Pan Orient ENERGY

PAN ORIENT ENERGY CORP.

Press Release

2009 First Quarter Financial and Operating Results

CALGARY, May 20, 2009

Pan Orient Energy Corp. ("Pan Orient") (POE – TSXV) is pleased to provide highlights of its 2009 first quarter consolidated financial and operating results. Please note that all amounts are in Canadian dollars unless otherwise stated.

The Corporation today filed its audited financial statements as at and for the three months ended March 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 FIRST QUARTER HIGHLIGHTS

- Pan Orient had strong results for the first quarter of 2009 in terms of oil production, funds flow from operations, and net income, despite the continued decline in crude oil prices.
  - Average daily oil production in the first quarter of 2009, net to Pan Orient, was 6,165 barrels per day. This compares with 4,604 barrels per day in the first quarter of 2008 and 6,982 barrels per day for the fourth quarter of 2008. The reduction in the production level from the fourth quarter of 2008 is a result of wells coming off flush production and drilling programs in the last three months focusing on exploration targets versus development opportunities.
  - Funds flow from operations for the quarter was $15.2 million compared with $10.6 million for first quarter of 2008 and $25.0 million for the fourth quarter of 2008. Funds flow from operations for the first quarter of 2009 was $0.32 per share (diluted). The reduction in funds flow from operations compared with the fourth quarter of 2008 is the result of the reference price for crude oil lower by 23%, production lower by 12%, and a shift in realized foreign exchange where the $6.2 million in realized foreign exchange gains of the fourth quarter of 2008 moved to a realized foreign exchange loss of $0.2 million in the first quarter of 2009. Partially offsetting the lower oil revenue was a reduction in payments to the Thai government which represented 27% of sales revenue for the quarter versus an average of 51% for the much higher commodity price environment of 2008.
  - Net income of $2.9 million in the first quarter of 2009, or $0.06 on a per share basis (diluted), compared with $3.4 million and $0.07 on a per share basis (diluted) for the first quarter of 2008.
- Pan Orient continued its emphasis on exploration and appraisal activities in Thailand during the first quarter of 2009. Pan Orient drilled seven wells (4.2 net) in the first quarter with a drilling success rate of 71% and capital expenditures of $10.8 million. Drilling success included the discovery at NSE-F1 and a potentially significant new oil field discovery with L44-W which straddles concessions L44/43 and L33/43. The L44-W discovery establishes commercial production approximately 9.5 kilometers northeast of the NSE-F1 oil discovery and 10.7 kilometers northeast of the NSE central field producer NSE-C1, highlighting the potential of a large fairway northeast of the main NSE central field that includes the deeper oil leg potential of the Bo Rang gas discovery (made in the 1980's by a former operator of the concession). Confirmation of commerciality in the L33/43 portion of the structure by future appraisal drilling would mark the first production from this concession and would be subject to very favorable tax and royalty treatment.

- Operations in Thailand delivered solid results in the quarter despite lower crude oil prices with $15.8 million in funds flow from operations, transportation and operating expenses of $4.81 per barrel, and funds flow from operations per barrel of $28.54. The WTI reference price for crude oil declined to US$43.04 per barrel during the quarter from US$58.15 per barrel in the fourth quarter of 2008 and US $97.90 in the first quarter of 2008. For the first quarter of 2009, Thailand oil production was sold at 89% of the WTI reference price, crude oil revenue was allocated 14% to expenses for other royalties, transportation, operating, and general & administrative, 27% to the government of Thailand in the form of royalties, Special Remuneratory Benefit and Income Tax, and 59% to Pan Orient (before interest income and realized foreign exchange gain).
- Pan Orient is maintaining its financial strength and flexibility. At March 31, 2009 Pan Orient had $47.7 million of working capital and deposits, and no long-term debt. Internally generated funds flow from operations of $15.2 million during the quarter completely funded $13.6 million of capital expenditures in Thailand, Indonesia and Canada and increased working capital plus deposits by $1.3 million.

