PAN ORIENT ENERGY CORP.

Press Release

2010 First Quarter Financial & Operating Results and Operations Update

CALGARY, May 20, 2010

Pan Orient Energy Corp. ("Pan Orient") (POE – TSXV) is pleased to provide highlights of its 2010 first quarter consolidated financial and operating results. Please note that all amounts are in Canadian dollars unless otherwise stated.

The Corporation today filed its unaudited consolidated financial statements as at and for the three months ended March 31, 2010 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.

2010 FIRST QUARTER HIGHLIGHTS

- The operating results for Pan Orient in the first quarter of 2010 compared to the previous quarter reflect a 13% increase in production volumes, a 1% increase crude oil prices, and a 4% reduction in operating expenses.
  - Funds flow from operations for the first quarter of 2010 was $12.3 million compared with $9.9 million for the fourth quarter of 2009 and $15.2 million for first quarter of 2009. Funds flow from operations per share was $0.26 for the first quarter of 2010.
  - Net income of $3.4 million, or $0.07 per share, for the three months ended March 31, 2010 compared with net income of $7.0 million, or $0.15 per share, for the fourth quarter of 2009 and $2.9 million, or $0.06 per share, for the first quarter of 2009.
- Thailand oil sales volumes for the first quarter of 2010 were 3,816 BOPD (excluding an average of 150 BOPD of oil production from the L53-A well which is being stored in tanks until a production license for Concession L53 is granted). This compares with 3,370 BOPD for the fourth quarter of 2009 and 6,165 BOPD in the first quarter of 2009. The oil sales increase compared with oil sales in the fourth quarter of 2009 is primarily the result of oil sales from new wells at Bo Rang drilled in the fourth quarter of 2009 and the first quarter of 2010. For the first quarter of 2010, the Bo Rang field contributed 44% of oil sales volume.
- For the first quarter of 2010, operations in Thailand generated $12.4 million in funds flow from operations, with transportation expenses of $2.52 per barrel, operating expenses of $6.40 per barrel, G&A of $3.70 and funds flow from operations per barrel of $36.01. The WTI reference price for crude oil increased 2% during the quarter to Cdn$83.39 per barrel from Cdn$81.42 per barrel in the fourth quarter of 2009, and increased from Cdn$54.08 in the first quarter of 2009.
  - Operating expenses decreased to $2.2 million or $6.40 per barrel in the first quarter from $2.3 million or $7.35 per barrel in the fourth quarter of 2009 as a result of lower expenses for repairs and maintenance and higher oil sales volumes.
  - Thailand G&A in the current quarter includes $758,000 or $2.20 per barrel of severance and other non routine expenses associated with the reduction of expatriate personnel in Thailand.
  - For the first quarter of 2010, Thailand crude oil revenue was allocated 17% to expenses for transportation, operating, and general & administrative, 33% to the government of Thailand in the form of royalties, Special Remuneratory Benefit and Income Tax, and 49% to Pan Orient.
- Pan Orient continued active capital programs in both Thailand and Indonesia in the first quarter of 2010. Total capital expenditures for the quarter were $20.3 million, with $13.4 million in Thailand and $6.8 million in Indonesia.
- Total capital expenditures of Pan Orient in the first quarter of $20.3 million were financed 61% from the $12.4 million of after tax funds flow from operations in Thailand and $7.9 million, or 39%, from working capital. Capital expenditures in the first quarter of 2010 included $4.4 million to finish the drilling and testing of the two exploration wells in L53/48.

