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THE STATE OF THE MARKETS

-Status of the Micro/Small Cap Energy Capital Markets

| Offering Summary | |
|------------------|------------------------|
| Issuer: | Pacific Asia Petroleum |
| Symbol: | PAP |
| Exchange: | NYSE-AMEX |
| Market Cap: | \$211,315,797 |
| Shares Offered: | 4,146,922 |
| Offering Price: | 1.42* |
| Amount Raised: | \$17,500,000 |

*Inferred Price Deducting Warrant Value

PACIFIC ASIA PETROLEUM COMPLETES A REGISTERED DIRECT OFFERING VALUED AT \$17.5 MILLION

Recent Transaction Announcement

HARTSDALE, N. Y.--(BUSINESS WIRE)--Pacific Asia Petroleum, Inc. (NYSE Amex:PAP) (the "Company"), announced today that Company has closed on previously announced definitive agreements dated March 2, 2010 with certain accredited investors (the "Investors") to sell in a registered direct offering an aggregate of 4,146,922 shares of its common stock at a price of \$4.22 per share for aggregate gross proceeds of \$17.5 million.

| Economic Environment | |
|----------------------|---------|
| Measurement | Unit |
| Crude Oil | \$79.68 |
| Natural Gas | \$4.71 |
| 12 Mo. Future Oil | \$82.95 |
| 12 Mo. Future Gas | \$5.99 |
| Dow Jones | 10,406 |
| NASDAQ | 2,281 |

March 2, 2010

In addition, the Company will, at closing, issue to the Investors two series of warrants. The Series C Warrants shall provide the Investors the right to purchase up to an additional 1,658,769 million shares of common stock, in the aggregate, with an exercise price per share equal to \$4.50, which warrants shall be immediately exercisable following the closing for a period of 42 months from closing. The Series D Warrants shall provide the Investors the right to purchase up to an additional 1,658,769 million shares of common stock, in the aggregate, with an exercise price per share equal to \$4.12, which warrants shall be immediately exercisable until December 5, 2010. If fully exercised, the Series C Warrants and Series D Warrants would result in additional gross proceeds to the Company of approximately \$14.3 million.

Headquartered in Hartsdale, New York, Pacific Asia Petroleum is an independent energy company engaged in the development, production and distribution in the Pacific Rim countries, with an initial focus on developing a broad range of energy opportunities in China and offshore Nigeria.

The following table outlines Pacific Asia Petroleum's stock characteristics prior to the announcement of this transaction based upon the inferred offering price:

| Pacific Asia Petroleum - Offering Price 1.42* | | | | | |
|---|---------|---------|---------|---------|---------|
| Measurement | 1 Day | 10 Day | 15 Day | 20 Day | 30 Day |
| Avg Price Previous to Transaction | \$ 4.45 | \$ 4.13 | \$ 4.10 | \$ 4.18 | \$ 4.21 |
| Avg Daily Volume Previous to Transaction | 374,848 | 261,180 | 513,189 | 463,400 | 393,712 |
| Percentage Discount to the Market | 68.1% | 65.6% | 65.4% | 66.0% | 66.2% |

*Using Inferred Offering Price Deducting Value of Included Warrants

**Negative = Premium

Below are the cumulative mean (average) and median discounts to the previous day's closing price of the issuing company in sampled day increments with the aforementioned transaction included:

| CKCC Peer Running Avg % Discount to Market* | | | | | |
|---|-------|--------|--------|--------|--------|
| Measurement | 1 Day | 10 Day | 15 Day | 20 Day | 30 Day |
| Pacific Asia Petroleum's % Discount to Market** | 68.1% | 65.6% | 65.4% | 66.0% | 66.2% |
| Peer Transaction Mean % Discount | 14.8% | 15.3% | 15.1% | 14.4% | 13.2% |
| Peer Transaction Median % Discount | 8.0% | 4.6% | 6.6% | 8.1% | 8.2% |
| Pacific Asia Petroleum's Difference to Mean | 53.3% | 50.3% | 50.3% | 51.6% | 53.0% |
| Pacific Asia Petroleum's Difference to Median | 60.1% | 60.9% | 58.7% | 58.0% | 58.0% |

