



PAN ORIENT ENERGY CORP.

Press Release

2009 Year End Financial & Operating Results

CALGARY, April 14, 2010

Pan Orient Energy Corp. ("Pan Orient") (POE – TSXV) is pleased to provide highlights of its 2009 year end and fourth quarter consolidated financial and operating results, and provide an outlook for 2010. Please note that all amounts are in Canadian dollars unless otherwise stated and all oil volumes are net to Pan Orient.

The Corporation today filed its audited consolidated financial statements as at and for the year ended December 31, 2009 and related management's discussion and analysis with Canadian securities regulatory authorities. Copies of these documents may be obtained online at www.sedar.com or the Corporation's website, www.panorient.ca.

2009 YEAR END & FOURTH QUARTER HIGHLIGHTS

- Pan Orient had an active 2009 drilling program in Thailand with the drilling of 24 wells (15.2 net wells) focused on exploration and appraisal wells to add new reserves and new development drilling opportunities for 2010. Six wells (4.4 net) were drilled in the fourth quarter of 2009, with two horizontal wells at Bo Rang, an exploration well at Si Thep, an appraisal well at NSE-G2, and two exploration wells in Concession L53. Total capital expenditures in Thailand were \$16.4 million in the fourth quarter of 2009 and a total of \$52 million in 2009.
- Pan Orient drilled 22 wells in Concession L44 during 2009 resulting in 16 producing wells, one well awaiting testing, and oil discoveries at Bo Rang, NSE-F1, L44-W, Si Thep, NSE-H3, and NSE-J1 plus significant appraisal wells at NSE-E2 and NSE-H1.
- The December 31, 2009 Thailand reserves evaluation assigned proved oil reserves of 9.5 million barrels, proved plus probable oil reserves of 36.7 million barrels and proved, probable and possible oil reserves of 85.6 million barrels (increases of 71%, 47% and 55% respectively from December 31, 2008). Oil discoveries for Concession L44, net of a technical revision which transferred reserves from the Na Sanun East ("NSE") field to the new NSE-F1 field, were 13.4 million barrels. The net present value of proved and probable reserves after tax for Concession L44 and Concession SW1, using forecast prices and discounted at 10%, was \$459 million and represents \$9.68 per Pan Orient share.
- Average Thailand oil sales in 2009 were 4,496 BOPD and 3,370 BOPD for the fourth quarter of 2009.
- Oil sales averaged 3,816 BOPD in the first quarter of 2010 (excluding an average of 150 BOPD of oil production from the L53-A well which is being stored in tanks until a production license for Concession L53 is granted).
- Pan Orient drilled the first two exploration wells at Concession L53 (100% working interest) during the fourth quarter of 2009 and work on these wells continued into the first quarter of 2010. The L53-A well has produced approximately 13,500 barrels of crude oil to tanks under a 90 day production test which expired on April 2nd. A contingent resource report for the 2009 L53-A oil discovery is anticipated to be completed by late April 2010 and will form the basis of a production license application to be submitted to the Thailand Department of Mineral Fuels.
- Pan Orient had cash flow from operations of \$9.9 million in the fourth quarter of 2009 (\$0.21 per share) and \$53.0 million for 2009 (\$1.15 per share). Pan Orient had net income of \$7.0 million in the fourth quarter of 2009 (\$0.15 per share) and \$15.1 million for 2009 (\$0.33 per share).
- Strong generation of after tax funds flow from Thailand operations contributed \$11.1 million for the fourth quarter of 2009 (\$35.69 per barrel) and \$54.8 million for 2009 (\$33.40 per barrel).
- At December 31, 2009 Pan Orient had \$32.7 million in working capital and deposits, and no long-term debt.
- Total 2009 capital programs in Thailand, Indonesia and Canada of \$63.5 million were financed 83% by after tax funds flow from operations and 17% from working capital.
- The December 31, 2009 reserves evaluation for the Sawn Lake, Alberta heavy oil project operated by Andora Energy Corporation ("Andora") (which is owned 53.2% by Pan Orient) assigned probable recoverable oil reserves of 70.1 million barrels net to the 53.2% ownership interest of Pan Orient. The associated net present

value, using forecast prices and discounted at 10%, is \$466 million to Pan Orient and represents \$9.82 per Pan Orient share. In 2009 Andora received Commercial Scheme Approval for a Steam Assisted Gravity Drainage (SAGD) recovery process under the Oil Sands Conservation Act from the Energy Resources Conservation Board (ERCB) and approval from the Government of Alberta under the Environmental Protection and Enhancement Act (EPEA). The Pilot location is on Andora 100% owned acreage within the South Block of its Sawn Lake Property in the Peace River Oil Sands Region.

- At the Batu Gajah PSC in Indonesia (onshore Sumatra - POE 90% working interest and operator) the acquisition of 500 line kilometres of 2D seismic continues with completion anticipated in the second quarter of 2010. Up to nine well locations have been submitted for approval to the Ministry of Forestry. The 2010 Indonesian high impact drilling program will commence with three Batu Gajah exploration wells in the second half of 2010. The exact timing largely a function of Ministry of Forestry approvals for proposed well locations.
- At the Citarum PSC in Indonesia (onshore Java - Pan Orient 69% working interest and operator) the acquisition of more than 1,100 line kilometres of 2D seismic data continues with completion anticipated late in the second quarter of 2010. Seismic data processing and mapping of the first third of the program has been completed with the identification of three prospects in the region of the block directly adjacent to the Pasar Jadi and Subang gas fields. Target depths are shallow, ranging between 800 to 1,800 meters and mapped structural closures are up to 25 square kilometres in maximum areal extent. The three exploration wells at Citarum will start drilling immediately after the three well program on the Batu Gajah PSC.

