Pan Orient ENERGY

PAN ORIENT ENERGY CORP.

Press Release

2013 First Quarter Financial & Operating Results

CALGARY, May 23, 2013

Pan Orient Energy Corp. ("Pan Orient") (POE – TSXV) is pleased to provide highlights of its 2013 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, 2013 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.

2013 FIRST QUARTER OPERATING RESULTS

- Total corporate funds flow from operations for the first quarter of 2013 were $5.7 million compared with $5.8 million for the fourth quarter of 2012 and $18.7 million for the first quarter of 2012. Funds flow from operations per share was $0.10 for the first quarter of 2013. The reduction compared to the first quarter of 2012 is primarily due to the sale in June 2012 of subsidiaries holding Pan Orient's 60% interests in Thailand Concessions L44, L33 and SW1 and oil production at the L53-D East field in Concession L53 in Thailand coming off flush production levels.
- Net income attributable to common shareholders of $0.3 million, or $0.01 per share, for the first quarter of 2013 compared with net income attributable to common shareholders of $0.9 million, or $0.02 per share, for the fourth quarter of 2012 and $8.1 million, or $0.14 per share, for the first quarter of 2012.
- Capital expenditures were $34.5 million for the first quarter of 2013 with $13.8 million in Thailand, $18.5 million in Indonesia and $2.2 million in Canada. Capital expenditures were partially funded by Thailand funds flow from operations and existing working capital.
- At March 31, 2013 Pan Orient had $87.4 million of working capital and non-current deposits, and no long-term debt. In addition, Pan Orient had $9.3 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, 2013 estimated commitments for Indonesia PSC's ("Production Sharing Contracts") to November 2014 were $37.1 million for the Batu Gajah, Citarum, South CPP and East Jabung PSC's. Estimated commitments in Thailand at March 31, 2013 relating to Concessions L53 and L45 were $5.6 million to January 2016. Estimated commitments for Canada operations at March 31, 2013 relating to the SAGD demonstration project of Andora Energy Corporation ("Andora"), a subsidiary 71.8% owned by Pan Orient, were $2.8 million to October 2018 relating the Sawn Lake Steam Assisted Gravity Drainage ("SAGD") demonstration project.
- Thailand
  - In the first quarter of 2013 Concession L53 averaged oil sales of 819 BOPD and generated $5.9 million in after tax funds flow from operations, or $79.55 per barrel. This compares with oil sales in the fourth quarter of 2012 of 1,029 BOPD and $6.3 million in after tax funds flow from operations, or $66.66 per barrel. Compared with the fourth quarter of 2012, oil sales declined 20% due to downtime associated with workovers and declining oil production rates from the deeper "C" sandstone zones at the L53-DST3 well and there was a $8.28 per barrel reduction in operating expenses primarily due to the decrease in water disposal costs from Pan Orient being able to use its own water disposal facilities.
  - On a per barrel basis, after tax funds flow from operations of $79.55 in the first quarter of 2013 resulted from oil sales of $101.05, transportation expenses of $1.51, operating expenses of $10.21, general and administrative expenses of $4.94 and a royalty to the Thailand government of $4.88. Oil sales revenue during this period was allocated 16% to expenses for transportation, operating, and general & administrative, 5% to the government of Thailand for royalties, and 79% to Pan Orient.
  - Capital expenditures at Concession L53 during the first quarter of 2013 of $13.8 million in included $9.3 million in drilling costs for six wells, $3.2 million for 3D seismic programs, and $1.2 million for well workovers and $0.1 million for other costs. The six well program in the first quarter of 2013 consisted of

two appraisal wells in the L53-D East field and four exploration wells.   These wells added an average of 141 BOPD in the first quarter, 441 BOPD in April 2013 and resulted in new oil pool discoveries with the L53-DC1, L53- A4ST1, and L53-G2 wells. The L53-A4ST1 and L53-G2 wells are outside existing production license areas and Pan Orient plans to apply for a single contiguous production license over the L53-A4ST1 and L53-G2 structures in June, with approval expected by the fourth quarter of 2013.

