

## **PAN ORIENT ENERGY CORP.**

(Listed on the TSX Venture Exchange - Symbol "POE" – 45,391,442 common shares issued)

Press Release

### **PAN ORIENT ANNOUNCES INDONESIAN ACQUISITIONS**

**May 12, 2008**

Pan Orient is pleased to announce it has purchased, through a series of transactions, an operated 90% working interest in the 3,989 square kilometer Batu Gajah Production Sharing Contract ("PSC"), located onshore south Sumatra, Indonesia. Total consideration in the transaction is \$6MM USD cash with the vendor, Ranhill Berhad and its related group of companies ("Ranhill"), retaining a 10% carried working interest through to first commercial oil or gas production.

Pan Orient has also purchased a 90% operated interest in the Pamai Taluk Joint Study Area ("JSA"). Under the terms of the Joint Study Agreement between Ranhill and the Indonesian licensing authority MIGAS, Pan Orient will now have the right to match any offer made on the approximately 6,200 square kilometer south/central Sumatra proposed Pamai Taluk PSC, located onshore south/central Sumatra, during the upcoming Indonesian licensing round that is anticipated to be announced in June/July 2008. Total consideration is \$1MM USD cash with Ranhill retaining a 10% carried working interest through to first commercial oil or gas production.

The Batu Gajah PSC and Pamai Taluk JSA assets were divested as a result of the strategic rationalization initiative of Ranhill Berhad, a large Malaysian Corporation specializing in infrastructure development and engineering, to re-strategize its oil and gas business with a view to focusing on downstream engineering activities and investment in proven and producing oil and gas assets.

#### **Batu Gajah PSC**

The 3,989 square kilometer Batu Gajah PSC is located in south Sumatra directly adjacent to and/or surrounding 13 oil and gas discoveries currently producing approximately 60,000 boe per day from the Jabung PSC that is operated by PetroChina. It was announced in 2007 that PetroChina would be budgeting approximately \$350MM USD to explore and further develop the area. Existing Infrastructure is well established with the main Sumatra-Singapore gas export pipeline and the Corridor to Duri gas pipelines running through the Batu Gajah PSC. On offshore oil loading terminal exists along the Sumatra coast directly adjacent to the Batu Gajah PSC.

The Batu Gajah PSC was awarded to Ranhill on January 16, 2007 after Ranhill exercised their right of first refusal on the high bid made by PetroChina in the preceding Indonesian licensing round. Under the terms of the PSC, Ranhill paid a \$4MM USD signature bonus and committed to 500 kilometers of 2D seismic, 400 square kilometers of 3D seismic and the drilling of 3 wells

to be completed over a three year period with estimated expenditures of approximately \$29.75MM USD. To date, none of the proposed work program has been initiated on the PSC. Upon completion of the firm 3 year work program and required partial relinquishment, the operator has the option to continue on a year by year renewal basis for up to an additional 7 years.

Six prospects and leads have been identified on the PSC utilizing a course grid of 2D seismic data. Seismic mapping suggests a number of the PetroChina fields extend on to the PSC with wells drilled, in at least one case, right on the concession boundary.

Pan Orient may, subject to government approval and further work, conduct 2D/3D seismic acquisition in 2008 followed by the drilling of three wells in 2009.

### **Pamia Taluk JSA**

The approximately 6,200 square kilometer Pamai Taluk JSA is located east of the Barisan mountain front straddling both the south and central Sumatra basins. The acreage was formerly explored in the 1970's-1980's by a consortium of Exxon and Mobil. The existing seismic data coverage and well control is sparse and the area very under explored. Further details will be provided after the June-July 2008 Indonesian licensing round and in the event Pan Orient exercises their right of first refusal on the highest bid.

### **Summary**

Pan Orient's acquisition of the Batu Gajah PSC and Pema Taluk JSA immediately provides a third highly prospective focus region with "critical mass" that will provide the means for future growth and strategic utilization of existing cash and future Thailand cash flow. The acreage satisfies the corporations stated objectives of acquiring large, operated onshore acreage positions within proven producing basins that possess 1) multiple targets 2) shallow to moderate target depths, and 3) existing infrastructure. Pan Orient continues to believe, as we've demonstrated in onshore Thailand, that the onshore potential of the South Asia and S.E. Asia regions has been largely overlooked since the 1970-1980's when high oil prices last drove the activity levels of the major oil companies.

Pan Orient is a Calgary, Alberta based oil and gas exploration and production company with operations currently located onshore Thailand and in Western Canada.

*This news release contains forward-looking information. Forward-looking information is generally identifiable by the terminology used, such as "expect", "believe", "estimate", "should", "anticipate" and "potential" or other similar wording. Forward-looking information in this news release includes, but is not limited to, references to: 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.*

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

**NOT FOR DISSEMINATION TO U.S. NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES.**

**FOR FURTHER INFORMATION, PLEASE CONTACT:**

Pan Orient Energy Corp.

Jeff Chisholm, President and CEO

- or -

Jason Bednar, Vice President Finance and CFO

Telephone: (403) 294-1770