

PAN ORIENT ENERGY CORP.

(Listed on the TSX Venture Exchange - Symbol "POE" – 45,146,842 common shares issued)

Press Release

SAWN LAKE HEAVY OIL PROJECT UPDATE

December 4, 2007

Pan Orient Energy Corp.'s 53.5% owned subsidiary, Andora Energy Corporation ("Andora"), is pleased to announce that it has amicably resolved all outstanding issues with their Sawn Lake heavy oil project partner, Deep Well Oil and Gas Inc. ("Deep Well"), to both companies operational and commercial satisfaction. The settlement includes the following key points:

- Deep Well has confirmed that Andora has earned a 40% working interest ("WI") in 12 sections (the "Earned Sections") of oil sands permits by way of the 2005 farmout agreement entered into between Deep Well and Signet Energy (Signet was subsequently acquired by Andora in September 2007). Six of these sections have already been properly conveyed to Andora (Signet at the time) with the final six sections to be transferred once chosen by Andora.
- This will increase Andora's holdings in the Sawn Lake heavy oil pool to 100% WI of all 16 sections in the south block, a 50% WI of 12 sections in the central block, and a 10% WI in 51 sections (10 in the central block and 47.5 in a northern block), with all referred to blocks being contiguous.
- Andora has been confirmed as the operator of any and all sections held with a 50% or greater working interest.
- Andora has agreed to reduce its gross overriding royalty ("GORR") receivable on those 12 Earned Sections from 3% of 80% WI, to 3% of Deep Well's net 40% WI. Andora's GORR will remain at 3% of 80% WI on a remaining 24.5 sections, unless further earned by Andora at which time the lower GORR will apply.
- A joint discontinuance of the remaining minor litigation issues amongst the two parties.

Prior to the settlement, as described above, Andora's interest in the Sawn lake heavy oil pool was 234 million barrels of probable and possible recoverable reserves (approximately 50% of those being in the probable category), as defined by an independent third party engineering firm. Andora is currently in the process of updating its reserves report to account for the changes described above.

Andora continues to work towards a late 2008 SAGD pilot project.

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.

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