- The L53-DC1 and L53-DC2 appraisal wells are producing oil from a new pool discovery located in the L53-D East oil field area of Concession L53 producing from a fault compartment which had not been penetrated by any earlier wells.   For the determination of crude oil reserves at December 31, 2012, no reserves had been assigned to this new pool discovery with the L53-DC1 appraisal well in Concession L53 which started drilling in January 2013. On a combined basis, these two wells produced 21,078 barrels of oil to April 30th and averaged 286 BOPD in April. Testing of the individual sandstone zones continues and each well contains three to four additional uphole, oil bearing sandstone zones will be put on production at a future date as existing zones water out.
- The L53-DB1 exploration well targeting the L53-D West prospect was unsuccessful and has been converted to a water disposal well.
- The L53-A4 exploration well targeting the L53-H prospect was unsuccessful.
- The L53-A4ST1 exploration well was a sidetrack to the L53-A4 well utilizing the same well bore but drilled 180 degrees in the opposite direction to test a small independent structural closure south east of the L53-A field and outside the L53-A production license area. This well encountered net oil pay in the “K40-A” sand and had produced on a 90 day production test at approximately 15 to 50 BOPD with a water cut of approximately 93%. L53-A4ST1 is currently shut-in and Pan Orient plans to convert the L53-A4ST1 well to a water disposal well if a deeper high risk potential oil zone proves water bearing on a planned future test, and after a production license covering this structure has been granted.
- The L53-G2 exploration well resulted in a new pool discovery at the L53-G prospect. The L53-G2 well has been producing approximately 340 to 350 BOPD of 24 degree API oil on a 90 day production test since late April with a 0.5% water cut from the “K40-D” sandstone zone. It is planned to continue producing the well at this restricted rate throughout the duration of the test. The well encountered a combined total of 20 meters of net oil pay averaging 28% to 32% porosity in the “K40-D, C, B and A” sands.

- In early 2013 the exploration period for Concession L53 was renewed until January 2016 with a relinquishment of 25% of concession lands and new commitments including a 3D seismic survey and three exploration wells with a stated commitment of US$2.6 million. After the relinquishment, Concession L53 consists of 975 square kilometers, including 14 square kilometers associated with the L53-A and L53-D East fields held through production licenses which have a 20 year primary term after the end of the exploration period.
- 3D seismic surveys commenced in Concession L53 during March 2013 to acquire additional seismic data over the northeast corner of Concession 53 and the adjacent lands in Concession L45.

➢ Indonesia

- Capital expenditures in Indonesia of $18.5 million with $3.7 million at the Citarum PSC, $10.6 million at the Batu Gajah PSC, $3.4 million at the South CPP PSC and $0.8 million at the East Jabung.
- At the Citarum PSC on-shore Java (Pan Orient operator and 97% ownership) capital expenditures were $3.7 million as Pan Orient continued well operations at Jatayu-1 and Cataka-1A. .
  - The Jatayu-1 exploration well commenced drilling in March 2012 and was suspended in September 2012 due to drilling difficulties. Drilling recommenced in early December 2012 utilizing slim hole drilling equipment. A severe overpressure gas zone encountered created an unacceptable level of well control risk in early January 2013 and drilling stopped above the primary target formation. Formation water present in gas zone suggested no commercial potential in the section that had been drilled above the primary objective.   The well was abandoned in January 2013.
  - The Cataka-1A well spudded in early December 2012 and the well was drilled and cased to a depth of 1,692 feet before the well was suspended in mid-January 2013 due to numerous issues encountered relative to the operation of the drilling rig. A number of changes have been made with respect to drilling personnel, equipment, contractors and well design for the re-entry of the Cataka-1A well. Drilling is expected to recommence by the end of May 2013 with an experienced Indonesian drilling contractor.