OPERATING RESULTS

- Pan Orient had an active 2009 drilling program in Thailand with the drilling of 24 wells (15.2 net wells) focused on exploration and appraisal to add new reserves and new development drilling opportunities for 2010. Total capital expenditures in Thailand for 2009 were \$52.0 million for drilling, increased water handling capability, increased levels of equipment inventory for future drilling, installation of electric submersible pumps, and land purchase and construction for future drilling locations. Capital expenditures in Thailand were fully funded by oil sales in Thailand which generated \$54.8 million in funds flow from operations. In the fourth quarter of 2009 Pan Orient drilled six wells (4.4 net) in Thailand and had capital expenditures of \$16.4 million.
- The independent reserves evaluation conducted by Gaffney, Cline & Associates (Consultants) Pte. Ltd. of Singapore ("Gaffney Cline") for the Thailand assets at December 31, 2009 assigned proved oil reserves of 9.5 million barrels, proved plus probable oil reserves of 36.7 million barrels and proved, probable and possible oil reserves of 85.6 million barrels. Compared with the reserves evaluation by Gaffney Cline at December 31, 2008, this represents increases of 71%, 47% and 55% respectively. The net present value of proved and probable reserves after tax in Concession L44 (and including Concession SW1), using forecast prices and discounted at 10%, is \$459 million and represents \$9.68 per Pan Orient share.

Pan Orient had average oil sales of 4,496 barrels per day in 2009. Reserve replacement of 2009 oil sales was approximately 3.4 times based on proved reserves and 8.1 times based on proved and probable reserves. Oil discoveries for Concession L44 were 13.4 million barrels, net of the technical revision. The negative technical revision of approximately 6.6 million barrels of proved and probable reserves for the NSE Central field was primarily a result of recognition in the December 31, 2009 reserve report that the NSE Central field and the new NSE-F1 field are distinctly separate oil pools, and resulted in the transfer of volumes previously attributed to the NSE-F1 area in the December 31, 2008 reserve report as part of the NSE Central field, to the new NSE-F1 field as an oil discovery in 2009. The 2009 reserves growth in Concession L44 is attributed entirely to exploration success with new pool oil discoveries made at NSE-F1, Bo Rang A, Bo Rang B, L44-W, NSE-J1, Si Thep-2 and NSE-H3. The vast majority of estimated proved and probable reserve additions are generally evenly distributed across four main fields: Bo Rang A, Bo Rang B, NSE-F1 and NSE Central providing greater depth to the overall reserve base in comparison to any prior year. The December 31, 2009 Thailand reserves evaluation does not include any contingent resources that are anticipated to be assigned to Concession L53 (in which Pan Orient has a 100% working interest).

- Pan Orient drilled 22 wells in Concession L44 in Thailand which resulted in significant growth in proved and probable oil reserves, and the diversification of reserves, production and drilling opportunities through the discovery of new oil fields.
 - The drilling of ten wells in Na Sanun East at a cost of approximately \$12.8 million resulted in eight producing wells and included significant appraisal wells at NSE-E2 and NSE-H1, a new volcanic pool oil discovery at NSE-H3, and the discovery of a new producing sandstone reservoir at NSE-J1. These wells produced 245,228 barrels of oil in 2009 and generated an estimated \$9.4 million in after tax funds flow from operations. Production for the first quarter of 2010 from these wells was 515 BOPD.
 - Pan Orient had a significant oil discovery at Bo Rang with the new volcanic Bo Rang "A" and Bo Rang "B" pools. Five producing wells were drilled in the Bo Rang field in 2009 at a cost of approximately \$10.7 million. Late in the fourth quarter of 2009 Pan Orient drilled the first of four horizontal wells to develop the Bo Rang field. The reserves evaluation at December 31, 2009 assigned 11.1 million barrels of proved and probable reserves to this new field. These wells produced 65,634 barrels of oil in 2009

and generated an estimated \$2.9 million in after tax funds flow from operations. Production for the first quarter of 2010 from these wells was 125,582 barrels of oil, or 1,395 barrels per day.

During the first quarter of 2010, Pan Orient drilled two new horizontal development wells at Bo Rang "B" which were put on production in March 2010 at approximately 360 BOPD each. Production for the first quarter of 2010 from Bo Rang, including these two new wells was 1,670 BOPD.

