formation damage caused by the fresh water based mud used only in the drilling of this first well of the 2006 drilling program. A number of remediation options are being considered.

### **SUMMARY**

Pan Orient management is pleased with the Thailand testing results achieved to date. Wichian Buri production is approximately 430 bopd, up 600% from a low of 60 bopd in Q2 2006 and a production record for the field. We anticipate further production gains in early Q1 2007 with additional contributions from the testing or re-completion of five additional wells. With significant pools of carried forward tax losses and exploration and development expenses obtained partly from the acquisition of Tiger Petroleum, we expect cash flow from Thailand operations to fund the majority of the 2007 work program that will include 15 to 20 exploration and appraisal wells. Full field development of the one well Si Thep field and a pilot water flood of the Wichian Buri field are also being considered at this time.

Pan Orient is a Calgary, Alberta based oil and gas exploration and production company with operations currently located onshore Thailand and in Western Canada.

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