



PAN ORIENT ENERGY CORP.

Press Release

OPERATIONS UPDATE

CALGARY, July 9, 2012

Pan Orient Energy Corp. ("Pan Orient") (POE – TSXV)

Upon the closing of the sale of a portion of Pan Orient's Thailand assets on July 15, 2012 for net proceeds estimated to be approximately USD \$162 million, the Company attained an enviable financial position with approximately \$186 million CDN in cash plus existing cash flow from conventional oil production in Concession L53 onshore Thailand that is forecast to average approximately 1,300 barrels of oil per day net to Pan Orient ("BOPD") from approximately early August 2012, the date when the Production License and environmental applications for the L53-D East oil discovery are anticipated to be approved by the Government of Thailand.

The Company has also announced it plans to pay a \$0.75 per share special distribution to shareholders of approximately \$42.5 million in early September 2012, subject to shareholder and regulatory approval.

Thailand Operations Update

2012 Oil Production

Average oil production from Concession L53 is currently approximately 1,300 BOPD, with approximately 300 BOPD from the L53-A field with another approximately 1,000 BOPD from the L53-DST3 and L53-D2ST3 wells in the L53-D East field. L53-DST3 has 14 days remaining on its 90 day production test with production from the "C2" sandstone zone as disclosed in an earlier press release. L53-D2ST3 has been on production 10 days averaging 670 BOPD with no water from four meters of perforations in the "A6" sandstone zone within the previously proven "A" fault compartment. L53-D2ST2 drilled into fault compartment "B" was unsuccessful in the mid to deep level sands ("C4" to "A4" zones), resulting in a third sidetrack (L53-D2ST3) which was drilled into fault compartment "A" and encountered approximately 65 meters of net oil pay. Results of the first test interval in the "A6" zone are provided above.

Production for the second quarter of 2012 averaged 1,318 BOPD, with 520 BOPD from Concession L53 and 798 BOPD from Concessions L44, L33 and SW1 (including oil production until their sale on June 15, 2012). The L53-DST3 well was shut in during the majority of this period awaiting the completion of drilling the L53-D2 sidetracks before the service rig could be moved onto location.

L53 Thailand (Pan Orient 100% and Operator)

In May 2012 an approximately 100 square kilometer 3D seismic survey was completed over the unexplored northeast portion of Concession L53. An initial interpretation of the preliminary processing of the 3D has confirmed the presence of the large Lead "A" which had been identified on the old vintage, sparsely spaced 2D seismic data.

Currently there are four firm development wells and one water disposal well planned for the remainder of 2012 with an estimated capital expenditure of approximately \$8 million. Depending on the timing of approvals for wells in the new 3D area, a contingent additional two exploration wells are possible with incremental capital of \$3 million.

Indonesia Operations Update

Citarum PSC (Pan Orient 77% and Operator)

Since the last operations update, the Jatuyu-1 well was drilled to a depth of approximately 5,920 feet true vertical depth ("TVD"). Strong over-pressure estimated at approximately 600 psi and extremely high mud gas readings of up to 80% were observed between approximately 5,530 and 5,920 feet TVD with difficulty maintaining adequate mud weight from 5,631 feet due to the influx of gas. This section drilled was inter bedded sandstone and shale with an inferred gas column based on the mud log data of approximately 390 feet. Some of the best gas shows were encountered at the bottom of the drilled section. While conducting a wiper trip from 5,920 feet the drill string became stuck and was backed off to 5,300 feet TVD.

After sidetracking, the well was drilled to a depth of approximately 5,500 feet TVD and 7" casing was set just above the interval where high mud gas and overpressure was encountered in the previous well bore. We will be drilling ahead through the zone of high mud gas readings starting within the next 24 hours and stop drilling at approximately 6,000 feet TVD to log the well. A decision to continue drilling an additional 1,700 feet down to the main Parigi reservoir target will be made after the analysis of the wireline logs. The possibility exists that we may decide to stop drilling and immediately test the well.

We are very encouraged by: 1) the indications of gas and reservoir we have observed in this well thus far, and 2) the fact we were still drilling within sands with high mud gas readings at 5,920 feet TVD when the drill pipe became stuck, suggesting a possible gas column of 390 feet that we appear yet to have encountered the base of.

A number of initiatives have been implemented with regard to personnel and present / future well design in order to best deal with the difficult drilling that has been experienced to date.

Total firm capital expenditures at the Citarum PSC are estimated at approximately US\$16.6 million for the remainder of the three well program, excluding testing.

Batu Gajah PSC (Pan Orient 97% and Operator)

The company is currently finalizing land access agreements with the surface rights holder and the drilling of two wells is likely to commence in November 2012. In addition to drilling, 400 square kilometers of 3D seismic is planned for late 2012. Total capital expenditures in the Batu Gajah PSC for 2012 are estimated at approximately US\$15.5 million.

South CPP PSC (Pan Orient 97% and Operator)

250 line kilometers of 2D seismic are planned for the South CPP PSC in 2012 with planned capital expenditures of approximately \$3MM USD. The drilling of one well is anticipated in 2013 at approximately US\$4 million.

East Jabung PSC (Pan Orient 100% and Operator)

440 line kilometers 2D seismic is planned for the East Jabung PSC in 2012 with planned capital expenditures of approximately US\$5 million. Two wells are planned in 2013 at approximately US\$12 million.

Sawn Lake Heavy Oil Canada (Pan Orient 53% through share ownership of Andora Energy Corporation)

The board of directors of Andora has approved a rights offering to existing Andora shareholders to raise \$25 million at a price of \$0.60 per share. The board of directors of Pan Orient has approved its participation in the rights offering for its pro rata approximately 53% share for \$13.25 million and further, to backstop the rights offering for up to the full \$25 million in the event that no other Andora shareholders elect to exercise their rights under the rights offering.

Proceeds will be used towards a planned and approved SAGD pilot project with the intent of validating the technical and economic assumptions contained in the December 31, 2012 resource report.

In conjunction with the financing approval, the board of directors of Andora also approved the purchase of all of the shares of private company for a consideration of one million Andora common shares (prior to the record date of the rights offering). This acquisition provides Andora with proprietary thermal facility design / process capabilities and principal shareholders that are highly qualified thermal facility design and operating specialists who will be joining the Andora team as a condition of the transaction.

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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