- Pan Orient had an oil discovery at L44-W in the first half of 2009. Four wells were drilled in 2009 at a cost of approximately \$8.8 million and resulted in two producing wells. The L44-W exploration well produced 23,000 barrels of oil during the 90 day production testing period which expired in July 2009. The production license necessary to resume production was granted in December 2009; however production from this well could not be re-established due to close proximity of the well to the field oil water contact resulting in a high water cut. The L44-W4 horizontal well was drilled in the fourth quarter and average production in the quarter was 331 BOPD. The reserves evaluation at December 31, 2009 assigned 1.1 million barrels of proved and probable reserves to this new field. These wells produced 53,543 barrels of oil in 2009 and generated an estimated \$2.2 million in after tax funds flow from operations. Production from L44-W4 for the first quarter of 2010 was 22,924 barrels of oil, or 255 BOPD.
 - The NSE-F1 vertical well resulted in the discovery of the NSE-F1 field and established commercial production 1 kilometer from the nearest Na Sanun East producer. The reserves evaluation at December 31, 2009 assigned 7.2 million barrels of proved and probable reserves to the new NSE-F1 field and noted that there was a transfer of previously assigned volumes from Na Sanun East Central following the discovery of the new NSE-F1 accumulation, which is now regarded as a separate pool from the main Na Sanun East Central Field. This well produced 8,331 barrels of oil in 2009 and generated an estimated \$0.3 million in after tax funds flow from operations. Production for the first quarter of 2010 from the NSE-F1 well was 21 BOPD. Pan Orient will commence development of the NSE-F1 field using horizontal wells during the second quarter of 2010.
 - Starting in February 2010 Pan Orient began drilling with a new drilling rig with superior equipment and which is better suited to horizontal drilling. This new drilling rig is capable of drilling approximately three wells per month, improving drilling performance, and reducing the overall cost of drilling.
 - In July 2009, Pan Orient received formal approval for the three year extension of Concession L44 and Concession L33 to July 16, 2012. This extension of Concession L44 had new commitments for three exploration wells and Pan Orient drilled these required wells by the end of 2009 through activity at Bo Rang and L44-W. The extension of Concession L33 has new commitments of two exploration wells plus geological studies with a combined expenditure obligation to Pan Orient of US\$0.6 million.
 - Pan Orient was granted the new Bo Rang production license in Concession L44 by the Thailand Department of Mineral Fuels in December 2009, which includes the Bo Rang, L44-W and NSE-F1 fields. Pan Orient also received environmental approval for eighteen surface pad locations which can accommodate two to three wells each. Of these new approved surface locations, nine are at Bo Rang, five at NSE-F1 and four at L44-W.
- Pan Orient drilled the first two exploration wells in Concession L53 (100% working interest) during the fourth quarter of 2009 and work continued on these wells into the first quarter of 2010. Total capital expenditures relating to Concession L53, including the drilling of the two wells, plus equipment inventory for additional drilling was \$8.1 million in 2009. There is approximately \$3.8 million in additional capital expenditures incurred in the first two months of 2010. The L53-A well has produced approximately 13,500 barrels of crude oil to tanks under a 90 day production test which expired on April 2nd. Results for the L53-D well were disappointing and far below pre-drill expectations with regard to oil bearing reservoir thickness and areal extent. The December 31, 2009 Thailand reserves evaluation does not include any contingent resources that are expected to be assigned to Concession L53. A contingent resource report for the 2009 L53-A oil discovery is anticipated to be completed by late April 2010 and will form the basis of a production license application to be submitted to the Thailand Department of Mineral Fuels. It is expected that a production license will be granted by the end of July, and at that time oil production will resume, the crude oil inventory will be sold, and further development will proceed.
 - Thailand oil sales for the fourth quarter of 2009 were 3,370 BOPD compared with 3,648 BOPD for the third quarter of 2009. Oil sales averaged 4,496 BOPD in 2009 compared with 4,947 BOPD in 2008. Oil sales averaged 3,816 BOPD in the first quarter of 2010 (excluding an average of 150 BOPD of oil production from the L53-A well which is being stored in tanks until a production license for Concession L53 is granted).

Pan Orient experienced significant fluctuations in production levels during 2009. Production had peaked in the fourth quarter of 2008 at 6,982 BOPD as a result of strong initial production from wells drilled during the second half of 2008 in the Na Sanun East field. Production declined as a result of the natural production decline in volcanic reservoirs which can be initially very prolific, accelerated drainage of one pool in Na Sanun East, increased water production, and reduced production from the L44-HD1 well which had produced 1,575 BOPD in 2008 and produced 607 BOPD in 2009. Pan Orient's 2009 drilling program was concentrated on

exploration and appraisal drilling for discovery of new oil pools which added new reserves and future drilling opportunities, but did not result in immediate production equal to the decline. The 22 wells drilled in Concession L44 during 2009 produced 372,968 barrels of oil, or 1,022 BOPD on average for the year, and these wells produced on average 2,189 BOPD in the first quarter of 2010. Looking forward, the oil discoveries of Pan Orient in 2009 have diversified and expanded the oil reserves, production portfolio and drilling opportunities.

- Capital expenditures in Indonesia were \$2.0 million for the fourth quarter and a total of \$10.6 million for 2009. These expenditures were primarily related to ongoing seismic programs being conducted in both the Citarum Production Sharing Contract area and Batu Gajah Production Sharing Contract area. These seismic programs will be completed in the first half of 2010 with an additional cost of approximately \$10 million.

