



PAN ORIENT ENERGY CORP.

Press Release

L53-D2 (L53-D EAST) OIL DISCOVERY (THAILAND) & OPERATIONS UPDATE

CALGARY, January 9, 2012

THAILAND OPERATIONS

Concession L53 (Pan Orient 100% working interest and operator)

L53-D2 (L53-D EAST) Exploration well

Pan Orient is pleased to announce that the L53-D2 exploration well, drilled into the L53-D East exploration prospect, encountered approximately 65 meters of interpreted net oil pay averaging 20% porosity within five to six separate conventional sandstone reservoirs between the depths of 550 to 940 meters. This interpretation is based on numerous pressure data points indicating oil pressure gradients, oil shows while drilling and independent third party open hole well log analysis. Testing will be required to confirm the commercial potential of this discovery and will commence within the next 72 hours.

The L53-D2 well was targeting conventional sandstone reservoirs within a fault compartment adjacent and downthrown to the earlier drilled L53-D sub-commercial oil discovery that was tested in January 2010 at a rate of 280 BOPD from a thin eight meter oil column overlying water within one individual sand. Of note, the upper 3 oil bearing sands were faulted out and never encountered in the original L53-D exploration well but will be targeted in future appraisal drilling.

These preliminary exploration results at L53-D2 mark a very encouraging start to Pan Orient's 2012 active exploration drilling campaign. It is currently planned that an appraisal well (L53-DST3) will be drilled into the same fault compartment immediately upon the completion of the currently drilling L53-G exploration well (see *below*).

L53-G Exploration well

The L53-G exploration well is currently rigging up on location and is expected to commence drilling within the next 24 to 48 hours and take approximately 12 to 14 days to reach total depth. The L53-G prospect is approximately 2.7 kilometers south east and on trend with the L53-A oil field that is currently producing at approximately 474 BOPD.

Concessions L44, L33 and SW1 (Pan Orient 60% working interest and operator)

NSE-F9 Appraisal well

The NSE-F9 appraisal well, drilled in the eastern portion of the NSE-F1 field has recovered 38 degree API oil with minimal water at sub-commercial rates. The well failed to encounter extensive fracturing and will be sidetracked at a future date.

BR-4ST2 Appraisal Well

The BR-4D1ST2 appraisal well, targeting the eastern limit of the Bo Rang A1 volcanic reservoir, failed to encounter extensive fracturing above the known field oil/water contact. The existing wellbore will be used for a future horizontal well targeting the same A1 volcanic zone.

L44V2ST2 ICD Recompletion

The L44V2ST2 ICD recompletion is currently producing oil at 88 BOPD gross (53 BOPD net to Pan Orient) from the Bo Rang "A2" volcanic reservoir. This is an approximately 100% increase in oil production from pre-ICD rates.

NSE-F5 Appraisal Well

The NSE-F5 appraisal well was initially drilled and put on test prior to running an ICD recompletion. The well is currently producing oil at 706 BOPD gross (424 BOPD net to Pan Orient) from the NSE-F1 volcanic reservoir.

L44VD1ST2 Appraisal Well

The L44VD1ST2 appraisal well is currently drilling ahead just above the Bo Rang "A2" volcanic objective. Drilling is anticipated to be completed within the next five days.

Thailand Production

Thailand production is currently 2,122 BOPD net to Pan Orient with an additional approximately 65 BOPD shut-in at NSE-F6 as the well which is being prepared to be extended horizontally. Production guidance for corporate planning purposes in 2012 has been set at an average of 2,500 BOPD net to POE for the year, with results from the 100% POE L53 concession likely to have the largest potential positive impact on Thailand production in 2012.

INDONESIA OPERATIONS

Citarum PSC (Pan Orient 77% working interest and operator)

Cataka-1 Exploration Well

The Cataka-1 exploration well commenced drilling on December 31, 2011. The well is currently drilling ahead at a depth of 500 meters towards a limestone reservoir objective estimated at 2,000 meters depth. Drilling is anticipated to be completed within the next 21 days.

Upon the completion of drilling at Cataka-1, the rig will mobilize to Jatayu-1 exploration location and then to the Geulis-1 exploration location. All three wells are anticipated to require 30 days drilling time to target depth with an addition 10-14 days of rig moved between wells.

East Jabung PSC (Pan Orient 100% working interest and operator)

2D seismic data reprocessing is currently underway and preparations continue towards the drilling of the high impact Anggun-1 exploration well in the third or fourth quarter of 2012.

Batu Gajah PSC (Pan Orient 97% working interest and operator)

Discussions continue towards an overall road and land access agreement with the Indonesian forestry company which holds the surface rights over two prospects planned to be drilled in Batu Gajah in 2012. It is anticipated the NTO-2 and Shinta-1 wells will commence drilling in approximately late in the second quarter of 2012.

South CPP PSC (Pan Orient 97% working interest and operator)

Preparations continue for a planned 2D seismic program in 2012 to be followed by the drilling of one exploration well in 2013.

2012 Budget and Work Program

The capital budget for 2012 is estimated at \$73.4 million with a breakdown of \$36 million for Indonesia that includes six exploration wells (Cataka-1, Jatayu-1 & Geulis-1 in the Citarum PSC, two wells in Batu Gajah PSC and one well in East Jabung PSC), 2D seismic in South CPP, and 3D seismic in Batu Gajah, and \$37 million in Thailand including 33 wells (with approximately 20% exploration wells) and 3D seismic in Concession L53. The exact well breakdown between concessions in Thailand will be heavily influenced by Concession L53 exploration drilling results.

Canadian operations and Indonesian G&A are allocated an additional \$0.6 million. Cash flow, under current oil price and production assumptions, is anticipated to fund \$55 million of the 2012 budget with the remaining \$18.4 million funded through working capital and deposits that are estimated to be approximately \$55 million at year end 2011.

Summary

Pan Orient currently has three rigs running in two different countries with activity levels through 2012 to be the highest in the company's history. The first result of the 2012 exploration drilling campaign at L53-D2 is very encouraging and we eagerly await the test results from this well. Operations in Indonesia are proceeding with the drilling of the first exploration well, Cataka-1, in the Citarum PSC, the first of three back to back exploration wells that have the potential, in the success case of any one prospect, to transform the company.

Pan Orient is well funded for the 2012 capital program and possesses an acreage and prospect inventory that has been more than four years in the making to reach the point of drilling that we are at now. The portfolio of prospects is diverse across a number of reservoir types, basins and countries and in many cases, of a potential size whereby any one success has the potential to transform the production and reserves base of the company.

Please refer to the Pan Orient's website (www.panorient.ca) where an updated corporate presentation can be viewed.

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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