



PAN ORIENT ENERGY CORP.

Press Release

2012 First Quarter Financial & Operating Results

CALGARY, May 28, 2012

Pan Orient Energy Corp. ("Pan Orient") (POE – TSXV) is pleased to provide highlights of its 2012 first quarter consolidated financial and operating results. *Please note that all amounts are in Canadian dollars unless otherwise stated and BOPD refers to barrels of oil per day net to Pan Orient.*

The Corporation is today filing its unaudited consolidated financial statements as at and for the three months ended March 31, 2012 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.

2012 FIRST QUARTER OPERATING RESULTS

- Funds flow from operations for the first quarter of 2012 was \$18.7 million compared with \$7.1 million for the fourth quarter of 2011 and \$12.4 million for the first quarter of 2011. Funds flow from operations per share was \$0.33 for the first quarter of 2012.
- Net income attributable to common shareholders was \$8.1 million, or \$0.14 per share, for the first quarter of 2012 compared with net income attributable to common shareholders of \$11.6 million, or \$0.21 per share, for the fourth quarter of 2011 and \$3.9 million, or \$0.08 per share, for the first quarter of 2011. Net income attributable to common shareholders for the fourth quarter of 2011 included a \$10.3 million reduction in future tax expense.
- Total capital expenditures for the first quarter of 2012 were \$21.5 million, with \$13.6 million in Thailand, \$7.8 million in Indonesia and \$0.1 million in Canada.
- At March 31, 2012 Pan Orient had \$48.5 million of working capital and non-current deposits, and no long-term debt. In addition, Pan Orient had \$11.6 million of equipment inventory to be utilized for future Thailand and Indonesia operations which is included in exploration and evaluation assets in the consolidated statement of financial position. As at March 31, 2012 estimated commitments in Indonesia to November 2014 were \$54.0 million for the Batu Gajah, Citarum, South CPP and East Jabung PSC's ("Production Sharing Contracts"). Estimated commitments in Thailand at March 31, 2012 were \$0.1 million to January 2013.
- Thailand
 - Average oil sales in Thailand for the first quarter of 2012 of 2,541 BOPD with 1,358 BOPD from Concession L53, 979 BOPD from Concession L44, 44 BOPD from Concession L33, and 160 BOPD from Concession SW1. Oil sales at Concession L53 increased to 1,358 BOPD in the first quarter of 2012 from 396 BOPD in the fourth quarter of 2011 with the addition of 885 BOPD from the L53-D2 and L53-DST3 exploration wells at the L53D-East field producing from new sandstone reservoirs under 90 day test periods. Production from sandstone reservoirs represented 63% of oil sales in the first quarter of 2012.

Average oil sales in April 2012 were 1,757 BOPD, with 755 BOPD from Concession L53, 820 BOPD from Concession L44, 47 BOPD from Concession L33, and 135 BOPD from Concession SW1. Concession L53 production was impacted by the shut-in of L53-D2 on April 17th at the end of its 90 production period.

The L53-DST3 well was shut-in on May 1st with 27 days remaining on the 90 day allowable production testing period. Additional potential oil zones in the L53-DST3 well will be perforated after completion of the L53-D2ST2 well which is currently drilling. In mid-May approximately 280 BOPD of production was temporarily shut in at Concession L44 while the company awaits the approval for long term use on surface lands held by the Agricultural Land Reform Office (ALRO) of the Government of Thailand. Production is anticipated to be brought back on by mid-August 2012.
 - Funds flow from Thailand operations was \$19.0 million for the first quarter of 2012, or \$81.98 per barrel. The results for the first quarter of 2012 reflect increased production in Concession L53, which has a high after tax netback from lower transportation expenses per barrel due to a closer proximity to the refinery and the utilization of income tax loss carry forward balances to eliminate current income tax. The increase in funds flow from Thailand operations to \$19.0 million from \$7.7 million in the fourth quarter of 2011 is a result of the 39% increase in oil sales volumes, a 6% increase in the realized price for crude oil, a reduction in operating and administrative expenses and a reduction in current income tax. Funds flow from Thailand operations funded the \$13.6 million of capital expenditures during the quarter and generated an additional \$5.4 million for other capital programs in Indonesia or Canada.

