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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)

UPDATE ON THE DISCLOSEABLE TRANSACTION FOR THE ACQUISITION OF 51% PARTICIPATING INTERESTS AND 52.96% PAYING INTERESTS IN 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. In the Announcements, the Company has announced, among other matters, that the Group, Petroceltic Ksar Hadada Limited and Independent Resources (Ksar Hadada) Limited have entered into the Agreement pursuant to which the Group has agreed to acquire 51% of the Participating Interests and 52.96% of the Paying Interests in Ksar Hadada Permit.

The Board wishes to announce that on 20 April 2010, the Group has received from BGP International (東方地球物理勘探有限公司), a subsidiary of China National Petroleum Corporation (中國石油天然氣集團公司) an independent seismic data interpretation and exploration target evaluation report for the Ksar Hadada Permit.

Based on the above report, the five prospects covered by the Ksar Hadada Permit have a total maximum STOIP (Stock Tank Oil Initially In Place) of approximately 2.227 billion barrels of oil of which 374 million stock tank barrels are the average recoverable resources (with the largest prospect having a total average recoverable resource of approximately 150 million barrels).

Shareholders and potential investors shall note that the Completion is still subject to the satisfaction or waiver of the conditions precedent described in the Announcements and Completion may or may not occur. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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 and 15 June 2009 respectively. In the Announcements, the Company has announced, among other matters, that the Group, Petroceltic Ksar Hadada Limited and Independent Resources (Ksar Hadada) Limited have entered into the Agreement pursuant to which the Group has agreed to acquire 51% of the Participating Interests and 52.96% of the Paying Interests in the Ksar Hadada Permit.

Definitions used in the Announcements shall, unless the context otherwise requires, have the same meanings when used in this announcement.

The Board wishes to announce that on 20 April 2010, the Group has received from The Geologic Research Centre of GRI, BGP (“**BGP International**” (東方地球物理勘探有限公司)) an independent seismic data interpretation and exploration target evaluation report (the “**BGP Evaluation Report**”) for the Ksar Hadada Permit. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, BGP International is a subsidiary of China National Petroleum Corporation (中國石油天然氣集團公司) and is one of the world’s leading geophysical service companies based in Beijing, the PRC, providing oil exploration, seismic processing explanation, oil geological research, geophysical prospecting research and other service for global oil companies.

BGP International is principally engaged in seismic data acquisition, processing, interpretation, equipment manufacturing and software research and development since 1960s for various energy companies worldwide. It has established forty overseas branches and offices have been established in Asia, America, Africa and the Middle East. According to the information provided by the BGP International, it currently has 101 land seismic crews, 8 shallow water and transition zone crews, 7 VSP crews and 20 non-seismic crews operating in 29 countries on 4 continents. The operation team has extensive experience in performing work in a wide variety of terrain conditions, such as gravel plains, mountains, deserts, jungles, swamps, marshes, shallow water and transition zones. In 2006, it also launched its offshore seismic program. At present, BGP International owns two 2D vessels, a 6-streamer 3D vessel, and a 4C OBC vessel. As informed by BGP International, it shall use its best endeavour to assist in the Company's operation activity in Tunisia.

As stated in the Announcements, the Ksar Hadada Permit lies almost entirely onshore in southeast Tunisia, bounded by the Libyan border to the east and comprising permit area 5,609 km². The Ksar Hadada Permit lies within the Ghadames basin, a large intra-cratonic basin covering eastern Algeria, southern Tunisia and westernmost Libya, and extending over 350,000 km². It is bounded to the north by the Telemzane High, to the south by the Illizi basin (Algeria), and to the west by the Anaguid El Biod arch. The eastern boundary is not well defined, being overlapped by the western flank of the younger Sirte basin. There are altogether five prospects and a lead being evaluated in the Ksar Hadada area, namely Sidi Toui prospect, Oryx prospect, South Salah prospect; and two Acacus prospects (Gazelle and Antelope) and the Kasbah Leguine lead.

Based on the BGP Evaluation Report, the five prospects covered by the Ksar Hadada Permit have a total maximum STOIP (Stock Tank Oil Initially In Place) of approximately 2.227 billion barrels of oil of which 374 million stock tank barrels are the average recoverable resources (with the largest prospect having a total average recoverable resource of approximately 150 million barrels).

The Company previously issued an announcement on 27 September 2009 which highlighted the P(mean) STOIP and recoverable resources as reported in the report (the “**Blackwatch Report**”) prepared by Blackwatch Petroleum Services Limited (“**Blackwatch**”). The differences between the Blackwatch Report and the BGP Evaluation Report are found to be acceptable by the Company, and the existence of such differences are due to the differences in the technical criteria adopted by Blackwatch and BGP International and measurement selections applied on the available seismic data, as well as the differences in the equations and assumptions used in arriving at the total resource amount.

The Board will further update the Shareholders and the investing public from time to time on any major development of the Acquisition.

Shareholders and potential investors shall note that the Completion is still subject to the satisfaction or waiver of the conditions precedent described in the Announcements and Completion may or may not occur. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 20 April 2010

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.