



PAN ORIENT ENERGY CORP.

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Press Release

OPERATIONS AND CORPORATE UPDATE

CALGARY, January 12, 2017

Pan Orient Energy Corp. ("Pan Orient" or the "Company") (POE – TSXV) is providing an operations and corporate update.

INDONESIA

Batu Gajah PSC (Pan Orient 77% & Operator)

The current 10 year term of the Batu Gajah Production Sharing Contract ("PSC") expires on January 15, 2017. Recent discussions with the Government of Indonesia ("GOI") have indicated the possibility of a one year extension to the exploration term of the PSC, specifically only allowing the appraisal of the Akeh-1 discovery made in early 2016 and no other drilling activity. However, very recent information has indicated that nearby wells, in close proximity to the Batu Gajah PSC boundary, have performed in a fashion suggesting that the Akeh-1 accumulation is both much more complex and substantially smaller than first believed. The implications of this are that it appears very unlikely we would achieve the required commercial threshold for an approved Plan of Development for the Akeh structure, and as a result, it is not possible to justify the expenditures required for the drilling of an Akeh-2 appraisal well, particularly combined with the current and foreseeable oil price environment.

Pan Orient has officially notified the GOI that we wish to terminate the PSC at the end of the 10 year term on January 15, 2017 and as a result, the Company will be taking an approximately Cdn\$102 million impairment charge related to past exploration expenditures conducted on the Batu Gajah PSC.

East Jabung PSC (Pan Orient 49% & Non Operator)

The operator of the East Jabung PSC has advised that in December 2016 all key permits with regard to road and well pad construction were in hand, and that substantially all of the required equipment and personnel had been mobilized to the site and construction commenced. Drilling of the AYU-1 exploration well is anticipated to commence late in the first quarter of 2017.

THAILAND CONCESSION L53 (Pan Orient 50% & Operator)

Oil Production

Fourth quarter 2016 (October to December) oil sales averaged 290 barrels of oil per day net to Pan Orient's 50.01% equity interest in the Thailand Joint Venture ("BOPD"), compared to 236 BOPD in the third quarter of 2016 and an average of 258 BOPD through 2016. November and December oil sales averaged 296 and 272 BOPD respectively, with December mainly reflecting L53-G1 (approximately 100 BOPD) well production that was substantially reduced for approximately three days as the downhole pump was replaced.

Exploration

Three exploration prospects have been high graded for drilling of which two may be drilled in 2017. This would be in addition to a multi-well work-over program that is currently being evaluated and will be finalized with partners late in the first quarter of 2017.

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 press 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 press release includes references, express or implied, to drilling plans in Indonesia and Thailand and regulatory approvals. By its very nature, the forward-looking information contained in this press release requires Pan Orient and its management to make assumptions that may not materialize or that may not be accurate. In addition, the forward-looking information is subject to known and unknown risks and uncertainties and other factors, some of which are beyond the control of Pan Orient, which could cause actual results, expectations, achievements or performance to differ materially. Although Pan Orient believes that the expectations reflected in its forward-looking information are reasonable, it can give no assurances that those expectations will

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