For the first quarter of 2012, transportation expenses were \$1.92 per barrel, operating expenses and other royalty were \$9.41 per barrel, general and administrative expenses of \$3.98 per barrel and amounts to the Thailand government of \$13.71 per barrel resulted in after tax funds flow from operations per barrel of \$81.98. The Brent reference price for crude oil per barrel increased 8% during the quarter to CDN\$121.09 and the realized price was 92% of this reference price based on strength of oil product prices in Singapore. For the first quarter of 2012, Thailand crude oil revenue of \$110.97 per barrel was allocated 14% to expenses for transportation, operating, and general & administrative, 12% to the government of Thailand in the form of royalties and Income Tax, and 74% to Pan Orient.

- A Thailand drilling program in the first quarter 2012 of six wells (4.4 net wells) with two exploration wells in Concession L53, an exploration well and an appraisal well in Concession L44, and an exploration well and an appraisal well in Concession SW1. In addition, drilling and testing work continued on the L53-D2 exploration well in Concession L53 which spudded December 15, 2011, and the L44V-D2ST2 appraisal well in the Bo Rang field in Concession L44 which spudded December 22, 2011.
 - The two exploration wells drilled in Concession L53 resulted in the L53-DST3 well producing oil from new sandstone intervals in the recently discovered L53-D East field, and the L53-G exploration well which tested oil at sub-commercial rates.
 - The two wells drilled during the quarter at Concession L44 (Pan Orient operator and 60% ownership) were the L44R-2ST2 exploration well which tested oil at sub-commercial rates and the L44-G3 appraisal well which tested oil at sub-commercial rates but is planned to be re-drilled horizontally later in 2012.
 - The two wells drilled during the quarter at Concession SW1 (Pan Orient operator and 60% ownership) were the POE-3A appraisal well which was unsuccessful and the NS-4A exploration well which encountered four meters of net oil pay in a shallow sandstone reservoir which is currently on production at approximately 54 BOPD with no water. Two immediate follow up wells are planned for this new sandstone discovery.
- The L53-D East sandstone oilfield in Concession L53 (Pan Orient 100% working interest and operator) was discovered with the L53-D2 exploration well which had been spudded in December 2011 and brought into production in January 2012 during a 90 day production testing period in which several zones were tested. The follow-up L53-DST3 exploration well was drilled and started production testing of different reservoir intervals in February 2012. During the first quarter of 2012, the L53-D East field produced 80,573 barrels of oil. The L53-D2ST1 well, sidetracked off of the original L53-D2 wellbore that had reached the end of its 90 day production test, was targeting the untested deep sands within fault block "C" which proved water bearing. The L53-D2ST2 well, a second sidetrack off the same wellbore, is currently drilling ahead towards a number of shallow and deep sandstone objectives in the untested fault compartment "B".

The reserve report of Pan Orient at December 31, 2011 assigned no reserves to the L53-D East oilfield since there was no production license in place. As part of the production license application for L53-D East, a third party contingent resource estimate for one of four fault compartments (compartment "A") was completed at the end of April and submitted with the application in early May for a production license for the L53-D East sandstone field. This report estimated contingent resources for compartment "A" of: 1C 0.264 million barrels, 2C 0.944 million barrels and 3C 4.242 million barrels. Three zones that are interpreted as oil bearing, but were not tested as they were deemed certain oil, were not included in the assessment. Approval of the production license is anticipated by approximately the end of July. The follow-up work program is subject to the timing of the granting of a production license and the environmental approval for the drilling of up to 12 wells.

- A 3D seismic survey has been completed in Concession L53 to the northeast of the existing 3D seismic coverage with possible exploration wells drilled on the basis of this 3D seismic by year-end 2012.

