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PetroAsian Energy Holdings Limited

中亞能源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 850)

ANNOUNCEMENT OF SPUDDING OF ORYX-1 EXPLORATION WELL ON THE KSAR HADADA PERMIT

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

Reference is made to the announcements (together, the “**Announcements**”) of the Company dated 8 June 2009, 15 June 2009 and 28 June 2010 respectively, in relation to, among other matters, the acquisition (the “**Acquisition**”) of 51% of the Participating Interests and 52.96% of the Paying Interests in the Ksar Hadada Permit and the completion of the Acquisition on 28 June 2010. Definitions used in the Announcements shall, unless the context otherwise requires, have the same meanings when used in this announcement.

The Board is pleased to announce that the spudding of the exploration well Oryx-1 on the Ksar Hadada Permit onshore Tunisia, which covers an area of 5,609 square kilometres, has been commenced on 20 July 2010, at 06:00 Hong Kong time. The Oryx-1 well is one of a two-well drilling programme that forms part of the Work Programme as contemplated under the Agreement.

The well is being drilled into an Ordovician Bir Ben Tartar Formation possible oil target and is planned to reach a vertical target depth of a minimum of 1,165 metres. It is envisaged that the Oryx-1 well will take approximately 19 days to drill at a dry hole cost of approximately US\$4.35 million (equivalent to approximately HK\$33.93 million).

On completion of the Oryx-1 well, the rig will be moved 22.5 km away from the site of Sidi Toui-4 well, it is the second well in the current programme.

Independent assessments of gross prospective recoverable resources and chances of success for the 2010 drilling targets on Ksar Hadada have been carried out by Blackwatch Petroleum Services Ltd, and are reported as follows;

Ksar Hadada Permit Gross Prospective Recoverable Resource Estimates (MMbbls), per 2010 Drilling Programme

Prospect	Oil			Chance of success
	Low (P90)	Medium (Pmean)	High (P10)	
Sidi Toui	24	161	409	40%
Oryx	6	47	105	34%

Shareholders and potential investors may also refer to the announcements of Petroceltic International Plc (AIM London Stock Exchange & Irish Stock Exchange) and Independent Resources Plc (AIM London Stock Exchange) in relation to the spudding of the exploration well Oryx-1 on the Ksar Hadada Permit released concurrently with this announcement.

By order of the Board
PetroAsian Energy Holdings Limited
Poon Sum
Chairman

Hong Kong, 20 July 2010

For the purpose of this announcement, unless otherwise indicated, conversions of US\$ into HK\$ is calculated at the approximate exchange rate of US\$1.00 to HK\$7.80. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

As at the date of this announcement, the Board comprises (i) three executive directors, namely Mr. Poon Sum, Mr. Wong Kwok Leung and Mr. Poon Wai Kong; and (ii) three independent non-executive directors, namely Mr. Chan Kam Ching, Paul, Mr. Chan Shu Kin and Mr. Cheung Kwan Hung.