PAN ORIENT ENERGY CORP.

2007 CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2007

(Please note the interim financial statements have not been reviewed or audited by external auditors)

PAN ORIENT ENERGY CORP.

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	March 31 2007	December 31 2006
ASSETS		
CURRENT		
Cash and cash equivalents	$ **10,187,129**	$ 16,121,554
Accounts receivable	**4,512,546**	2,925,414
	14,699,675	19,046,968
Deposits (Note 3)	**3,650,981**	1,144,188
Petroleum and natural gas properties (Note 4)	**59,393,341**	58,652,742
	$ **77,743,997**	$ 78,843,898
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ **971,622**	$ 1,952,070
Future income tax	**8,161,602**	8,192,052
Asset retirement obligation	**20,001**	20,001
	9,153,225	10,164,123
Non-controlling interest	**7,599,323**	7,726,888
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 5)	**61,962,901**	61,962,901
UNDERWRITERS COMPENSATION OPTIONS	**365,000**	365,000
CONTRIBUTED SURPLUS	**3,197,728**	2,456,194
DEFICIT	**(4,534,180)**	(3,831,208)
	60,991,449	60,952,887
Subsequent event (note 6)		
	$ **77,743,997**	$ 78,843,898

See accompanying notes to the consolidated financial statements

PAN ORIENT ENERGY CORP.

CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT (UNAUDITED)

	Three Months Ended	
	March 31	**March 31**
	2007	**2006**
REVENUES		
Oil - Thailand	$ **1,572,582**	$ 297,081
Royalties - Thailand	**(119,486)**	(53,075)
Interest - Canada	**125,065**	43,084
	1,578,161	287,090
EXPENSES		
Depletion, depreciation and accretion	**789,733**	143,609
Stock based compensation	**641,534**	323,354
General and administrative	**550,188**	209,491
Production and operating	**546,050**	109,171
Foreign new ventures expenditures	**40,000**	-
Foreign exchange loss (gain)	**(88,357)**	29,093
	2,479,148	814,718
LOSS BEFORE TAXES AND NON-CONTROLLING INTEREST	**(900,987)**	(527,628)
FUTURE INCOME TAX REDUCTION	**70,450**	-
NON-CONTROLLING INTEREST	**127,565**	-
NET LOSS FOR THE PERIOD	**(702,972)**	(527,628)
DEFICIT, BEGINNING OF PERIOD	**(3,831,208)**	(1,544,719)
DEFICIT, END OF PERIOD	$ **(4,534,180)**	$ (2,072,347)
LOSS PER SHARE – Basic and Diluted	$ (0.02)	$ (0.02)

See accompanying notes to the consolidated financial statements

PAN ORIENT ENERGY CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Three Months Ended	
	March 31 2007	**March 31 2006**
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net loss for the period	$ **(702,972)**	$ (527,628)
Items not affecting cash		
Stock based compensation	**641,534**	323,354
Future income tax reduction	**(70,450)**	-
Depletion, depreciation and accretion	**789,733**	143,609
Unrealized foreign exchange loss (gain)	**(88,357)**	29,093
Non-controlling interest	**(127,565)**	-
	441,923	(31,572)
Change in non-cash working capital	**(563,845)**	92,393
	(121,922)	60,821
INVESTING ACTIVITIES		
Deposits	**(2,506,793)**	(2,437,286)
Petroleum and natural gas properties	**(1,390,332)**	(1,590,240)
Change in non-cash working capital	**(1,915,378)**	-
	(5,812,503)	(4,027,526)
FINANCING ACTIVITIES		
Convertible debentures	-	(86,162)
	-	(86,162)
DECREASE IN CASH	**(5,934,425)**	(4,052,867)
CASH, BEGINNING OF PERIOD	**16,121,554**	8,702,189
CASH, END OF PERIOD	$ **10,187,129**	$ 4,649,322

See accompanying notes to the consolidated financial statements

1) BASIS OF PRESENTATION

Pan Orient Energy Corp. ("Pan Orient" or the "Company"), is an oil and natural gas company based in Calgary, Alberta, which holds properties onshore Thailand and interests in subsidiaries with properties in Northern Alberta. In addition, the Company is pursuing other oil and natural gas exploration acreage in Asia.

2) SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim consolidated financial statements of Pan Orient have been prepared by management in accordance with Canadian generally accepted accounting principles. The interim financial statements have been prepared following the accounting policies and methods of computation used for the financial statements of the Company for the year ended December 31, 2006 except for changes related to the adoption of new Canadian accounting standards noted below. The disclosures included below are incremental to those included with the annual financial statements. The interim financial statements should be read in conjunction with the Company's financial statements and notes thereto for the year ended December 31, 2006.