➤ Indonesia

- Capital expenditures in Indonesia of \$7.8 million with \$7.5 million at the Citarum PSC (Pan Orient operator and 77% ownership), \$0.1 million at the Batu Gajah PSC (Pan Orient operator and 97% ownership) and \$0.2 million at the East Jabung PSC (Pan Orient operator and 100% ownership).
- At the Citarum PSC on-shore Java, Pan Orient commenced the exploration drilling program at the end of December 2011. Capital expenditures of \$7.5 million in the first quarter of 2012 included \$4.3 million for the Cataka-1 well, \$1.9 million for the Jatayu-1 well, \$0.8 million for site preparation for the Geulis-1 well and \$0.5 million for capitalized exploration overhead and other costs.
 - The Cataka-1 exploration well commenced drilling on December 31, 2011. The well encountered severe drilling difficulties and the decision was made in February 2012 to junk and abandon the well at a depth of approximately 400 meters TVD, 1,500 meters above the primary reservoir objective. The primary reservoir objective of the well, at approximately 1,900 meters depth, had not been penetrated. Upon the completion of the Jatayu-1 and Geulis-1 wells drilling will commence on the re-drill of the Cataka prospect (with Cataka-1A well) incorporating a redesigned well plan incorporating the information gathered from the original well.

- The Jatayu-1 exploration well commenced drilling on February 15, 2012 towards a primary reservoir objective target depth of 7,382 feet. At 6,156 a drilling break occurred where the penetration rate increased from 16 feet per hour to 54 feet per hour over a 50 foot interval while drilling through sands, suggesting porous sands. Associated with this drilling break was an influx of gas (18% mudgas, above 0.8% background) into the wellbore that required an increase in mud weight and two to three hours to circulate the gas out of the mud system. Shortly thereafter the pipe became stuck. The well is currently being plugged back to the 9 5/8" casing shoe at 1,444 meters and will be drilled vertically from this location to avoid the issues associated with the initial directional / deviated hole in a complex fold belt environment. It is believed this will largely mitigate the difficulties experienced to date. The drilling break with associated gas influx observed in a secondary sandstone objective above the main reservoir target was very encouraging. The gas composition appears to be of biogenic origin (mainly methane), the similar to the approximately 780 Bcf Subang gas field to the north in an adjacent concession
 - Upon the completion of drilling at the Jatayu-1 well, the rig will, mobilize to the Geulis prospect and then to the Cataka prospect.
- Subsequent Event

On May 23, 2012 Pan Orient announce that it has entered into an agreement for the sale of its operated 60% interest in Thailand Concessions L44/43, L33/43 and SW1 for a cash price of USD \$170 million plus approximately USD \$8 million for working capital and other adjustments. It is expected that net proceeds after costs and income tax will be approximately USD \$162 million. The transaction is anticipated to close on approximately June 15, 2012 and will have a December 31, 2011 effective date. Pan Orient's other interests in Thailand, consisting of its operated 100% interest in Concession L53/48, are being retained.

OUTLOOK

- Pan Orient will be focusing on a large acreage portfolio in western onshore Indonesia throughout the remainder of 2012. The current three well drilling program in the Citarum PSC has been challenging and encouraging; attributes not entirely unexpected in a frontier exploration foldbelt. Approximately late in the third quarter of 2012, exploration will focus on the Batu Gajah PSC onshore Sumatra with the drilling of 2 firm exploration wells and 2 contingent exploration wells. One of the firm wells will be an appraisal of the NTO-1 gas discovery that will be drilled to confirm the overall size of the gas accumulation in the Lower Talang Akar sandstones and test the possibility of an oil or gas accumulation in the overlying Upper Talang Akar sandstones. The Shinta-1 exploration well will be targeting potential stacked sandstone pay at a location in close proximity to, and surrounded by, some large fields operated by another operator. Both of these well locations have been selected on the basis of 3D seismic data. In the second half of 2012 we also be acquiring 2D seismic data in the East Jabung and South CPP PSC's, setting the stage for a three well exploration program on these PSC's in 2013. Meaningful exploration success of any of the above wells will alter the work program as outlined with a significant increase in the planned activity.
- In Thailand, the company will aggressively develop the L53 D East sandstone oil discovery and also likely be in a position to start the first exploration drilling in the northern portion of the concession late in the year on the basis of 3D seismic acquisition that was just recently completed. Pan Orient considers the Thailand operation core to its business and a generator of free cash flow used to fund exploration activities in Indonesia and additional new ventures opportunities that we know to be available in Thailand.
- Lastly, we anticipate activities related to the Sawn Lake heavy oil asset to come into focus over the remainder of 2012 with a clear course of action on the asset to be communicated to shareholders shortly after the closing of the sale of the Thailand assets.