- At the Batu Gajah PSC on-shore Sumatra (Pan Orient operator and 77% ownership) capital expenditures were $10.6 million directed to the drilling of the Shinta-1 exploration well, the Buana-1 appraisal well, commencement of the 400 square kilometer 3D seismic program and other capital expenditures.
  - The Shinta-1 exploration well encountered sub-commercial oil in the primary Lower Talangakar sandstone target.
  - The Buana-1 well was an updip appraisal of the North Tuba Obi-1 well drilled in 2011, which targeted natural gas in the Lower Talang Akar formation. Open hole wire line logs and pressure data indicated the sands to be water bearing. These results suggest the Buana-1 and the North Tuba Obi-1 fault compartments are not in communication and the gas accumulation encountered in the North Tuba Obi-1 well in 2011 is limited and sub-commercial. The Buana-1 well continued drilling unsuccessfully to a total depth of approximately 3,800 feet, as required by the Indonesian oil and gas regulator and within the secondary basement reservoir objective.
  - During the first quarter of 2013 work continued on site preparation for the Kemala-1well. In light of drilling results in the western portion of Batu Gajah PSC, the decision was made to defer the drilling of Kemala-1, a third well initially planned for 2013, until 2014 when the acquisition and interpretation of the recently commenced 400 square kilometer 3D seismic program has been completed.
  - On January 16, 2013 an additional 1,730 square kilometers (gross) of exploration lands were relinquished at the Batu Gajah PSC, to hold 793 square kilometers (gross).
- At the South CPP PSC on-shore Sumatra (Pan Orient operator and 77% ownership) capital expenditures of $3.4 million with $3.2 million for the 227 kilometer 2D seismic program that was completed in May 2013 and $0.2 million for capitalized general and administrative expenses and other capital expenditures.
- At the East Jabung PSC on-shore Sumatra (Pan Orient operator and 100% ownership) capital expenditures of $0.8 million related primarily to the initial costs of the 430 kilometer 2D seismic program that has just commenced.

➢ Canada

- Activities are currently underway at the Sawn Lake SAGD demonstration project for drilling of the SAGD well pair in the third quarter and start-up of steam operations in the fourth quarter of 2013. Capital expenditures in the first quarter of 2013 were $2.2 million for design and engineering work, site preparation and the purchase of equipment. At March 31, 2013 there is an additional $2.8 million in commitments relating to contracts for the purchase of equipment and materials and a natural gas transmission tariff.

OUTLOOK

➢ Thailand

The L53-G3ST1 well, the second appraisal well to the L53-G2 oil discovery, has just completed drilling to a measured depth of 1,500 meters (1,250 meters true vertical depth) at a subsurface location approximately 350 meters south of the L53-G2 oil discovery, and is currently logging. Prior to release of the E-01 drilling rig at the end of the current drilling campaign, one additional well is planned for L53-G field and three additional wells are planned to target the shallow sands in various fault compartments within the L53-D East structure. The Thailand capital budget is being increased approximately $8.7 million for the addition of these four wells and recompletion activities.

The 260 square kilometer 3D seismic survey covering the northern portion of Concession L53 and the adjacent lands in Concession L45 is expected to be completed in June 2013 and set up an exploration drilling program to commence in 2014.

Oil production averaged 879 BOPD for the month of April. Oil production is currently 1,156 BOPD with a target at the end of the current drilling program of greater than 1,500 BOPD. As expected, the L53-A4ST1 well has now been shut in as a result of high water cut, resulting in a decrease in production of 50 BOPD from the last production update on April 25th. The L53-DC well, which represented 175 BOPD in the last production update, is shut-in pending the arrival of a workover rig to perforate the “A1” sand. A workover is also planned for the L53-DST3 well to complete a lower zone with previously untested deep “C” sands. The recently announced oil discovery at L53-G2 continues to perform well with production averaging approximately 340 BOPD with a 0.5% water cut.

The average production for the remainder of the year will be severely impacted by the time required to receive approval of the L53-G production license and associated production EIA. Until a production license is granted over the L53-G field, wells in the L53-G field will be shut-in at the end of their respective 90 day test periods as per government regulations. Historically, it has been an approximately 90 day period from the submission of the production license application to approval. It is expected that sufficient data will be available to complete an application in June 2013. Production environmental approval has historically taken substantially longer than 90 days, but in a number of cases approval has been granted to extend the 90 day production test period until the environmental approval has been received Given these uncertainties, an accurate estimate of what production will average for the remainder of 2013 is not possible.

- Indonesia

  A 227 kilometer 2D seismic program has just been completed in the South CPP PSC with data processing expected to be completed by June 2013 and followed by the drilling of one exploration well in 2014.