FINANCIAL RESULTS

- Fourth Quarter of 2009
 - The financial results for Pan Orient in the fourth quarter of 2009 compared to the third quarter of 2009 reflect an 8% decrease in oil production offset by a 6% increase in realized crude oil prices, and foreign exchange losses due to the strengthening Canadian dollar. Pan Orient continued its active drilling program in Thailand in the fourth quarter of 2009 with four wells (2.4 net) drilled in Concession L44 and two exploration wells (2.0 net) in the 100% owned Concession L53. Pan Orient was also active in Indonesia during the quarter with seismic acquisition programs at the Citarum and the Batu Gajah PSCs.
 - Funds flow from operations for the fourth quarter was \$9.9 million compared with \$11.2 million for the third quarter of 2009 and \$25.0 million for the fourth quarter of 2008. Funds flow from operations per share (basic) was \$0.21 for the fourth quarter of 2009. There was a \$1.1 million decrease in funds flow from operations compared with the third quarter of 2009. In the fourth quarter of 2009, the Company recorded a \$0.7 million foreign exchange loss as a result of the strengthening Canadian dollar and the movement of funds from the Thailand operations to Canada. In addition, general and administrative expenses in the fourth quarter of 2009 for Canada, including Andora Energy Corporation ("Andora"), were \$0.4 million compared with a slight net general and administrative expense recovery reported for the third quarter of 2009.
 - For the fourth quarter of 2009, Thailand generated \$11.1 million in funds flow from operations, compared with \$11.2 million the third quarter of 2009 primarily as a result of the 8% decrease in oil sales volumes offset by a 6% increase in the realized price for crude oil. For the quarter, transportation expenses were \$2.45 per barrel, operating expenses \$7.35 per barrel, general and administrative expenses \$2.37 per barrel and amounts to the Thailand government of \$23.94 per barrel resulted in after tax funds flow from operations per barrel of \$35.69. The WTI reference price for crude oil per barrel increased 8% during the quarter to CDN\$81.42 from CDN\$75.43 in the third quarter of 2009, as the 12% increase in the United States dollar WTI reference price was reduced through the rise in the Canadian dollar. Operating expenses increased to \$2.3 million or \$7.35 per barrel in the fourth quarter from \$2.0 million or \$5.95 per barrel in the third quarter of 2009 as a result of lower production levels and additional expenses for maintenance and water hauling. For the fourth quarter of 2009, Thailand crude oil revenue was allocated 17% to expenses for other royalties, transportation, operating, and general & administrative, 33% to the government of Thailand in the form of royalties, Special Remuneratory Benefit ("SRB") and Income Tax, and 50% to Pan Orient (before interest income and realized foreign exchange gain).
 - Net income of \$7.0 million, or \$0.15 per share (basic), for the fourth quarter of 2009 compared with net income of \$10.8 million, or \$0.24 per share (basic), for the fourth quarter of 2008.
- Year Ended December 31, 2009
 - The 2009 financial results for Pan Orient compared to the 2008 financial results reflect the 9% decrease in oil production on a year over year basis, a relatively consistent funds flow from operations in Thailand per barrel, and foreign exchange losses due to the Canadian dollar strengthening 11% against the Thai Baht and 16% against the U.S. dollar.
 - Funds flow from operations for 2009 was \$53.0 million compared with \$63.9 million for 2008, representing funds flow from operations per share (basic) of \$1.15 compared with \$1.40 for the prior year. The \$10.9 million decrease in funds flow from operations from the prior year is primarily due to a \$7.0 million reduction in funds flow from Thailand operations and a \$4.2 million reduction in funds flow from Canada.
 - Thailand operations in 2009 generated \$54.8 million in funds flow from operations after tax, or \$33.40 per barrel in 2009 compared with \$61.9 million or \$34.17 per barrel in 2008. The Thailand operations in 2009 experienced a 9% decrease in oil sales volumes and a 27% decrease in the realized crude oil price; however funds flow from operations in Thailand per barrel was relatively consistent due to reductions in Thailand SRB and income tax. For 2009, transportation expenses were \$2.36 per barrel, operating expenses \$4.60 per barrel, general and administrative expenses \$2.07 per barrel and amounts to the Thailand government of \$17.61 per barrel resulted in after tax funds flow from operations per barrel of \$33.40. Operating expenses increased to \$7.6 million or \$4.60 per barrel in 2009 from \$3.8 million or