Please refer to the Pan Orient's website (www.panorient.ca) where an updated corporate presentation can be viewed.

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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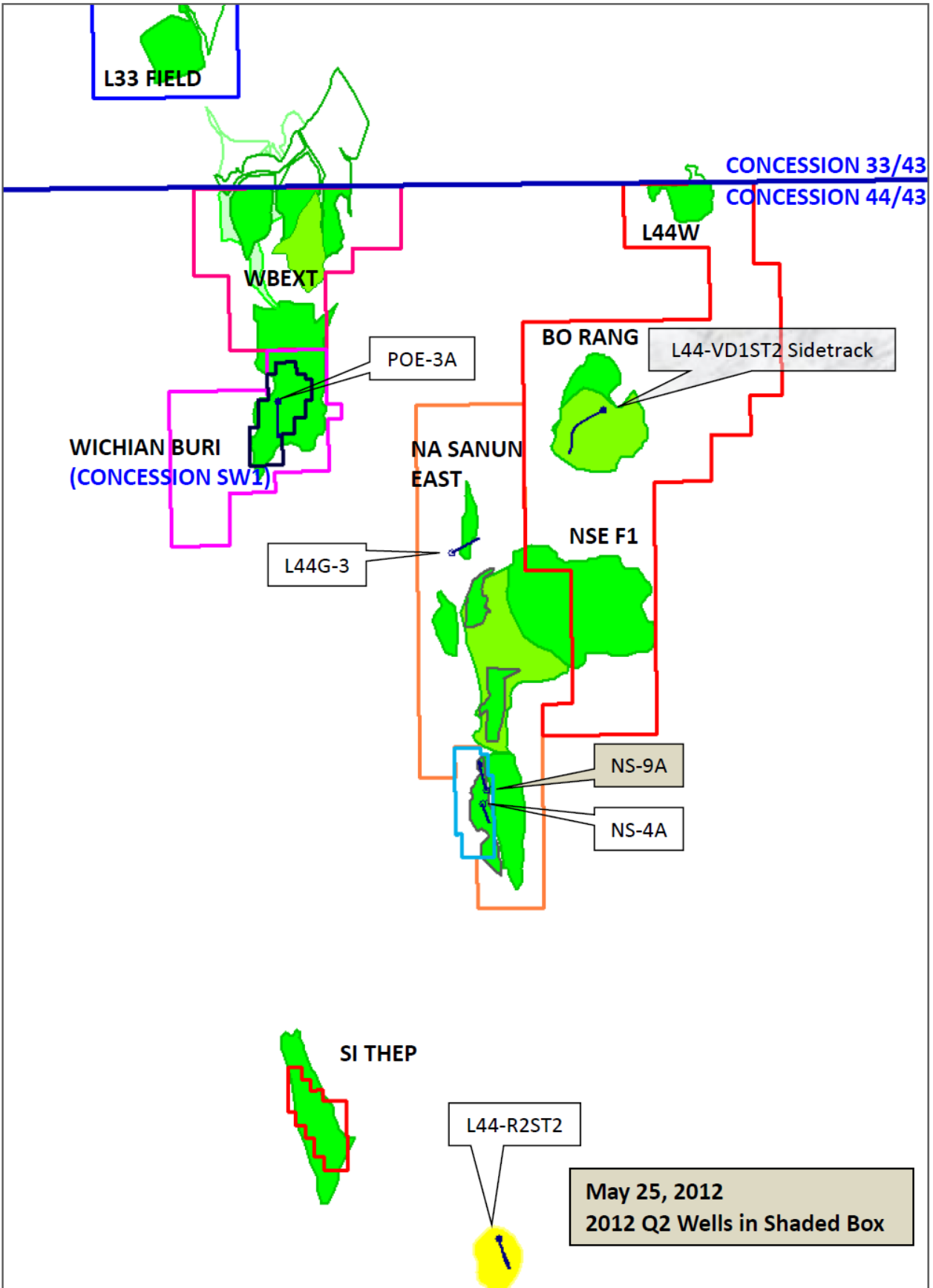
Telephone: (403) 294-1770