  A 400 square kilometer seismic program has been underway for approximately one month in the Batu Gajah PSC, with acquisition expected to be completed in the third quarter of 2013 and the drilling of up to three exploration wells in 2014.

  A 430 kilometer 2D seismic program has just commenced in the East Jabung PSC with acquisition expected to be completed in October 2013 followed by the drilling of up to two exploration wells in 2014.

  The Cataka-1A well in the Citarum PSC is expected to commence drilling in the last week of May 2013 and take approximately 30 days to reach the top of the Parigi formation target at a depth of approximately 2,300 meters. The well was originally suspended in mid-January 2013 at a depth of approximately 550 meters, 1,750 meters above the primary reservoir objective. The continuation of drilling will utilize a number of changes including a more experienced rig contractor and drilling team, a rotary steerable directional drilling assembly and a managed pressure drilling system. The Cataka prospect is a large, approximately 25 square kilometer structure at the depth of the Parigi limestone objective level.

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.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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Financial & Operating Summary *(thousands of Canadian dollars except where indicated)*	Three Months Ended March 31, **2013**	2012	Change
FINANCIAL			
Oil revenue, before royalties and transportation expense	**7,444**	25,654	-71%
Funds flow from operations (Note 1)	**5,664**	18,668	-70%
Per share – basic and diluted	**$ 0.10**	$ 0.33	-70%
Funds flow from operations by region (Note 1)			
Canada	**(123)**	(220)	-44%
Thailand	**5,860**	18,954	-69%
Indonesia	**(73)**	(66)	11%
Total	**5,664**	18,668	-70%
Net income attributed to common shareholders	**341**	8,124	-96%
Per share – basic and diluted	**$ 0.01**	$ 0.14	-96%
Working capital	**85,215**	45,379	88%
Working capital and non-current deposits	**87,442**	48,501	80%
Long-term debt	**-**	-	
Petroleum and natural gas properties			
Capital expenditures (Note 2)	**34,509**	21,471	61%
Shares outstanding (thousands)	**56,760**	56,685	0%
Funds Flow from Operations per Barrel (Note 1)			
Canada operations	**$ (1.67)**	$ (0.95)	76%
Thailand operations	**79.55**	81.98	-3%
Indonesia operations	**(0.99)**	(0.29)	242%
	$ 76.89	$ 80.75	-5%
Capital Expenditures (Note 2)			
Canada	**2,224**	43	5072%
Thailand	**13,793**	13,613	1%
Indonesia	**18,492**	7,815	137%
Total	**34,509**	21,471	61%
Working Capital and Non-current Deposits			
Working capital and non-current deposits & long term accounts receivable – beginning of period	**116,376**	51,632	125%
Funds flow from operations (Note 1)	**5,664**	18,668	-70%
Capital expenditures (Note 2)	**(34,509)**	(21,471)	61%
Foreign exchange impact on working capital	**(219)**	(328)	-33%
Net proceeds on share transactions	**130**	-	100%
Working capital and non-current deposits & long term accounts receivable – end of period	**87,442**	48,501	80%
Canada Operations			
Interest income	**305**	69	342%
General and administrative expense (Note 3)	**(430)**	(256)	68%
Current income tax recovery	**82**	-	100%
Realized foreign exchange loss	**(80)**	(33)	142%
Funds flow from operations (Note 1)	**(123)**	(220)	-44%
Funds flow from operations per barrel			
Interest income	**$ 4.14**	$ 0.30	1280%
General and administrative expense (Note 3)	**(5.84)**	(1.11)	426%
Current income tax recovery	**1.11**	-	100%
Realized foreign exchange loss	**(1.09)**	(0.14)	676%
	$ (1.67)	$ (0.95)	76%
Indonesia Operations			
General and administrative expense (Note 3)	**(75)**	(66)	14%
Realized foreign exchange gain	**2**	-	100%
Indonesia – Funds flow from operations	**(73)**	(66)	11%
Wells drilled			
Gross	**2**	1	100%
Net	**2.0**	0.8	150%