- Capital expenditures for the first quarter of 2010 in Thailand focused on development in Concession L44 with two horizontal development wells at the Bo Rang “B” field discovered in 2009; $4.4 million of expenditures in Concession L53 (100% working interest) for finishing the two exploration wells drilled at the end of 2009; three exploration / appraisal wells at Na Sanun East; and approximately $1.3 million in expenditures for future drilling sites at the Bo Rang, NSE-F1 and L44-W fields. The five wells drilled during the first quarter of 2010 resulted in two new producing horizontal wells at Bo Rang “B”, which had combined oil sales of 762 BOPD in April net to Pan Orient, and one new Na Sanun East producing well at NSE-E3 which commenced production in April and is currently producing at approximately 450 BOPD net to Pan Orient. The NSE-G3 exploration well is currently suspended and will be re-entered and sidetracked in order to test a deeper volcanic objective that was encountered at NSE-G1 with 100 meters of oil stained potential volcanic reservoir. The NSE-H3 appraisal well experienced a collapsed open hole section through the main reservoir and is currently waiting for a work-over to clean out and deepen the well.
- Pan Orient drilled the first two exploration wells in Concession L53 (100% working interest) during the fourth quarter of 2009 and work continued on these wells into the first quarter of 2010. Capital expenditures in the first quarter of 2010 were $4.4 million for completing the drilling and testing of the wells. The L53-A well produced approximately 13,500 barrels of crude oil into tanks under a 90 day production test which expired on April 2nd. This crude oil is being stored in tanks until a Production License (“PL”) Application is approved. Pan Orient is in the process of preparing the Production License (“PL”) Application covering two square kilometers of the L53-A structure that is anticipated to be submitted to the Thailand Department of Mineral Fuels (“DMF”) on May 24, 2010. The contingent resource report for the 2009 L53-A oil discovery as at March 31, 2010 indicated 2C contingent resources of 1.8 million barrels, with 1.4 million barrels assigned to the two square kilometer area of the proposed PL, and this report will form the basis of the PL application currently being submitted to the Thailand Department of Mineral Fuels. Upon approval of the PL, the crude oil will be sold, the L53-A well will be brought back on-stream and additional development of the pool will commence in 2010.
- Capital expenditures in Indonesia of $6.8 million in the first quarter of 2010 are primarily associated with the two seismic programs underway in Indonesia. The seismic program of 500 kilometers of 2D seismic in the Batu Gajah Production Sharing Contract area in central Sumatra has been completed, and will be followed by the initial drilling of three exploration wells commencing in the fourth quarter of 2010. The seismic program of 1,110 kilometers of 2D seismic in the Citarum Production Sharing Contract area in central Java is scheduled for completion in July 2010, and drilling of the three exploration wells will follow the drilling program at Batu Gajah.
- Pan Orient continues to maintain its financial strength and flexibility. At March 31, 2010 Pan Orient had $25.4 million of working capital and deposits, and no long-term debt. Of the working capital, $12.1 million is cash balances in Canada, and this cash balance in Canada has increased to $14.7 million at May 19, 2010. For the three months ended March 31, 2010 Pan Orient had internally generated funds flow from operations of $12.3 million which funded 61% of the $20.3 million of total capital expenditures in Thailand, Indonesia and Canada. The capital expenditures for the first quarter of 2010 included $4.4 million for completing the drilling and testing of the two exploration wells in Concession L53, and the 2010 plans do not currently include this level of expenditures in Concession L53. In addition, at March 31, 2010 Pan Orient had $6.6 million of equipment inventory to be utilized for future Thailand and Indonesia operations that is included in petroleum and natural gas assets on the balance sheet.

THAILAND OPERATIONS UPDATE

Concession L44

<u>NSE-E1 Field</u>

The NSE-E3ST1 horizontal well completed at the end of March 2010 is currently on production at a rate of 750 BOPD gross, 450 BOPD net to Pan Orient. This was the third producing well drilled into the NSE-E3 pool.

<u>NSE Central Field</u>

NSE-H3, an infill development well targeting the main volcanic reservoir within the NSE Central field experienced collapse of the one meter open hole reservoir section of the well very shortly after the start of testing. A service rig is scheduled open up the original one meter section and drill an additional ten meters of reservoir.

NSE-B3, an infill horizontal development well targeting the main volcanic reservoir within the NSE Central field is currently producing at unstablized rates of between 70 to 150 BOPD (gross) as the well continues to flow back completion and drilling fluids combined with oil.

Bo Rang "B" Field

The L44W-A15ST1 well, a key step out horizontal appraisal well targeting the edge of the probable reserve ("2P") envelope on the eastern flank of the Bo Rang "B" field has started initial testing at initial rates of approximately 270 barrels of oil per day (gross) with a 20% drilling mud/load fluid cut as the well continues to clean up. Prior to kicking off horizontally, L44W-A15 was drilled vertically to determine the thickness of the main Bo Rang "B" volcanic reservoir at this eastern flank location. The well penetrated approximately 60 meters of volcanic reservoir, which is significantly thicker than the 24 meters encountered in the central and western portion of the field. The field oil water contact has yet to be encountered. In addition to the main Bo Rang "B" volcanic zone, two volcanic intervals of approximately 25 meters and a 10 meters thick were encountered between the depths of 335 to 390 meters. These zones appear to be gas bearing based on elevated mud gas readings observed while drilling and they exhibit good reservoir characteristics on logs. A future well will target these volcanic intervals in a down dip position looking for a possible oil leg.