OUTLOOK

Pan Orient's base capital budget for 2009 will be approximately $60 million, with 57% directed towards exploration and development in Thailand and 43% high grading exploration opportunities in Indonesia. The 2009 capital program will be funded primarily through cash flow generated from the Thailand operations. At March 31, 2009 the Company had no debt, working capital and deposits of $47.7 million, plus an additional $6.0 million of equipment inventory on hand.

Thailand

The Thailand 2009 capital program of $34 million includes the drilling of 29 wells, site upgrades and workovers. Drilling will have a balance of development drilling targeting new production, and exploration defining potential new reserves. Production is expected to average 7,300 barrels per day for 2009. Any exploration success will be evaluated after initial appraisal drilling as to the impact on production targets with updated guidance provided by the Company at that time.

The 2009 drilling program of 29 wells is expected to include approximately 17 development wells and 12 appraisal and exploration wells, with the final selection of wells to be determined by drilling results and opportunities. For concession L44/43 there will be continued development of the Na Sanun East field (south and central), an additional well for the NSE-E1 structure following the success of the NSE-E2ST1 well, appraisal wells at NSE north, Na Sanun west, and NSE-F1 and up to four exploration wells in the Bo Rang and Si Thep areas. As follow-up to L44-W discovery, additional drilling will take place in concessions L44/43 and L33/43 to define extent and reservoir quality. At least two wells are planned on the 100% working interest L53/48 concession starting in October 2009 targeting sandstone and volcanic reservoirs.

Indonesia

The $26 million capital program for Indonesia in 2009 is focused on seismic programs.

At the Citarum PSC located onshore Java (operated and 69% working interest) a 2D seismic program is currently underway, with the initial 750 kilometer program having 30% of the shot holes drilled and 10% of the data acquired. An approximately 2 month delay was experienced while the seismic contractor sourced upgraded shot hole drilling equipment, this has now been rectified. Upon completion of this initial 750 kilometer program, an additional 500 kilometers of infill 2D will be acquired, a portion of which may be required to convert leads defined in the reconnaissance program into drillable prospects. Initial seismic operations are expected to be completed by the end of Q1 2010 with drilling anticipated in the second quarter of 2010.

At the Batu Gajah PSC located in South Sumatra (operated and 90% working interest) a 2D seismic program is getting underway within the next month and 500 kilometers of 2D data are to be acquired over five prospects and leads defined on pre-existing data. It is anticipated this program will be completed late in the third quarter of 2009 with the drilling of 3 exploration wells to commence in the first quarter of 2010.

Sawn Lake, Canada

Andora is waiting on approval from the Alberta Energy Resources Conservation Board (ERCB) to build and operate a 750 barrel per day Steam Assisted Gravity Drainage (SAGD) demonstration project. Given the current oil price environment it is most likely the decision by Andora to proceed with the demonstration project will be deferred into 2010.

