

## PAN ORIENT ENERGY CORP.

(Listed on the TSX Venture Exchange - Symbol "POE" – 40,134,842 common shares issued)

Press Release

### PAN ORIENT'S ANDORA ENERGY CORPORATION AND SIGNET ENERGY INC. TO COMBINE

May 23, 2007

**Calgary, Alberta** – Pan Orient Energy Corp. ("**Pan Orient**") together with its majority-owned subsidiary, Andora Energy Corporation ("**Andora**"), are please to announce they have executed a letter of intent with Signet Energy Inc. ("**Signet**") setting forth the principal terms and conditions upon which Andora and Signet have agreed to enter into a business combination (the "**Combination**").

#### The Combination

The Combination will be effected by way of a plan of arrangement under the *Business Corporations Act* (Alberta) whereby the security holders of Signet will receive, in aggregate, 17,500,000 common shares of Andora (subject to adjustment) valued at \$50,000,000.

Following completion of the Combination, and assuming the issuance of 17,500,000 common shares of Andora in connection with the Combination, Pan Orient will hold approximately 47.5% of the issued and outstanding shares of Andora. Pan Orient also has warrants to purchase additional common shares of Andora which, if exercised, would result in ownership of 49.4%.

Certain shareholders of Signet, representing not less than 35% of the issued and outstanding common shares of Signet, have entered into agreements with Andora pursuant to which such shareholders have agreed to support and vote in favour of the Combination, subject to receipt by Signet of a fairness opinion from Genuity Capital Markets.

#### Conditions

The obligation of the parties to complete the Combination will be subject to certain conditions which include the completion of a definitive arrangement agreement (the "**Arrangement Agreement**") and the approval of the TSX Venture Exchange not later than June 15, 2007. An information circular detailing the Combination will be mailed to security holders of Signet not later than June 29, 2007 and a meeting of security holders of Signet will be held on or before August 15, 2007 to approve the Combination.

Under the Arrangement Agreement, each of Signet and Andora has agreed that it will not discuss or negotiate with any third party or entertain or consider any enquiries or proposals relating to its assets or securities or any other business combination. Each party has agreed to pay the other a "break fee" of \$750,000 if the Combination is not completed under certain circumstances.

### Board of Directors

In accordance with the terms of the letter of intent, the Board of Directors of Andora will be comprised of Andora's existing Board of Jeff Chisholm, Michael Hibberd, Gerald Macey, Robert Farquharson and Tyler Cran with two representatives of Signet, being Greg Cave and Leigh Cassidy, joining the Board upon the combination.

### About Andora

Andora is a private oil and gas company owned approximately 67% by Pan Orient. Andora's assets include various percentage interests in 84 sections of oil sands permits and a gross overriding royalty on various interests held by Deep Well Oil and Gas Inc., all located in the Sawn Lake heavy oil project area of Alberta. Prior to the contemplated Signet transaction described above, Andora's net interest currently includes 179.4 million barrels of recoverable probable plus possible (97.4 million barrels probable and 82.0 million barrels possible) heavy oil reserves as evaluated by independent reserve engineers Degolyer and MacNaughten. Andora also holds an effective 2.4% net gross overriding royalty (3% of an 80% working interest) on interests in the thickest net oil pay sections of the pool, which is payable by Deep Well Oil and Gas Inc.

### About Signet

Signet is a Calgary based widely held independent private company focused on the delineation of and development of heavy oil production from the oil sands resource located in the Sawn Lake area of Alberta's Peace River oil sands region. Signet's assets currently include the potential to contribute up to approximately \$14 million dollars cash to the combined company and a 40% interest in 6 sections of oil sand leases in the Sawn Lake heavy oil project area in Alberta in addition to the rights to a 40% working interest in an additional 12 sections of oil sands leases.

### Post Transaction

Upon completion of the transaction contemplated herein, the combined company will be focused on development of the South and Central Sawn Lake Heavy Oil pool area, holding the majority of the known probable and possible reserves based on a recently completed N1-51-101 compliant reserve report undertaken by independent reserve engineers Degolyer and MacNaughten, as news released by Pan Orient on February 6, 2007.

Pan Orient is a Calgary, Alberta based oil and gas exploration and production company with operations currently located onshore Thailand 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: proposed business combinations and timing of such, 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: required shareholder votes, 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.*

*The TSX Venture Exchange has neither approved nor disapproved the contents of this press release. The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.*

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**FOR FURTHER INFORMATION, PLEASE CONTACT:**

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