- \$2.10 per barrel in 2008 due to the increased number of wells, expenses for maintenance and water hauling, and a lower production level. For 2009, Thailand crude oil revenue was allocated 15% to expenses for other royalties, transportation, operating, and general & administrative, 29% to the government of Thailand in the form of royalties, SRB and income tax, and 55% to Pan Orient (before interest income and realized foreign exchange gain).
- Each of the four concessions in Thailand are subject to the SRB 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. Concession L44, which contributed 95% of Pan Orient's oil production in 2009, is the only producing concession which currently pays SRB. The SRB tax rate for a concession is largely based on the amount of revenue for the concession. The SRB expense as a percentage of crude oil sales was reduced to 7% in 2009 compared with 24% in 2008 due to the significant level of capital reinvestment in Concession L44 and lower revenue resulting from the lower oil price and production level.
 - For the calculation of Thailand taxable income the SRB is fully deductible, exploratory expenses for producing concessions (including expenditures for drilling and representing ~68% of capital expenditures) are fully deductible, other capital expenditures in the field (representing ~28% of capital expenditures) are deducted as tax depletion based on the amount of production compared to the reserve base. Additions to the inventory of capital items (representing ~4% of capital expenditures) are not deductible until used in field operations. The reduction in Thailand income taxes in 2009 also reflects lower oil revenue and the significant level of capital reinvestment in Concession L44.
 - The Canadian dollar appreciated 11% against the Thai Baht and 16% against the U.S. dollar in 2009. The impact of foreign exchange was:
 - The realized foreign exchange gain in 2009 was \$3.7 million resulting from the movement of funds from Thailand to Canada, and the associated reclassification of accumulated historic exchange gains on repatriation of funds. Of this amount, it is deemed that there was a \$0.2 million loss associated with operating activities and a \$3.9 million gain related to investing activities (associated with the investment in Thailand).
 - The translation of the carrying value of all foreign operations, including all assets and liabilities in Thailand and Indonesia, into Canadian dollars resulted in a total translation loss of \$18.8 million in 2009 due to the strengthening of the Canadian dollar. Of this amount, a \$10.6 million was recorded as an unrealized foreign exchange loss in the income statement, and \$8.2 million was recorded as a loss to accumulated other comprehensive income.
 - Funds flow from Canada was negative \$1.7 million in 2009 compared with a funds flow of \$2.5 million in 2008. General and administrative expenses for Canada were \$1.4 million in 2009 compared with \$3.1 million in 2008. In 2009, the Company recorded a realized foreign exchange loss of \$0.2 million compared with the realized foreign exchange gain of \$5.9 million in 2008 resulting from the movement of funds from Thailand to Canada, and the associated reclassification of accumulated historic exchange gains and losses on repatriation of funds.
 - Net income for 2009 was \$15.1 million or \$0.33 per share (basic) compared with \$31.8 million or \$0.70 per share (basic) for 2008. The lower net income in 2009 is the result of a lower level of funds flow from operations in 2009 and foreign exchange losses.
 - Pan Orient continues to maintain its financial strength and flexibility. At December 31, 2009 Pan Orient had \$32.7 million of working capital and deposits, and no long-term debt. In 2009 Pan Orient had internally generated funds flow from operations of \$53.0 million, funding 83% of the \$63.5 million of capital expenditures in Thailand, Indonesia and Canada. In addition, at December 31, 2009 Pan Orient had \$6.9 million of equipment inventory to be utilized for future Thailand and Indonesia operations that is included in petroleum and natural gas assets on the balance sheet.
 - Capital expenditures in Indonesia were \$2.0 million for the fourth quarter and a total of \$10.6 million for 2009. These expenditures were primarily related to ongoing seismic programs being conducted in both the Citarum Production Sharing Contract area and Batu Gajah Production Sharing Contract area. These seismic programs will be completed in the first half of 2010 with an additional cost of approximately \$10 million.

2010 OUTLOOK

Pan Orient's total capital program budget for 2010 is \$67 million. This capital program will be funded through cash flow generated from the Thailand operations plus an additional \$6.9 million of equipment inventory on hand at the beginning of 2010, and will utilize to the extent necessary a portion of the \$32.7 million of working capital and deposits at December 31, 2009.

▪ Thailand

- Average oil sales target of 6,000 BOPD
- At this level of production, we expect operating expenses of \$4.25 per barrel, transportation expense of \$2.05 per barrel and general & administrative expenses of \$2.10 per barrel.
- 2010 Thailand capital program of \$38 million that includes the drilling of 34 wells on Concessions L44, L53 and L33.
- Full scale development of the Bo Rang B, Bo Rang A, L44-W and NSE-F1 discoveries made in 2009 will commence towards the end of April when four surface pads, capable of handling three wells per pad, are completed. This drilling is part of the remaining development well program planned for the remainder of 2010 with up to 27 wells utilizing a single drilling rig. In the event of oil prices remaining near current levels, consideration will be given to utilizing a second rig to target the significant exploration potential that is currently undrilled on Pan Orient's Thailand acreage in Concession L44 and Concession L53.
- Exploration drilling will commence upon the completion of this current phase of development and appraisal drilling.
- In the first quarter of 2010, Pan Orient drilled five wells. Two horizontal development wells were drilled at Bo Rang "B" (L44V-D3 and L44V-D4) and are each on production at 360 BOPD net to Pan Orient. The NSE-G3 exploration well drilled in the first quarter is currently suspended and will be re-entered and sidetracked in order to test a deeper volcanic objective after completion of the current development drilling program. The NSE-E3 horizontal well has been drilled on the NSE-E1 structure and is currently being tested. The NSE-H3 well is currently drilling through the primary reservoir objective.
- The current political situation in Thailand has not affected Pan Orient's operations in any way to date and is believed by management to be unlikely to affect operations in the future. Any change to this assessment will be immediately communicated to shareholders.

▪ Indonesia

- 2010 Indonesia capital program of \$29 million
- \$10 million for the completion of the 500 kilometers of 2D seismic in the Batu Gajah PSC, and 1,110 kilometers of 2D seismic in the Citarum PSC
- \$19 million for the 2010 Indonesian high impact drilling program in the second half of 2010 starting with the drilling three wells at the Batu Gajah PSC and then continuing with three wells at the Citarum PSC. The exact timing of the drilling program will largely be a function of Ministry of Forestry approvals for proposed well locations.

▪ Sawn Lake, Canada

- The work program for the Sawn Lake heavy oil project will be determined in the first half of 2010.