*Previous Closing Price to Announced Transaction

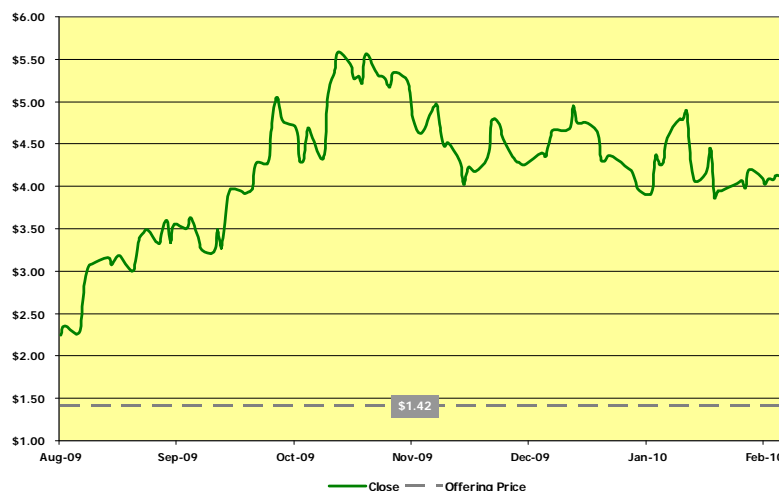
**Using Inferred Offering Price Deducting Value of Included Warrants

The table above compares the 10 most recent transactions to the offering completed by Pacific Asia Petroleum. To account for the 40% warrant coverage of each series of warrants issued (80% total warrant coverage), an inferred offering price was calculated utilizing Black-Scholes. The Series C warrants equated to a net value of \$1.64 and the Series D warrants equated to a net value of \$1.16; a combined value of \$2.80. With the unit being offered at \$4.22, the inferred offering price for the stock is \$1.42.

The Company's offering priced, on average, at a steep discount (66.3%) to the noted closing prices over a 30 day span. The offering priced on average 51 percentage points worse than recent peer transactions which averaged a 14.6% discount over the thirty day range. The post transaction announcement trading session (3/3/2010) closing at \$4.06 is an expected reaction given there was undoubtedly exceptional shorting activity as investors took advantage of the deal structure.

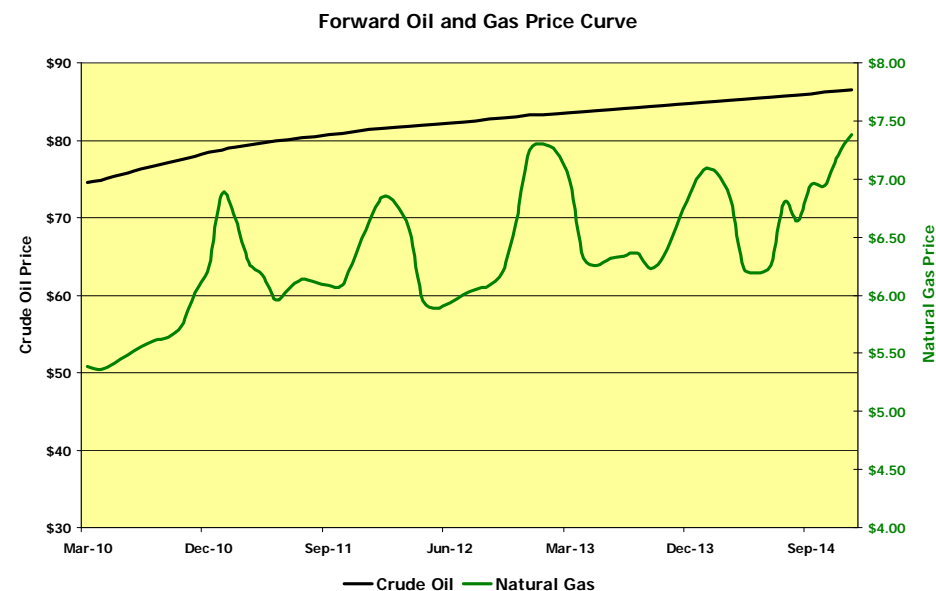
Though the offering price of the unit was higher and could be perceived as more accretive upon first glance than the previous offering which was closed a couple weeks ago (\$4.00 vs. \$4.22), the warrants affixed to this unit were worth more. This equates to an effective offering price for the shares to a full 33% less than just a couple weeks ago (\$1.89 vs. \$1.42). Additionally, this capital infusion may have been telegraphed too openly to the market beforehand as a necessity to close the pending Oyo Oilfield acquisition. This factor alone is grounds for investors to justify more onerous terms and is a valuable lesson in ensuring capital expenditures are outlaid and funded well in advance. Since this is essentially the same transaction as before, we reiterate that based on transactions that fit this mold, the investors of this issue are likely more interested in the financial mechanisms of the unit rather than the inherent underlying value of the Company.