| Financial and Operating Summary | Three Months Ended March 31, | | Change |
|---|---------------------------------|-----------|--------|
| | 2012 | 2011 | |
| <i>(thousands of Canadian dollars except where indicated)</i> | | | |
| FINANCIAL | | | |
| Oil revenue, before royalties and transportation expense | 25,654 | 18,449 | 39% |
| Funds flow from operations (Note 1) | 18,668 | 12,362 | 51% |
| Per share – basic & diluted | \$ 0.33 | \$ 0.24 | 37% |
| Funds flow from operations by region (Note 1) | | | |
| Canada | (220) | (424) | -48% |
| Thailand | 18,954 | 12,859 | 47% |
| Indonesia | (66) | (73) | -10% |
| Total | 18,668 | 12,362 | 51% |
| Net income attributable to common shareholders | 8,124 | 3,928 | 107% |
| Per share – basic and diluted | \$ 0.14 | \$ 0.08 | 79% |
| Working capital | 45,379 | 64,512 | -30% |
| Working capital & non-current deposits | 48,501 | 69,164 | -30% |
| Long-term debt | - | - | |
| Capital expenditures (Note 2) | 21,471 | 19,972 | 8% |
| Acquisitions – Indonesia (Note 3) | - | 1,780 | 0% |
| Acquisitions – Sawm Lake, Canada (Note 3 & 6) | - | 3,192 | 0% |
| Shares outstanding (thousands) | 56,685 | 56,544 | 0% |
| Funds Flow from Operations per Barrel (Note 1) | | | |
| Canada operations | \$ (0.95) | \$ (2.10) | -55% |
| Thailand operations | 81.98 | 63.61 | 29% |
| Indonesia operations | (0.29) | (0.36) | -21% |
| | \$ 80.75 | \$ 61.15 | 32% |
| Capital Expenditures (Note 2) | | | |
| Canada | 43 | 68 | -37% |
| Thailand | 13,613 | 14,414 | -6% |
| Indonesia | 7,815 | 5,490 | 42% |
| Total | 21,471 | 19,972 | 8% |
| Working Capital and Non-current Deposits | | | |
| Working capital & non-current deposits - beginning | 51,632 | 31,396 | 64% |
| Funds flow from operations (Note 1) | 18,668 | 12,362 | 51% |
| Capital expenditures (Note 2) | (21,471) | (19,972) | 8% |
| Acquisitions – Indonesia (Note 4) | - | (1,436) | -100% |
| Foreign exchange impact on working capital | (328) | (314) | 4% |
| Net proceeds on share transactions | - | 47,130 | -100% |
| Working capital & non-current deposits - end of period | 48,501 | 69,166 | -30% |
| Canada Operations | | | |
| Interest income | 69 | 21 | 230% |
| General and administrative (expense) recovery (Note 5) | (256) | (263) | -3% |
| Realized foreign exchange (loss) gain | (33) | (182) | -82% |
| Funds flow from operations (Note 1) | (220) | (424) | -48% |
| Funds flow from operations per barrel | | | |
| Interest income | \$ 0.30 | \$ 0.10 | 199% |
| General and administrative expense (Note 5) | (1.11) | (1.30) | -15% |
| Realized foreign exchange (loss) gain | (0.14) | (0.90) | -84% |
| | \$ (0.95) | \$ (2.10) | -55% |
| Indonesia Operations | | | |
| General and administrative (expense) recovery (Note 5) | (66) | (73) | -10% |
| Wells drilled Gross | 1 | 1 | 0% |
| Net | 0.8 | 1.0 | -20% |