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.

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Operations Summary

	Three Months Ended December 31,		Year Ended December 31,		Change
	2009	2008	2009	2008	
<i>(thousands of Canadian dollars except where indicated)</i>					
FINANCIAL					
Oil revenue, before royalties and transportation expense	22,280	36,329	98,236	147,554	-33%
Funds flow from operations (Note 1)	9,945	24,973	52,950	63,897	-17%
Per share – basic	\$ 0.21	\$ 0.55	\$ 1.15	\$ 1.40	-18%
Per share – diluted	\$ 0.20	\$ 0.52	\$ 1.10	\$ 1.31	-18%
Funds flow from operations by region (Note 1)					
Canada	(1,062)	5,149	(1,716)	2,490	
Thailand	11,063	20,102	54,811	61,865	-11%
Indonesia	(56)	(278)	(145)	(458)	-68%
Total	9,945	24,973	52,950	63,897	-17%
Net Income	6,996	10,813	15,145	31,751	-52%
Per share - basic	\$ 0.15	\$ 0.24	\$ 0.33	\$ 0.70	-53%
Per share - diluted	\$ 0.14	\$ 0.22	\$ 0.31	\$ 0.65	-52%
Working capital	28,659	42,087	28,659	42,087	-32%
Working capital plus deposits	32,738	46,386	32,738	46,386	-29%
Long-term debt	-	-	-	-	
Capital expenditures (Note 2)	18,960	16,598	63,495	40,491	57%
Acquisition – Indonesia (Note 3)	-	516	-	20,180	
Shares outstanding (thousands)	46,313	45,568	46,313	45,568	2%
Funds flow from operations per barrel					
Canada operations	\$ (3.42)	\$ 8.02	\$ (1.04)	\$ 1.37	
Thailand operations	35.69	31.30	33.40	34.17	-2%
Indonesia operations - G&A expense	(0.18)	(0.43)	(0.09)	(0.26)	-65%
	\$ 32.09	\$ 38.88	\$ 32.27	\$ 35.28	-9%
Capital Expenditures (Note 2)					
Canada	567	909	917	1,827	-50%
Thailand	16,351	10,460	51,996	31,319	66%
Indonesia	2,042	5,229	10,582	7,345	44%
Total	18,960	16,598	63,495	40,491	57%
Working Capital and Deposits					
Working Capital & Deposits - beginning of period	39,830	40,022	46,386	40,763	14%
Funds flow from operations (Note 1)	9,945	24,973	52,950	63,897	-17%
Capital expenditures (Note 2)	(18,960)	(16,598)	(63,495)	(40,491)	57%
Indonesia acquisition	-	1,131	-	(15,157)	
Foreign exchange impact on working capital	1,338	(2,803)	(4,214)	(1,964)	115%
Net (expenditures) proceeds on share transactions	585	(339)	1,111	(662)	
Working Capital & Deposits - end of period	32,738	46,386	32,738	46,386	-29%
Canada Operations					
Interest income	12	70	43	485	-91%
General and administrative expense	(359)	(989)	(1,450)	(3,134)	-54%
Realized foreign exchange gain (loss)	(692)	6,179	(247)	5,870	-104%
Foreign new ventures expenditures	(23)	(111)	(62)	(731)	-92%
Funds flow from operations	(1,062)	5,149	(1,716)	2,490	-169%
Funds flow from operations per barrel					
Interest income	\$ 0.04	\$ 0.11	\$ 0.03	\$ 0.26	-90%
General and administrative expense	(1.16)	(1.54)	(0.88)	(1.73)	-49%
Realized foreign exchange gain (loss)	(2.23)	9.62	(0.15)	3.24	-105%
Foreign new ventures expenditures	(0.07)	(0.17)	(0.04)	(0.40)	-91%
	\$ (3.42)	\$ 8.02	\$ (1.04)	\$ 1.37	-176%