The L44W-A15-2 well is a deviated appraisal well drilled from the same six well pad surface location as the L44W-A14ST1 well detailed above. The well is currently setting casing at a depth of 100 meters and is targeting the Bo Rang "B" volcanic reservoir. Upon completion of this well a third Bo Rang "B" appraisal well will be drilled from the same surface location leaving three additional well slots to target the deeper Bo Rang "A" field reservoir.

An additional six well pad at the L44W-A14 location has been constructed 1.2 kilometers due east of the L44W-A15 well pad. Upon the completion of the drilling of the third well at the L44W-A15 pad, the rig will likely move immediately to the L44W-A14 pad to drill two wells targeting the Bo Rang "B" volcanic reservoir within the 2P reserve envelope and at least one well within the possible reserve "3P" envelope. Should success be achieved extending the field limits out to the 3P envelope, up to an additional three wells will be drilled from this location.

NSE-F1 Field

Upon the completion of drilling operations from the L44W-A15/14 drill pad- at Bo Rang "B", the first appraisal wells to the NSE-F1 oil discovery made in 2009 will be drilled from the NSE-F2 pad that has been constructed approximately 1.2 kilometers north east of the discovery well surface location. In the success case, there are an additional four surface locations, each with multiple well cellars have been approved by the Government of Thailand.

Concession L53

The two square kilometer L53-A production license over the L53-A discovery will be submitted to the Government of Thailand on May 24, 2010 with approval anticipated within a 30 to 90 day period, at which time the L53-A well will be put back on production at approximately 200 BOPD and the 13,500 barrels of oil currently in storage will be sold. Further drilling on the concession in 2010 will be partly a function of production levels achieved in concession L44 and the possibility of a second rig being utilized.

Production

Current production of approximately 3,900 barrels per day (net-excluding L53) is behind plan mainly as a result of approximately half of the wells forecast to be drilled to date, having been completed. This has been largely a result of difficulties with the collapse of well bores in the shale just above the volcanic reservoir occurring in horizontal wells when massive drilling fluid losses are encountered in the top few meters of the target zone prior to the setting of casing. To address this issue, casing is now set prior to encountering the top of the volcanic reservoir objective with the most recently drilled L44W-A15 well being a successful application of this process.

The 2010 operational plan forecast 2.5 wells per month with average production of 400 BOPD per well (gross), while the production estimates have been achieved on an average per well basis, the number of wells drilled has been less than half of the forecast for the reasons discussed above. This is completely unrelated to the performance of the new rig which has been exceptional, with rig moves of averaging 36 hours and drilling rates of approximately 725 meters per day. In order to: 1) accelerate development drilling 2) evaluate a number of high quality exploration prospects prior to year end, and 3) drill 3-4 development wells and 1 exploration well in concession L53, the company will make a decision to take on a second rig or not, in July 2010. Factors influencing this decision include production rates over the next two months and world oil prices.

INDONESIA OPERATIONS UPDATE

Batu Gajah PSC

A 500 kilometer seismic program over the 90% owned and operated Batu Gajah production sharing contract ("PSC") has been competed and tendering for all drilling and related services is currently underway. Negotiations are also underway for the surface land acquisition for two locations and the Ministry of Forestry approval for a third location has been submitted and is anticipated to be granted in July. Pan Orient is working on a timetable targeting an October 1, 2010 commencement of drilling for the first well of three back to back wells.

Citarum PSC

An approximately 1,000 km 2D seismic program over the Citarum PSC is anticipated to be completed in July 2010. Two locations have been defined with the exact position of a third location subject to the completion of the remainder of the 2D seismic program. The timing of drilling of the first three wells on Citarum is anticipated to commence immediately upon the completion of drilling in Batu Gajah PSC in late Q4/10.

