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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 & Warrant Code: 344)

**ANNOUNCEMENT IN RELATION TO THE
DRILLING RESULTS OF ORYX-1 EXPLORATION WELL
ON THE KSAR HADADA PERMIT IN TUNISIA
AND THE QIQIHAR FU 718 OILFIELD IN THE PRC**

This announcement is made by PetroAsian Energy Holdings Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

**DRILLING RESULTS OF ORYX-1 EXPLORATION WELL ON THE
KSAR HADADA PERMIT**

Reference is made to the announcements (the “**Announcement**”) of the Company dated 20 July 2010 in relation to, inter alia, the commencement of spudding of the exploration well Oryx-1 on the Ksar Hadada Permit onshore Tunisia. Definitions used in the Announcements shall, unless the context otherwise requires, have the same meanings when used in this announcement.

The Company wishes to announce that the Oryx-1 exploration well has reached its total depth at 1140 m on 1 August 2010. Although oil shows were encountered in both the upper and lower Ordovician reservoir units, log analysis indicates that no significant oil saturation is present in these reservoirs at this location. Hence saved from setting production casing and further well testings, and the Oryx-1 exploration well has been drilled below budget and without a time losing incident. In the oil industry, encountering no commercial value dry wells are very common.

The Oryx-1 exploration well is now being plugged and abandoned, and the Compagnie Tunisienne de Forage Rig 06 will be moved 22.5 km away to commence drilling of Sidi Toui-4, the second well in the current programme. Sidi Toui-4 has been designed as a deeper deviated wellbore which will specifically target resources in the upper Ordovician reservoir unit, the Bir Ben Tartar Formation, of the much larger Sidi Toui structure in the Permit area where an earlier well Sidi Toui-3 had been drilled in 2004 with 144 m of good hydrocarbon fluorescence show.

Independent assessments of gross prospective contingent 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), pre 2010 Drilling Programme

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

The Company remains confident on the Sidi Toui structure.

DRILLING RESULTS OF THE QIQIHAR FU 718 OILFIELD IN THE PRC

Reference is also made to the announcement and the circular (the “**Circular**”) of the Company dated 7 January 2008 and 22 January 2008 respectively in relation to, inter alia, the transfer of the rights of Fu 718 district in Fulaerjiqu Oilfield. Definitions used in the Circular shall, unless the context otherwise requires, have the same meanings when used in this announcement.

The Company wishes to announce that the TC5-1 deviated exploration well on the newly developed Fu 718 area of the Fulaerjiqu Oilfield near Qiqihar City of Heilongjiang Province, the PRC, has reached its total depth of 594 meters on 31 July 2010. Well logging data confirmed an oil layer of net thickness of 11.4 meters (effective oil layer of 8.4 meters). These are the best pay thickness in the whole oilfield so far amongst a total of 137 wells drilled by different companies in its previous 21 years of development history in this general area.

PetroChina Great Wall Drilling Downhole Operating Company (中國石油集團長城鑽探工程有限公司井下作業公司) is the contractor of this multi-wells drilling program. The Company will continue to drill many deviated wells and horizontal wells in Fu 718 subject to favourable drilling outcome.

The Company is encouraged and optimistic about the present results.

SUSPENSION OF TRADING

Trading in the shares and warrants of the Company on the Stock Exchange has been suspended with effect from 9:30 a.m. on 30 July 2010 and will remain suspended until such time as the Group's audited annual results for the year ended 31 March 2010 are announced and published in accordance with the Listing Rules.

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

Hong Kong, 4 August 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.