	Three Months Ended December 31,		Year Ended December 31,		Change
	2009	2008	2009	2008	
<i>(thousands of Canadian dollars except where indicated)</i>					
Thailand Operations					
Total production	310,006	642,302	1,640,894	1,810,439	-9%
Average daily oil production (bbls/d)	3,370	6,982	4,496	4,947	-9%
Average oil sales price, before transportation (CDN\$/bbl)	\$ 71.87	\$ 56.56	\$ 59.87	\$ 81.50	-27%
Reference Price (volume weighted) and differential					
Crude oil (WTI \$US/bbl)	\$ 75.97	\$ 58.15	\$ 58.56	\$ 93.49	-37%
Exchange Rate \$US/\$Cdn	1.072	1.211	1.157	1.087	6%
Crude oil (WTI \$Cdn/bbl)	\$ 81.42	\$ 70.41	\$ 67.72	\$ 98.93	-32%
Sales price / WTI reference price	88%	80%	88%	82%	6%
Funds flow from operations					
Crude oil sales	22,280	36,329	98,236	147,554	-33%
Government royalty	(1,344)	(2,897)	(6,729)	(10,027)	-33%
Other royalty	(37)	(29)	(114)	(309)	-63%
Transportation expense	(761)	(1,557)	(3,866)	(4,551)	-15%
Operating expense	(2,278)	(1,114)	(7,555)	(3,809)	98%
Field Netback	17,860	30,732	79,972	128,857	-38%
General and administrative expense	(735)	(182)	(3,394)	(1,900)	79%
Interest Income	14	354	407	506	-20%
Special Remuneratory Benefit (SRB)	(1,868)	(6,358)	(6,751)	(35,489)	-81%
Current income tax	(4,208)	(4,445)	(15,423)	(30,109)	-49%
Funds flow from operations	11,063	20,102	54,811	61,865	-11%
Funds flow from operations per barrel (CDN\$/bbl)					
Crude oil sales	\$ 71.87	\$ 56.56	\$ 59.87	\$ 81.50	-27%
Government royalty	(4.34)	(4.51)	(4.10)	(5.54)	-26%
Other royalty	(0.12)	(0.05)	(0.07)	(0.17)	-59%
Transportation expense	(2.45)	(2.42)	(2.36)	(2.51)	-6%
Operating expense	(7.35)	(1.73)	(4.60)	(2.10)	119%
Field Netback	57.61	47.85	48.74	71.17	-32%
General and administrative expense	(2.37)	(0.28)	(2.07)	(1.05)	97%
Interest Income	0.05	0.55	0.25	0.28	-11%
Special Remuneratory Benefit (SRB)	(6.03)	(9.90)	(4.11)	(19.60)	-79%
Current income tax	(13.57)	(6.92)	(9.40)	(16.63)	-43%
Thailand - Funds flow from operations	\$ 35.69	\$ 31.30	\$ 33.40	\$ 34.17	-2%
Government royalty as percentage of sales	6%	8%	7%	7%	0%
SRB as percentage of crude oil sales	8%	18%	7%	24%	-17%
Income tax as percentage of crude oil sales	19%	12%	16%	20%	-5%
As percentage of crude oil sales					
Expenses - transportation, operating, G&A and other	17%	8%	15%	7%	8%
Government royalty, SRB and income tax	33%	38%	29%	51%	-22%
Funds flow from operations, before interest income and realized foreign exchange gain	50%	54%	55%	42%	14%
Wells drilled					
Gross	6	7	24	22	9%
Net	4.4	4.2	15.2	13.2	15%

	Year Ended December 31,		
	2009	2008	Change
<i>(thousands of Canadian dollars except where indicated)</i>			
RESERVES			
<u>Onshore Thailand</u>			
<i>(reserves assigned to concessions SW1 and L44/43; 60% interest)Note4</i>			
Proved oil reserves (thousands of barrels)	9,525	5,580	71%
Proved plus probable oil reserves (thousands of barrels)	36,684	24,963	47%
Net present value of proved + probable reserves, after tax discounted at 10%	459,000	357,000	29%
Per Pan Orient share - basic Note 6	\$ 9.68	\$ 7.83	24%
Net present value of proved + probable reserves, after tax discounted at 15%	362,000	296,000	22%
Per Pan Orient share - basic Note 6	\$ 7.63	\$ 6.50	17%
<u>Canada</u>			
<i>(53.2% share of the oil sands leases of Andora at Sawn Lake, Alberta) Note 5</i>			
Probable oil reserves (thousands of barrels)	70,121	70,253	0%
Net Present value of probable reserves, after tax discounted at 10%	466,000	487,695	-4%
Per Pan Orient share - basic Note 6	\$ 9.82	\$ 10.70	-8%
Net present value of probable reserves, after tax discounted at 15%	318,000	320,796	-1%
Per Pan Orient share - basic Note 6	\$ 6.70	\$ 7.04	-5%

International Concessions at December 31, 2009

<i>All amounts reflect Pan Orient's interest</i>	Status	Net Square Kilometers	Financial Commitments - Note 7 (CDN thousands)	2009 Avg Production	P+P Reserves (Mstb)
<u>Onshore Thailand</u>					
SW1A (60% working interest & operator)	Developed		-	232	1,980
L44/43 (60% working interest & operator)	Partially developed	14	\$ 19	to July 2012	34,704
L33/43 (60% working interest & operator)	Undeveloped	539	\$ 680	to July 2012	-
L53/48 (100% working interest & operator)	Undeveloped	557	\$ 1,498	to January 2013	-
<u>Indonesia</u>					
Citarum PSC, West Java (69% working interest & operator) Note 8 & 9	Undeveloped	3,997	18,562	to October 2010	-
Batu Gajah PSC, South Sumatra (90% working interest & operator) Note 8 & 9	Undeveloped	1,986	27,902	to January 2011	-
South CPP PSC, Central Sumatra (90% working interest & operator) Note 9	Undeveloped	2,270	5,231	to November 2011	-

