



PAN ORIENT ENERGY CORP.

Press Release

Operations Update

CALGARY, January 2, 2013

INDONESIA OPERATIONS UPDATE

Citarum PSC (Pan Orient Operator and 97% Working Interest)

The Jatayu-1 exploration well, located onshore Indonesia was suspended in September 2012 with the setting of 4.5" casing down to 6,640 feet measured depth. Approximately 200 feet of open hole section below the casing shoe and this section could not be evaluated by open hole logging before the well was suspended due to drilling difficulties experienced at the time.

Utilizing a slim hole rig, drilling recommenced on approximately December 12, 2012. Immediately upon drilling through the cement plug placed to suspend the well in September 2012, an influx of gas resulted in the implementation of well control procedures and 13.5 pound per gallon mud was required to kill the well indicating severe over pressure. The well has now been stabilized, however a detailed analysis of the drilling mud salinity before and after the gas influx indicated there was formation water present with the gas, strongly suggesting no commercial potential of the section drilled. Further, this severe overpressure, in combination with drilling fluid losses that were encountered in the drilling of the deeper open hole section in previous drilling, creates an unacceptable level of well control risk, particularly while utilizing the current slim hole drilling configuration. As a result, the well is currently being abandoned. The future course of action with regard to the Jatayu prospect will be determined sometime after the completion of drilling of Cataka-1A

Cataka-1A has been drilled to a measured depth of 1,692 feet (true vertical depth of 1,636 feet) and is currently being cased. Drilling is on plan and the difficult section encountered in the abandoned Cataka-1 well, has been successfully drilled in Catak1-1A. The primary objective of the well is expected to be encountered at a depth of approximately 7,325 feet measured depth.

Batu Gajah PSC (Pan Orient Operator and 77% Working Interest)

The drilling of Shinta-1, the first of three back-to-back appraisal / exploration wells is anticipated to commence in late January to early February 2013. In addition to Shinta-1, Buana-1, an appraisal to the NTO-1 gas discovery, and Kemala-1, an exploration prospect, will be drilled.

THAILAND OPERATIONS UPDATE

Concession L53 (Pan Orient Operator and 100% Working Interest)

Current oil production is approximately 1,500 barrels of oil per day. A five firm well and two optional well drilling program will commence on approximately January 5, 2013.

An additional 180 square kilometers of 3D seismic acquisition is anticipated to commence in late March 2013.

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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