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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)

PROFIT WARNING ANNOUNCEMENT

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

The board of directors of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) that due to (1) the charging of fair value of the share-based payments to the employees of the Group arising from newly granted share options under the share option scheme of the Company; (2) the charging of fair value of the issued warrants; (3) the loss of disposal of subsidiaries; (4) property, plant and equipment written off; (5) impairment loss of goodwill and other assets; and (6) exploration well cost written off on the Ksar Hadada Permit in Tunisia, it is expected that a loss will be recorded by the Group for the year ended 31 March 2011.

This profit warning announcement is only based on the preliminary assessment of the unaudited management accounts of the Group. The audited annual results of the Group for the year ended 31 March 2011 have not been finalized. Shareholders and investors are advised to read the results announcement carefully.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 17 June 2011

As at the date hereof, the Board consists of six Directors, three of which are executive

Directors (namely Mr. POON Sum (Chairman), Mr. WONG Kwok Leung and Mr. POON Wai Kong) and three of which are independent non-executive Directors (namely Mr. CHAN Shu Kin, Mr. CHAN Kam Ching, Paul and Mr. CHEUNG Kwan Hung).