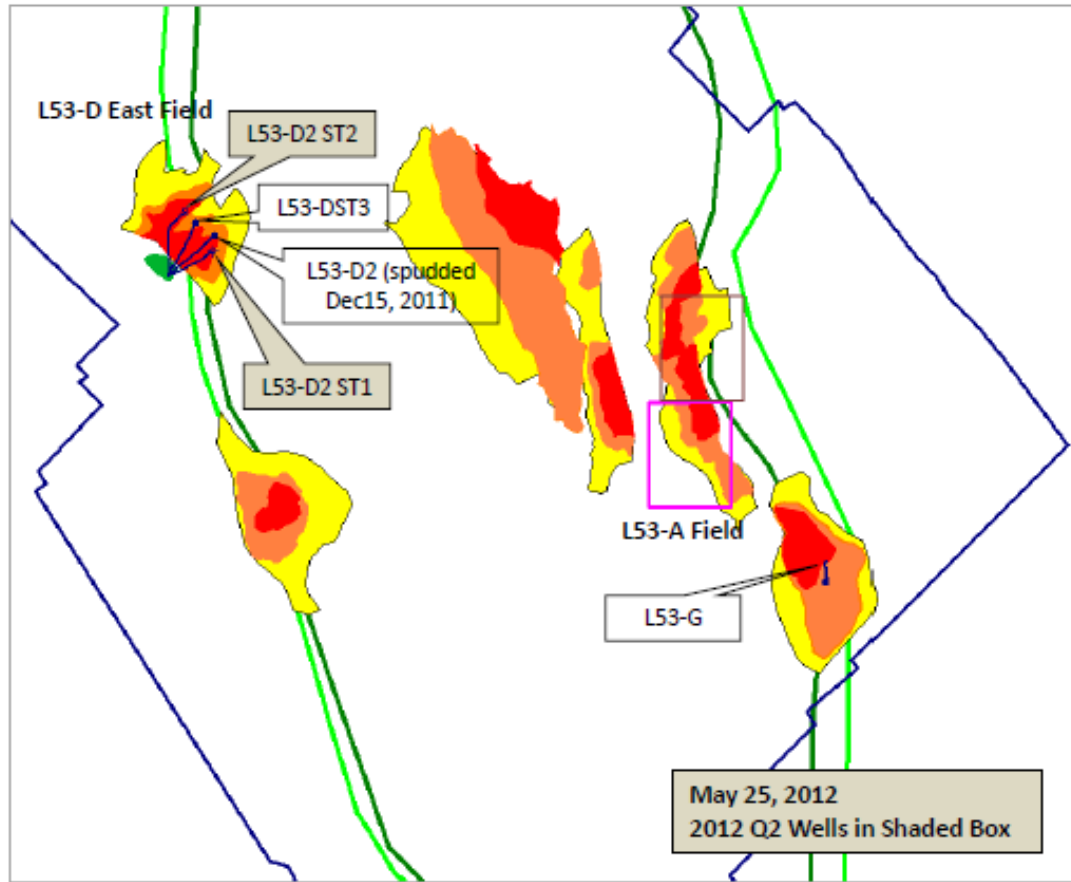
| | Three Months Ended March 31, | | Change |
|---|---------------------------------|-----------|--------|
| | 2012 | 2011 | |
| <i>(thousands of Canadian dollars except where indicated)</i> | | | |
| THAILAND OPERATIONS | | | |
| Oil sales (bbls) | 231,188 | 202,167 | 14% |
| Average daily oil sales (bbls/d) by Concession | | | |
| L44 | 979 | 1,501 | -35% |
| SW1 | 160 | 122 | 31% |
| L33 | 44 | 210 | -79% |
| L53 | 1,358 | 414 | 228% |
| Total | 2,541 | 2,246 | 13% |
| Average oil sales price, before transportation (CDN\$/bbl) | \$ 110.97 | \$ 91.26 | 22% |
| Reference Price (volume weighted) and differential | | | |
| Exchange Rate \$US/\$Cdn | 0.96 | 1.00 | 4% |
| Crude oil (Brent \$US/bbl) | \$ 118.90 | \$ 105.60 | 13% |
| Crude oil (Brent \$Cdn/bbl) | \$ 121.09 | \$ 105.60 | 15% |
| Sale price / Brent \$Cdn reference price | 92% | 86% | 5% |
| Funds flow from operations (Note 1) | | | |
| Crude oil sales | 25,654 | 18,449 | 39% |
| Government royalty | (1,273) | (956) | 33% |
| Other royalty | (49) | (45) | 9% |
| Transportation expense | (444) | (469) | -5% |
| Operating expense | (2,126) | (2,137) | -1% |
| | 21,762 | 14,842 | 47% |
| General and administrative expense (Note 5) | (921) | (992) | -7% |
| Interest income | 9 | 17 | -48% |
| Special Remuneratory Benefit tax (SRB) | - | (23) | -100% |
| Current income tax | (1,896) | (985) | 92% |
| Funds flow from operations | 18,954 | 12,859 | 47% |
| Funds flow from operations / barrel (CDN\$/bbl) (Note 1) | | | |
| Crude oil sales | \$ 110.97 | \$ 91.26 | 22% |
| Government royalty | (5.51) | (4.73) | 16% |
| Other royalty | (0.21) | (0.22) | -4% |
| Transportation expense | (1.92) | (2.32) | -17% |
| Operating expense | (9.20) | (10.57) | -13% |
| | 94.13 | 73.41 | 28% |
| General and administrative expense (Note 5) | (3.98) | (4.90) | -19% |
| Interest Income | 0.04 | 0.08 | -53% |
| Special Remuneratory Benefit (SRB) | - | (0.11) | -100% |
| Current income tax | (8.20) | (4.87) | 68% |
| Thailand - Funds flow from operations | \$ 81.98 | \$ 63.61 | 29% |
| Government royalty as percentage of crude oil sales | 5.0% | 5.2% | -0.2% |
| SRB as percentage of crude oil sales | 0.0% | 0.1% | -0.1% |
| Income tax as percentage of crude oil sales | 7.4% | 5.3% | 2.1% |
| As percentage of crude oil sales | | | |
| Expenses - transportation, operating, G&A and other | 14% | 20% | -6% |
| Government royalty, SRB and income tax | 12% | 10% | 2% |
| Funds flow from operations, before interest income and realized foreign exchange gain | 74% | 70% | 4% |
| Wells drilled - Gross | 6 | 6 | 0% |
| Net | 4.4 | 4.4 | 0% |