2009 First Quarter Highlights

(thousands of Canadian dollars except where indicated)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008	Year Over Year Change
FINANCIAL			
Oil revenue, before royalties and transportation expense	**26,699**	32,498	-18%
Funds flow from operations (Note 1)	**15,238**	10,612	44%
Per share	**$ 0.33**	$ 0.23	43%
Per share - diluted	**$ 0.32**	$ 0.22	45%
Funds flow from operations by region			
Canada	**(690)**	218	
Thailand	**15,837**	10,394	52%
Indonesia	**91**	-	
Net Income	**2,881**	3,423	-16%
Per share	**$ 0.06**	$ 0.08	-25%
Per share - diluted	**$ 0.06**	$ 0.07	-14%
Working capital	**41,920**	45,673	-8%
Working capital plus deposits	**47,705**	48,153	-2%
Long-term debt	**-**	-	
Capital expenditures (Note 2)	**13,596**	3,581	280%
Shares outstanding (thousands)	**45,568**	45,247	1%
THAILAND OPERATIONS			
Avg. daily oil production (bbls/d)	**6,165**	4,604	34%
Avg. oil sales price, before transportation (CDN$/bbl)	**$ 48.12**	$ 77.56	-38%
Funds flow from operations			
Crude oil sales	**26,699**	32,498	-18%
Field netback	**21,916**	28,558	-23%
Funds flow from operations	**15,837**	10,394	52%
Funds flow from operations per barrel (CDN$/bbl)			
Crude oil sales	**$ 48.12**	$ 77.56	-38%
Government royalty	**(3.78)**	(5.30)	-29%
Other royalty	**(0.04)**	(0.08)	-50%
Transportation expense	**(2.26)**	(2.43)	-7%
Operating expense	**(2.55)**	(1.60)	60%
Field netback	**39.50**	68.16	-42%
General and administrative expense	**(1.70)**	(1.13)	50%
Realized foreign exchange gain (loss)	**(0.40)**	-	
Interest Income	**0.51**	0.01	
Special Remuneratory Benefit (SRB)	**(5.26)**	(27.05)	-81%
Current income tax	**(4.11)**	(15.18)	-73%
Thailand - Funds flow from operations	**$ 28.54**	$ 24.81	15%
Wells drilled			
Gross	**7**	5	40%
Net	**4.2**	3	40%
Success rate	**71%**	60%	11%
OVERALL CORPORATE OPERATIONS			
Thailand - funds flow from operations per barrel	**$ 28.54**	**$ 24.81**	15%
Canada and Indonesia Operations			
Interest income	**0.03**	**0.62**	-94%
General and administrative expense	**(1.04)**	**(0.99)**	5%
Realized foreign exchange (loss) gain	**(0.01)**	**0.88**	
Foreign new ventures expenditures	**(0.07)**	**-**	
	$ 27.46	**$ 25.33**	8%
Total corporate G&A expense per barrel – cash based	**$ 2.74**	**$ 2.11**	30%

Operations Summary

(thousands of Canadian dollars except where indicated)	Three Months Ended March 31, 2009	2008	Year Over Year Change
THAILAND OPERATIONS			
Average daily oil production (bbls/d)	**6,165**	4,604	34%
Average oil sales price, before transportation (CDN$/bbl)	**$ 48.12**	$ 77.56	-38%
Reference Price (volume weighted) and differential			
Crude oil (WTI $US/bbl)	**$ 43.04**	$ 97.90	-56%
Exchange Rate $US/$Cdn	**1.257**	1.005	25%
Crude oil (WTI $Cdn/bbl)	**$ 54.08**	$ 98.36	-45%
Sales price / WTI reference price	**89%**	79%	+10%
Funds flow from operations			
Crude oil sales	**26,699**	32,498	-18%
Government royalty	**(2,095)**	(2,221)	-6%
Other royalty	**(21)**	(33)	-37%
Transportation expense	**(1,253)**	(1,018)	23%
Operating expense	**(1,415)**	(668)	112%
Field Netback	**21,916**	28,558	-23%
General and administrative expense	**(943)**	(472)	100%
Realized foreign exchange	**(220)**	-	
Interest Income	**284**	4	
Special Remuneratory Benefit (SRB)	**(2,920)**	(11,335)	-74%
Current income tax	**(2,280)**	(6,360)	-64%
Funds flow from operations	**15,837**	10,394	52%
Government royalty as percentage of sales	**8%**	7%	1%
SRB as percentage of crude oil sales	**11%**	35%	24%
Income tax as percentage of crude oil sales	**9%**	20%	-11%
As percentage of crude oil sales			
Expenses - transportation, operating, G&A and other	**14%**	7%	7%
Government royalty, SRB and income tax	**27%**	61%	-34%
Funds flow from operations, before interest income and realized foreign exchange gain	**59%**	32%	27%
Capital Expenditures (Note 2)			
Thailand	**10,778**	3,268	230%
Indonesia	**2,673**	-	
Canada	**145**	313	-54%
Total	**13,596**	3,581	280%

(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.

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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