(thousands of Canadian dollars except where indicated)	Three Months Ended March 31, 2013	2012	Change
Thailand Operations			
Oil sales (bbls)	**73,666**	231,188	-68%
Average daily oil sales (BOPD) by Concession			
L53	**819**	1,358	-40%
L44, L33, SW1 (interests sold June 15, 2012)	**-**	1,183	-100%
Total	**819**	2,541	-68%
Average oil sales price, before transportation (CDN$/bbl)	**$ 101.05**	$ 110.97	-9%
Reference Price (volume weighted) and differential			
Crude oil (Brent $US/bbl)	**$ 112.17**	$ 118.90	-6%
Exchange Rate $US/$Cdn	**1.02**	1.02	0%
Crude oil (Brent $Cdn/bbl)	**$ 114.23**	$ 121.09	-6%
Sale price / Brent reference price	**88%**	92%	-3%
Funds flow from operations (Note 1)			
Crude oil sales	**7,444**	25,654	-71%
Government royalty	**(359)**	(1,273)	-72%
Other royalty	**-**	(49)	-100%
Transportation expense	**(111)**	(444)	-75%
Operating expense	**(752)**	(2,126)	-65%
Field netback	**6,222**	21,762	-71%
General and administrative expense (Note 3)	**(364)**	(921)	-61%
Interest income	**3**	9	-67%
Current income tax	**(1)**	(1,896)	-100%
Funds flow from operations	**5,860**	18,954	-69%
Funds flow from operations / barrel (CDN$/bbl) (Note 1)			
Crude oil sales	**$ 101.05**	$ 110.97	-9%
Government royalty	**(4.87)**	(5.51)	-12%
Other royalty	**-**	(0.21)	-100%
Transportation expense	**(1.51)**	(1.92)	-22%
Operating expense	**(10.21)**	(9.20)	11%
Field netback	**84.46**	94.13	-10%
General and administrative expense (Note 3)	**(4.94)**	(3.98)	24%
Interest income	**0.04**	0.04	2%
Current income tax	**(0.01)**	(8.20)	-100%
Thailand – Funds flow from operations	**$ 79.55**	$ 81.98	-3%
Government royalty as percentage of crude oil sales	**5%**	5%	0%
Income tax as percentage of crude oil sales	**0%**	7%	-7%
As percentage of crude oil sales			
Expenses – transportation, operating, G&A and other	**16%**	14%	3%
Government royalty, and income tax	**5%**	12%	-8%
Funds flow from operations, before interest income	**79%**	74%	5%
Wells drilled			
Gross	**6**	6	0%
Net	**6.0**	4.4	36%