- (1) Funds flow from operations ("funds flow" before changes in non-cash working capital and reclamation costs) is used by management to analyze operating performance and leverage. Funds flow as presented does not have any standardized meaning prescribed by Canadian GAAP and therefore it may not be comparable with the calculation of similar measures of other entities.
Funds flow is not intended to represent operating cash flow or operating profits for the period nor should it be viewed as an alternative to cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with Canadian GAAP. All references to funds flow throughout this report are based on funds flow from operations before changes in non-cash working capital and reclamation costs.
- (2) Cost of capital expenditures, excluding any asset retirement obligation and excluding the impact of changes in foreign exchange rates.
- (3) Cost of Indonesian acquisition in 2008 allocated to petroleum and natural gas properties.
- (4) Thailand reserves as at December 31, 2009 and December 31, 2008 as evaluated by Gaffney Cline & Associates (Consultants) Pte. Ltd. of Singapore assessed at forecast crude oil reference prices and costs. The reference price for crude oil per barrel (US\$ WTI per barrel) is \$80.00 for 2010, \$83.60 for 2011, \$87.40 for 2012, \$91.30 for 2013, \$95.30 for 2014, \$99.40 for 2015, and prices increase at 2% per year thereafter. The engineered values disclosed may not represent fair market value.
- (5) Pan Orient's 53.2% share of the reserves of Andora Energy Corporation, a private company, as at December 31, 2009 and December 31, 2008 as evaluated by DeGolyer and MacNaughton Canada Limited assessed at forecast crude oil reference prices and costs. The reference price for crude oil per barrel (crude bitumen 9 API Plant Gate in Canadian dollars) is \$58.32 for 2010, \$59.21 for 2011, \$58.83 for 2012 and prices increasing to \$67.81 in 2021. The engineered values disclosed may not represent fair market value.
- (6) Per share values calculated based on 47,414,200 Pan Orient Shares outstanding at March 31, 2010.

- (7) Share of commitments reflect amounts to be paid by Pan Orient, including carried interest partners in Indonesia. Note that commitments for a concession in Thailand or a Production Sharing Contract ("PSC") in Indonesia include the completion of a work program as well as the amount of expenditure. Work program commitment is based on the original contract and timing is subject to government approval.
- (8) Indonesia financial commitments as provided above represent the current exploration phase that the Company is conducting. 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.
- (9) Amounts recorded in the financial statements and work commitments for Indonesian 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).

Thailand 2009 Drilling Program

Net to Pan Orient (Cdn\$ thousands)	2009 Capital Expenditures	Oil Sales - 2009 Drilled Wells (net Pan Orient)				2009 Wells Only	Field Reserves
		2009 (bbls)	% of 2009	2010 Q1 (bbls)	(bbls/d)	Est. 2009 Funds flow (Note 3)	Year end P+P (mmbbls) (Note 4)
Na Sanun East (Note 1)	12,829	245,228	15%	46,357	515	9,367	13.8
NSE-D2		16,946		2,604	29	519	
NSE-G1		-		-	-		
NSE-H1		77,276		14,917	166	2,905	
NSE-H2		23,238		3,779	42	851	
NSE-E2		104,993		23,011	256	4,232	
NSE-H3 (new volcanic reservoir)		15,322		379	4	570	
NSE-I1		970		-	-	28	
NSE-J1 (new sandstone reservoir)		5,599		1,238	14	233	
NSE-J2		883		428	5	29	
NSE-G2		-		-	-		
NSE-F1 (Note 1)	1,259	8,331	1%	1,877	21	260	7.2
L44-W (new field)	8,809	53,543	3%	22,924	255	2,223	1.1
L44-W		23,106		12	0	795	
L44-W2		4		-	-		
L44-W3 (HZ)		-		-	-		
L44-W4 (HZ)		30,433		22,912	255	1,428	
Bo Rang A&B (new fields)	10,688	65,634	4%	125,582	1,395	2,940	11.1
BR-1RD		8,161		-	-	323	
BR-2(HZ)		5,516		40,731	453	200	
L44V-D2(HZ)		17,209		10,054	112	773	
BR-3D1(HZ)		23,890		41,113	457	1,134	
BR-4D1(HZ)		10,858		33,684	374	510	
Wichian Buri, Na Sanun, POE-6, Si Thep							3.5
Si Thep 2 (new sandstone zones)		232		262	3	10	
L44R-2	488	-		-	-	-	<i>No P+P assigned To be determined</i>
Concession L53 -100% POE (Note 2) (new field)	6,357	-		-	-	-	
L53-A							
L53-D							
Capital - Drilling	42,089	372,968	23%	197,002	2,189	14,800	36.7
Equipment inventory	2,352						
2008 Wells	1,896						
Other capital	5,659						
Total Thailand Capital	51,996						

- Gaffney, Cline & Associates (Consultants) Pte. Ltd. of Singapore states that the negative technical revisions relate to the transfer of volumes from Na Sanun Central following the discovery of the NSE-F1 accumulation, by wells NSE-F1 and NSE-F1ST, which is now regarded as a separate pool from the main Na Sanun Central Field. As the NSE-F wells were drilled in 2009, the transferred volume from the Na Sanun Central field is now included in the "Discoveries" category.
- Pan Orient is in the process of applying for a production license for Concession L53/48. Contingent resources will be determined by Gaffney Cline as part of the application process. During the first quarter of 2010, approximately 13,500 barrels of oil was produced under a 90 day test permit and is being stored in tanks until the production license is received.
- Estimated funds flow from operations after general and administrative expenses, SRB and income tax. SRB and income tax allocated to each property using an average effective SRB and income tax rate for the year.
- Independent reserves evaluation as at December 31, 2009 by Gaffney, Cline & Associates (Consultants) Pte. Ltd. of Singapore ("Gaffney Cline") for the Thailand assets and was prepared in accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities. Reserves shown for the field, including all wells drilled to Dec31-09.

Thailand 2009 Drilling – Concession L44/43