On January 1, 2007, the Company adopted new Canadian accounting standards pertaining to financial instruments – recognition and measurement, financial instruments – presentation and disclosures, hedging, comprehensive income and equity. As prescribed by the new standards, prior periods have not been restated.

The new standards require all financial instruments within its scope, including all derivatives, to be recognized on the balance sheet initially at fair value. Subsequent measurement of all financial assets and liabilities except those held-for-trading and available for sale are measured at amortized cost determined using the effective interest rate method. Held-for-trading financial assets are measured at fair value with changes in fair value recognized in earnings. Available-for-sale financial assets are measured at fair value with changes in fair value recognized in comprehensive income and reclassified to earnings when derecognized or impaired. There was no impact on the financial statements as a result of adopting the new standards.

The new standards require a statement of other comprehensive income; however, there are no amounts that the Company would include in other comprehensive income except the net loss.

3) DEPOSITS

Included in deposits is approximately $2.2 million ($1.87 million USD) of cash deposits securing a Standby Letter of Credit posted in favor of the Government of Thailand guaranteeing the Company's work program on its 100% owned L53/48 onshore concession. The remainder of deposits are comprised mainly of cash deposits issued to the Thai government relating to importation permits.

4) PETROLEUM AND NATURAL GAS PROPERTIES

		Cost	Accumulated Amortization	Net Book Value
2007	Canada	$ 42,822,111	-	42,822,111
	Thailand	17,383,517	(1,499,000)	15,884,517
	India	329,214	-	329,214
	Office equipment - Canada	595,434	(237,935)	357,499
		$ 61,130,276	(1,736,935)	59,393,341

General and administrative expenses totaling $181,250 (2006 - $25,000) that were directly related to exploration and development activities have been capitalized for the three months ended March 31, 2007.

5) SHARE CAPITAL

a) Authorized:

Unlimited Class A and B Common Voting Shares
Unlimited Class C Common Non Voting Shares
Unlimited Preferred Shares

b) Issued and outstanding common shares

Common Shares	Number	Amount
Balance as at December 31, 2006 and March 31, 2007	40,056,842	$ 61,962,901

c) Options to purchase common shares of Pan Orient

	Number of Shares	Weighted Average Exercise Price
Balance, January 1, 2007	3,793,150	$ 1.77
Granted	40,000	3.00
Forfeited	(40,000)	(3.00)
Balance, March 31, 2007	3,793,150	$ 1.77

A Black-Scholes option pricing model, with the following weighted average assumptions was used to estimate the fair value of options on the date of the grant, for inclusion as stock-based compensation expense. The fair value of the stock based compensation is amortized over the vesting period of the options, generally being two years.

Risk free interest rate	4.50%
Expected lives	5 years
Expected volatility	58%
Dividend per share	0.00%

The weighted average grant date fair value of options issued during 2007 was $1.61 per option (2006 - $1.46 per option).

d) Options to purchase common shares of Andora Energy Corporation ("Andora")

Stock-based compensation expense includes the cost associated with 3,750,000 options that were granted in Andora, a 67 percent owned subsidiary of the Company which entitle the holders to acquire common shares of Andora. A Black-Scholes option pricing model, with assumptions of a 4.5% risk free interest rate, 3 year expected lives, volatility of 20%, and no expected dividends was used to estimate the grant date fair value of the options as $0.12 per option. The fair value of the Andora options was estimated to be $400,000, net of expected forfeitures, of which $300,000 was included as stock-based compensation expense and $100,000 was capitalized as it related to employees directly involved in exploration and development activities.

e) Loss per share

The loss per share is based on the weighted average of shares outstanding for the period of 40,056,842 shares (2006 - 27,614,573 shares).

6) SUBSEQUENT EVENT

On May 23, 2007, the Company's subsidiary, Andora Energy Corporation, announced it had entered into a letter of intent to combine with Signet Energy Inc. ("Signet"), a private oil and gas company holding heavy oil interests in Sawn Lake, Alberta. The combination will be effected by way of a plan of arrangement under the *Business Corporations Act* (Alberta) whereby the security holders of Signet will receive, in aggregate, 17,500,000 common shares of Andora (subject to adjustment) with a deemed value of $50,000,000. The combination is subject to several conditions including the approval of Signet security holders, and if successful would decrease Pan Orient's current ownership of Andora from 67% to approximately 48%. Pan Orient also holds warrants to purchase additional common shares of Andora which, if exercised, would result in ownership of 49.4% of the combined company.

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