- (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 IFRS 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 IFRS.
- (2) Cost of capital expenditures, excluding any decommissioning provision and excluding the impact of changes in foreign exchange rates.
- (3) Cost of acquisitions, including deemed value of equity issued in the transaction.
- (4) Cost of acquisitions, excluding deemed value of equity issued in the transaction.
- (5) General & administrative expenses, excluding non-cash accretion on decommissioning provision.
- (6) The acquisition transaction was reversed in the fourth quarter of 2011

Thailand 2012 Drilling – Concessions L33/43 & L44/43 & SW1



Thailand 2012 Drilling – Concession L53



Pan Orient 2012 Thailand Drilling to March 31, 2012

| Well | Field | | Oil Sales Net POE (BOPD) |
|---------|-----------|--|--------------------------------|
| | | | 2012 Q1 |
| 2012 Q1 | | | |
| 1 | L44R-2ST2 | L44R Exploration | - |
| | | Testing potential of two volcanic intervals below the proven oil bearing uppermost volcanic zone. Both zones tested oil at sub-commercial rates. | |
| 2 | L44-G3 | NSE Appraisal | 1 |
| | | Targeted two volcanic reservoirs. Deeper volcanic tight and upper volcanic zone tested oil at sub-commercial rates. Horizontal well planned for 2012. | |
| 3 | POE-3A | SW1 Appraisal | - |
| | | Drilled horizontally into sandstone reservoir but sands appear to be depleted and well unsuccessful. Results had been incorporated into 2011 reserve report. | |
| 4 | NS-4A | NSE Exploration | - |
| | | Target volcanic below main volcanic reservoir unsuccessful. Producing oil from four meters of net oil pay in a shallow sandstone zone. | |
| 5 | L53-G | L53 Exploration | 1 |
| | | Well located 2.7 kilometers southeast and on trend of L53-A oil field in a distinctly separate structural closure tested oil at a sub-commercial rates. | |
| 6 | L53-DST3 | L53 Exploration | 436 |
| | | Producing oil and testing of a number of sandstone intervals is ongoing during the 90 day test period | |
| | | | 438 |

Pan Orient 2012 Indonesia Drilling to March 31, 2012

| Well | PSC | |
|---------|--------------------------|---|
| 2012 Q1 | | |
| 1 | Jatayu #1 & sidetrack | Citarum Exploration |
| | | Commenced drilling on February 15, 2012 and the well is currently drilling ahead. |