Operations Summary

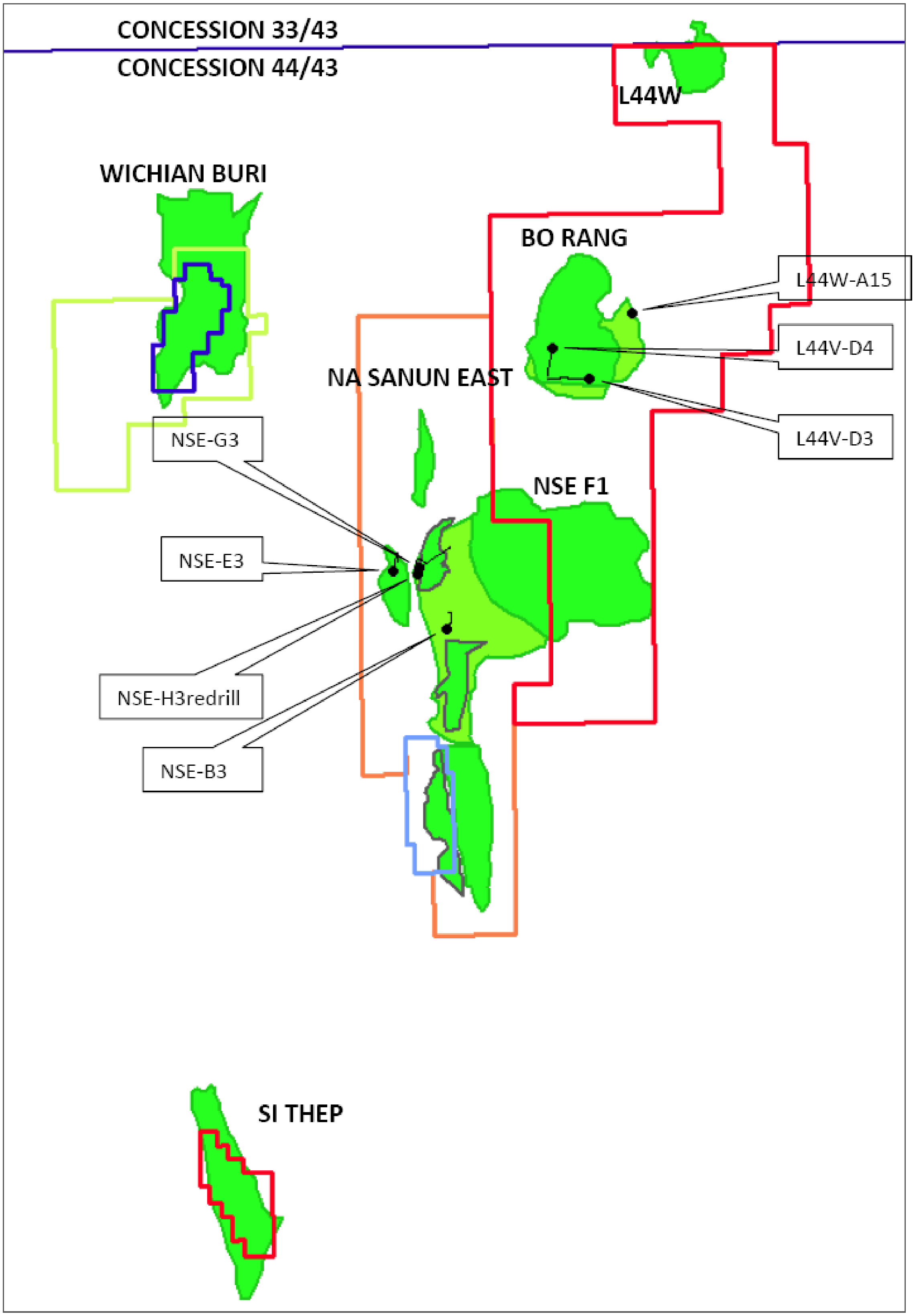
(thousands of Canadian dollars except where indicated)	Three Months Ended March 31, **2010**	2009	Change
FINANCIAL			
Oil revenue, before royalties and transportation expense	**25,038**	26,699	-6%
Funds flow from operations (Note 1)	**12,336**	15,238	-19%
Per share – basic	**$ 0.26**	$ 0.33	-22%
Per share – diluted	**$ 0.25**	$ 0.32	-21%
Funds flow from operations by region (Note 1)			
Canada	**29**	(910)	
Thailand	**12,364**	16,057	-23%
Indonesia	**(57)**	91	
Total	**12,336**	15,238	-19%
Net income attributable to common shareholders	**3,405**	2,881	18%
Per share - basic	**$ 0.07**	$ 0.06	21%
Per share - diluted	**$ 0.07**	$ 0.06	17%
Working capital	**21,498**	41,919	-49%
Working capital plus deposits	**25,358**	47,705	-47%
Long-term debt	**-**	-	
Capital expenditures (Note 2)	**20,269**	13,596	49%
Shares outstanding (thousands)	**47,414**	45,568	4%
Funds flow from operations per barrel			
Canada operations	**$ 0.09**	$ (1.64)	
Thailand operations	**36.01**	28.94	24%
Indonesia operations - G&A expense	**(0.17)**	0.15	
	$ 35.93	$ 27.45	31%
Capital Expenditures (Note 2)			
Canada	**63**	145	-56%
Thailand	**13,419**	10,778	25%
Indonesia	**6,787**	2,673	154%
Total	**20,269**	13,596	49%
Working Capital and Deposits			
Working Capital & Deposits - beginning of period	**32,738**	46,386	-29%
Funds flow from operations (Note 1)	**12,336**	15,238	-19%
Capital expenditures (Note 2)	**(20,269)**	(13,596)	49%
Non-cash settlement of Andora receivable	**(600)**	-	
Foreign exchange impact on working capital	**(373)**	(323)	15%
Net proceeds on share transactions	**1,526**	-	
Working Capital & Deposits - end of period	**25,358**	47,705	-47%
Canada Operations			
Interest income	**8**	19	
General and administrative expense	**29**	(670)	
Realized foreign exchange loss	**(8)**	(223)	
Foreign new ventures expenditures	**-**	(36)	
Funds flow from operations	**29**	(910)	
Funds flow from operations per barrel			
Interest income	**$ 0.02**	$ 0.03	
General and administrative expense	**0.09**	(1.21)	
Realized foreign exchange loss	**(0.02)**	(0.40)	
Foreign new ventures expenditures	**-**	(0.06)	
	$ 0.09	$ (1.64)	

