



## PAN ORIENT ENERGY CORP.

### Press Release

#### Pan Orient to Acquire Interest in Tungkal PSC in Indonesia

**September 14, 2009**

Pan Orient Energy Corp. ("Pan Orient") is pleased to report that it has agreed to purchase additional interests in Indonesia. The principal interest is a 30% non operated participating interest in the Tungkal production sharing contract ("PSC") located onshore south Sumatra, Indonesia. The other interest to be acquired is a US\$5MM receivable payable upon first commercial gas delivery from the Ruby gas field located offshore Indonesia in the Sebuku PSC.

The agreed purchase price is CDN\$7.5MM, before adjustments, payable in Pan Orient common shares at a deemed value of \$4.37 per share. The purchase price will be adjusted for revenue, expenses and capital expenditures related to the 30% participating interests in the Tungkal PSC from August 31, 2009 to the closing date, and these adjustments will be paid largely in cash. Further additional future cash payments to a maximum of US\$3.5MM will also be made by Pan Orient upon certain cumulative production thresholds being met and additional commercial hydrocarbon discoveries at the Tungkal PSC and receipt of the US\$5MM Sebuku receivable.

The Tungkal and Sebuku interests are owned by subsidiaries of Fuel-X International Inc. ("Fuel-X"), an Alberta, Canada corporation that was placed in receivership in September 2007 by an order of the Alberta Court of Queen's Bench (the "Court"). The Court has approved a share purchase agreement, between Pan Orient, Ernst & Young Inc., in its capacity as receiver and manager of Fuel-X, and another party which is the largest secured creditor of Fuel-X by which Pan Orient or a subsidiary will purchase all of the shares of Fuel-X Cyprus Limited (Fuel-X Cyprus), the owner, through further subsidiaries, of the Tungkal and Sebuku interests.

Closing of the transaction is anticipated to occur in the fourth quarter of 2009 and is subject to certain conditions including the completion of final due diligence on a basis satisfactory to Pan Orient.

#### **Fuel-X (Cyprus) Assets**

Fuel-X Cyprus, through a subsidiary company, holds a 30% non operated participating interest in the 2,285 square kilometre Tungkal PSC located onshore south Sumatra Indonesia, and holds through another subsidiary a receivable of US\$5MM payable upon first commercial gas delivery from the Ruby gas field located offshore Indonesia in the Sebuku PSC. It is our understanding that a plan of development for the Ruby gas field was approved by Indonesian authorities in July 2008.

#### **Tungkal PSC**

The Tungkal PSC is located south of and directly adjacent to the Batu Gajah PSC, which is owned 90% and operated by a wholly owned subsidiary of Pan Orient. There have been a number of discoveries made within the Tungkal PSC, including Mengoepeah South in 2007, the discovery well encountering approximately 70 meters of net oil pay and testing at a combined rate of over 2,000 bopd from three zones above 1,200 meters true vertical depth. Current gross production stands at approximately 800 bopd with 240 barrels per day net to the Fuel-X Cyprus 30% participating interest. A Mengoepeah field revised plan of development was approved by the Indonesian Government in April 2009 that includes up

to ten development wells and the work over of existing wells. Development drilling is currently underway and is anticipated to be completed by year end with a target of gross production of 2,000 to 3,000 bopd with 600 to 900 bopd net to the Fuel-X Cyprus 30% participating interest. In addition, one high impact exploration well is anticipated to commence drilling in the fourth quarter of 2009 and be completed by year end.

Pan Orient President and CEO Jeff Chisholm commented: "Upon the satisfying of certain conditions and the closing of this transaction, Pan Orient will add to its already large acreage position in onshore Indonesia. The Fuel-x Tungkal asset is strategically located directly adjacent to the POE operated Batu Gajah PSC where seismic operations are currently underway and a multi well exploration drilling program is planned to commence in the first half of 2010. On the heels of much success and further exploration upside on our large onshore Thailand land holdings, we continue to build one of the largest onshore western Indonesia exploration land positions of any company active in the country. The Tungkal PSC fits into Pan Orient's stated strategy of building core areas in onshore S.E. Asia targeting shallow oil reserves within areas of existing infrastructure and a proven petroleum system."

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.*

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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