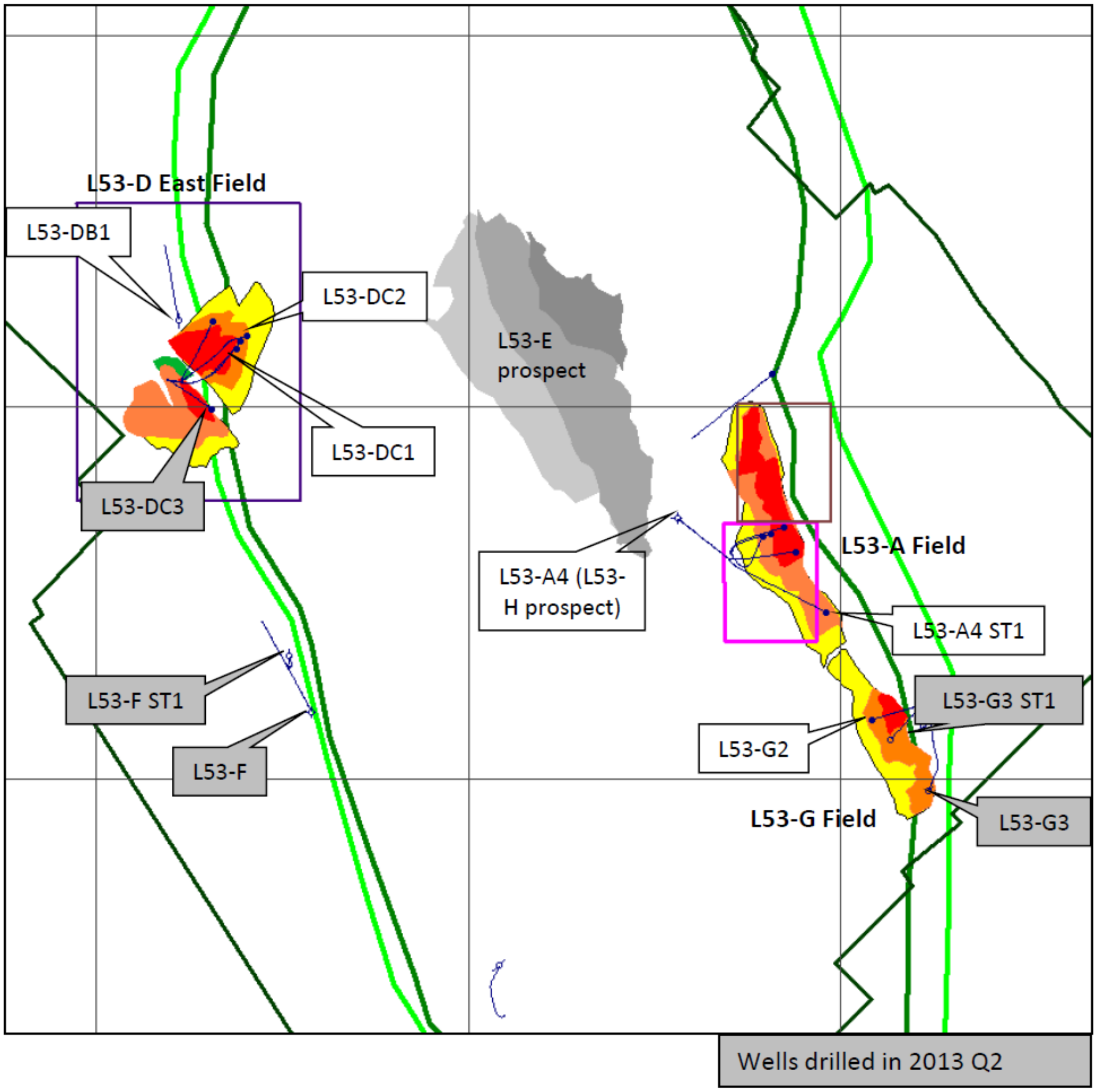
(1) Funds flow from operations ("funds flow" before changes in non-cash working capital and reclamation costs) is used by management to analyze operating performance and leverage. Funds flow as presented does not have any standardized meaning prescribed by IFRS and therefore it may not be comparable 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) General & administrative expenses, excluding non-cash accretion on decommissioning provision.

(4) Tables may not add due to rounding.

Thailand – Concession L53 Drilling (to May 2013)



Pan Orient 2013 Thailand Drilling to March 31, 2013 - Concession L53

	Well	Field		Oil Sales (BOPD) 2013 Q1
1	L53-DC1	Appraisal	Producing oil from new fault compartment discovery at the L53-D field.	41
2	L53-DC2	Appraisal	Producing oil from successful appraisal of the new fault compartment discovery.	98
3	L53-DB1	Exploration	Well targeting the L53-D West prospect unsuccessful. Well converted to water disposal.	-
4	L53-A4	Exploration	Well targeting the L53-H prospect was unsuccessful.	-
5	L53-A4 ST1	Exploration	Produced oil on 90 day production test at approximately 15 BOPD. Well will be converted to water disposal..	2
6	L53-G2	Exploration	Producing oil starting in April on 90 day production test at approximately 350 BOPD	-
				141

Pan Orient 2013 Indonesia Drilling to March 31, 2013

	Well	PSC	
1	Shinta-1	Batu Gajah Exploration (Sumatra)	Primary reservoir target of the Lower Talang Akar formation but no zones are deemed commercial based on the interpretation of open hole wire line logs, mud logs, pressure data and fluid samples. Well abandoned.
2	Buana-1	Batu Gajah Exploration (Sumatra)	Appraisal of the NTO-1 well drilled in 2011 for natural gas in the Lower Talang Akar formation. Open hole wire line logs and pressure data indicated the sands to be water bearing. Results suggest the Buana-1 and the NTO-1 fault compartments are not in communication and the gas accumulation encountered in the NTO-1 well in 2011 is limited and sub-commercial. Well abandoned.