(thousands of Canadian dollars except where indicated)	Three Months Ended March 31, **2010**		2009		Change
Thailand Operations					
Total production		**343,400**		554,820	-38%
Average daily oil production (bbls/d)		**3,816**		6,165	-38%
Average oil sales price, before transportation (CDN$/bbl)	**$**	**72.91**	$	48.12	52%
Reference Price (volume weighted) and differential					
Crude oil (WTI $US/bbl)	**$**	**78.83**	$	43.04	83%
Exchange Rate $US/$Cdn		**1.058**		1.257	-16%
Crude oil (WTI $Cdn/bbl)	**$**	**83.39**	$	54.08	54%
Sales price / WTI reference price		**87%**		89%	-2%
Funds flow from operations					
Crude oil sales		**25,038**		26,699	-6%
Government royalty		**(1,589)**		(2,095)	-24%
Other royalty		**(21)**		(21)	
Transportation expense		**(864)**		(1,253)	-31%
Operating expense		**(2,198)**		(1,415)	55%
Field Netback		**20,366**		21,915	-7%
General and administrative expense		**(1,274)**		(943)	35%
Interest Income		**28**		285	-90%
Special Remuneratory Benefit (SRB)		**(2,169)**		(2,920)	-26%
Current income tax		**(4,587)**		(2,280)	101%
Funds flow from operations		**12,364**		16,057	-23%
Funds flow from operations per barrel (CDN$/bbl)					
Crude oil sales	**$**	**72.91**	$	48.12	52%
Government royalty		**(4.63)**		(3.78)	23%
Other royalty		**(0.05)**		(0.04)	35%
Transportation expense		**(2.52)**		(2.26)	11%
Operating expense		**(6.40)**		(2.55)	151%
Field Netback		**59.31**		39.50	50%
General and administrative expense		**(3.70)**		(1.70)	118%
Interest Income		**0.08**		0.51	-84%
Special Remuneratory Benefit (SRB)		**(6.32)**		(5.26)	20%
Current income tax		**(13.36)**		(4.11)	225%
Thailand - Funds flow from operations	**$**	**36.01**	$	28.94	24%
Government royalty as percentage of sales		**6%**		8%	-2%
SRB as percentage of crude oil sales		**9%**		11%	-2%
Income tax as percentage of crude oil sales		**18%**		9%	10%
As percentage of crude oil sales					
Expenses - transportation, operating, G&A and other		**17%**		14%	4%
Government royalty, SRB and income tax		**33%**		27%	6%
Funds flow from operations, before interest income and realized foreign exchange gain		**49%**		59%	-10%
Wells drilled					
Gross		**5**		7	-29%
Net		**3**		4.2	-29%

(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 and excluding the impact of changes in foreign exchange rates.

Thailand 2010 Drilling – Concession L44/43



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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