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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)

**EXTENSION OF LETTER OF INTENT IN RESPECT OF
POSSIBLE ACQUISITION OF 52% OF THE PARTICIPATING
INTERESTS IN MODAMUJI SAG, HAILAER OILFIELD
OIL AND GAS PROJECT
AND
EXTENSION OF LOAN REPAYMENT DATE**

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

LETTER OF INTENT IN RESPECT OF THE POSSIBLE ACQUISITION

Reference is made to the announcements of the Company dated 12 May 2010, 12 August 2010 and 13 December 2010 respectively in relation to the Possible Acquisition.

The Board announces that the Third Extension Letter has been entered into between the Company and the Vendor on 28 June 2011, and pursuant to which the parties to the LOI agree to further extend (i) the expiry date of the Exclusivity Period; (ii) the date for entering into a legally-binding Formal Agreement; and (iii) the expiry date of the LOI from on or before the date falling on or before 30 June 2011 (or such later date as agreed by the parties thereto) to on or before 31 December 2011 (or such later date as agreed by the parties thereto).

Save for the above, no other amendments were made to the LOI (as amended by the Extension Letter, the Further Extension Letter and the Third Extension Letter).

The Board wishes to emphasize that no binding agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement. As such, the Possible Acquisition may or may not proceed. If the Possible Acquisition is materialised, it may constitute a notifiable transaction on the part of the Company. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Possible Acquisition will be made by the Company in the event when any Formal Agreement has been signed.

EXTENSION OF LOAN REPAYMENT DATE

Reference is also made to the announcement of the Company dated 12 August 2010 in relation to, among other matters, the grant of Loan. The Board announces that the Loan Extension Letter has been entered into between the Company and the Borrower on 28 June 2011, and pursuant to which the parties to the Loan Agreement agree to extend the Repayment Date to 2 July 2012 (or such later date as agreed by the parties thereto).

Save for the above, no other amendments were made to the Loan Agreement (as amended by the Loan Extension Letter).

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

Reference is made to the announcements (the “**Announcements**”) of the Company dated 12 May 2010, 12 August 2010 and 13 December 2011 respectively in relation to, among other matters, the proposed acquisition by the Company from the Vendor of 52% of the Participating Interests. Terms used herein shall have the same meanings as defined in the Announcements unless the context requires otherwise.

Under the LOI (as amended by the Extension Letter and the Second Extension Letter), it is agreed that both the Company and the Vendor will proceed to the negotiation for a legally-binding Formal Agreement on or before the date falling on or before 30 June 2011 (or such later date as agreed by the parties thereto). In addition, save and except with consent from the Company, the Vendor will not on or before 30 June 2011 (or such later date as agreed by the parties thereto) negotiate with any party for the Possible Acquisition (the “**Exclusivity Period**”). It is also stated that if the Formal Agreement is not entered into on or before the date falling on or before 30 June 2011 (or such later date as agreed by the parties thereto), the LOI shall cease and terminate and the Vendor shall forthwith refund the Deposit (without interest) to the Company.

The Board announces that as more time is required for furnishing the technical review/valuation of the Project, which forms part of the due diligence review conducted by the Company, an extension letter (the “**Third Extension Letter**”) has been entered into between the Company and the Vendor on 28 June 2011, and pursuant to which the parties to the LOI agree to further extend (i) the expiry date of the Exclusivity Period; (ii) the date for entering into a legally-binding Formal Agreement; and (iii) the expiry date of the LOI from on or before the date falling on or before 30 June 2011 (or such later date as agreed by the parties thereto) to on or before 31 December 2011 (or such later date as agreed by the parties thereto).

Save for the above, no other amendments were made to the LOI (as amended by the Extension Letter, the Further Extension Letter and the Third Extension Letter).

The Board considers the entering into of the Third Extension Letter is in the interests of the Company and the Shareholders as a whole.

The Board wishes to emphasize that no binding agreement in relation to the Possible Acquisition has been entered into as at the date of this announcement. As such, the Possible Acquisition may or may not proceed. If the Possible Acquisition is materialised, it may constitute a notifiable on the part of the Company. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Possible Acquisition will be made by the Company in the event when any Formal Agreement has been signed.

EXTENSION OF LOAN REPAYMENT DATE

Reference is also made to the announcement of the Company dated 12 August 2010 in relation, among other things, the grant of Loan in the principal amount of RMB25,000,000 to the Borrower, being one of the controlling shareholders of the Vendor holding 30% of the equity interest in the Vendor.

Under the Loan Agreement, the total outstanding principal amount of the Loan together with any interest accrued thereon and any other sums payable to the Company under the Loan Agreement shall be fully repaid and discharged on or before the Date of Repayment, namely the date falling six months from the Drawdown Date or such later day that the Company and the Borrower may agree in writing. As at the date of this announcement, HK\$1,500,000 has been repaid by the Borrower.

Under the Loan Agreement, the Loan shall be applied solely for the purpose of financing the 3D seismic data collection, drilling and exploration work of the Project, which is one of the subject matters of the Possible Acquisition. In light of the extension of the date of entering into the Formal Agreement in relation to the Possible Acquisition, an extension letter (the “**Loan Extension Letter**”) has also been entered into between the Company and the Borrower on 28 June 2011, and pursuant to which the parties to the Loan Agreement agree to extend the Repayment Date to 2 July 2012 (or such later date as agreed by the parties thereto).

Save for the above, no other amendments were made to the Loan Agreement (as amended by the Loan Extension Letter).

The Board considers the entering into of the Loan Extension Letter is in the interests of the Company and the Shareholders as a whole.

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

Hong Kong, 28 June 2011

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.