6 Month Stock Performance Chart
Stock Price vs. Offering Price



C. K. Cooper's purpose for this analysis is to provide a snapshot of the current capital markets, demonstrating the current possibilities and arena for a similar company. We track every transaction in a specific peer group, defined by the following guidelines: oil and gas focused, micro and small cap companies from \$50 million to \$1.5 billion market capitalization, domestically based, developed and/or developable tangible assets, fundamentally strong and scalable organization, and common transactions structured under agreeable terms. The 10 most current transactions used for comparative purposes are shown below.

For informative purposes, the graph charts the NYMEX oil and gas future price curve at the date of this publication:



| Issuer | Symbol | Exchange | Date | \$ Raised | Offering Px | % Discount to Market | | | | |
|---------------------------------------|--------|-----------|------------|----------------------|-------------|----------------------|--------------|--------------|--------------|--------------|
| | | | | | | 1 Day | 10 Day | 15 Day | 20 Day | 30 Day |
| GeoResources, Inc.** | GEOI | NASDAQ | 11/13/2009 | \$ 35,190,000 | \$ 10.20 | 10.7% | 11.2% | 11.1% | 13.4% | 12.8% |
| Houston American Energy** | HUSA | NASDAQ | 11/27/2009 | \$ 13,525,200 | \$ 4.68 | -5.4% | -2.0% | -4.7% | -7.4% | -6.3% |
| U.S. Energy Corp** | USEG | NASDAQ | 11/30/2009 | \$ 26,250,000 | \$ 5.25 | 11.6% | 14.6% | 15.6% | 14.9% | 14.3% |
| ¹ Hyperdynamics Corp** | HDY | NYSE-AMEX | 12/2/2009 | \$ 6,500,000 | \$ 0.51 | 48.0% | 51.2% | 52.2% | 53.8% | 57.9% |
| American Oil & Gas Inc.** | AEZ | NYSE-AMEX | 12/18/2009 | \$ 31,500,000 | \$ 3.50 | 15.9% | 4.5% | 0.7% | -4.4% | -11.9% |
| Berry Petroleum** | BRY | NYSE | 1/11/2010 | \$ 234,000,000 | \$ 29.25 | 5.3% | 3.7% | 3.0% | 1.0% | -1.6% |
| Rex Energy Corp** | REXX | NASDAQ | 1/12/2010 | \$ 73,500,000 | \$ 12.25 | 1.2% | 4.8% | 3.3% | 0.6% | -6.8% |
| Concho Resources** | CXO | NYSE | 1/25/2010 | \$ 198,787,500 | \$ 42.75 | 3.0% | 3.9% | 5.3% | 5.5% | 4.6% |
| Endeavour International* | END | NYSE-AMEX | 2/4/2010 | \$ 21,112,001 | \$ 0.90 | 0.0% | 3.7% | 8.0% | 10.7% | 11.8% |
| ¹ Pacific Asia Petroleum** | PAP | NYSE-AMEX | 2/10/2010 | \$ 20,000,000 | \$ 1.89 | 57.5% | 57.5% | 56.3% | 56.3% | 57.4% |
| ¹ Pacific Asia Petroleum** | PAP | NYSE-AMEX | 3/2/2010 | \$ 17,500,000 | \$ 1.42 | 68.1% | 65.6% | 65.4% | 66.0% | 66.2% |
| Mean | | | | \$ 66,036,470 | | 14.8% | 15.3% | 15.1% | 14.4% | 13.2% |
| Median | | | | \$ 28,875,000 | | 8.0% | 4.6% | 6.6% | 8.1% | 8.2% |

*PIPE

**Public Offering

¹ Inferred Offering Price Based on Warrant Coverage