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# 東方明珠石油有限公司\*

## Pearl Oriental Oil Limited

(the "Company")

(Incorporated in Bermuda with limited liability)

(Stock Code: 632)

### POSSIBLE ACQUISITION OF A LISTED OIL COMPANY IN CANADA

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

#### POSSIBLE ACQUISITION OF A LISTED OIL COMPANY IN CANADA

The Company signed on 28 December 2012 a letter of intent in relation to a possible acquisition of an oil company in Canada (the "Possible Acquisition").

**As no agreement for the Possible Acquisition has yet been entered into, therefore, the Possible Acquisition which will be subject to certain conditions may or may not proceed. 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 any formal agreement has been signed in accordance with the applicable requirements under the Listing Rules, if and when appropriate.**

This announcement is made pursuant to Rule 13.09 (1) of the Listing Rules.

#### POSSIBLE ACQUISITION OF A LISTED OIL COMPANY IN CANADA

The Company announces that it signed on 28 December 2012 a letter of intent in relation to a Possible Acquisition of Petrox Resources Corp. ("Petrox"), listed on the Toronto Stock Exchange ("TSX") Venture Exchange with trading symbol of PTC.V. Petrox owns 100% working interest at i) the Halkirk/Battle (Viking oil field) area in Central Alberta and ii) the Bashaw (Richfield oil field) area in Central Alberta.

According to the information provided by Petrox, the potential OOIP (original oil in place) of oil fields owned by Petrox amounts to over 160,000,000 barrels in total. The total area of these oil fields are around 10,320 acres, and there are other producing wells in the surrounding area of Battle field.

Petrox is proposing to sell to the Company up to 43,750,000 units of Petrox ("Units"), at a price of Canadian Dollars ("CAD") 0.16 per Unit, representing a discount of 11% to CAD 0.18, the closing price on 27 December 2012, for gross proceeds of up to CAD7,000,000 (the "Proposed Transaction"). Each Unit will consist of one common share in the capital of Petrox ("Common Share") and one non-transferable share purchase warrant ("Warrant"). Each Warrant will entitle the purchaser to acquire an additional Common Share at an exercise price of CAD 0.20 per share for a period of two years from the date of closing. After completion of the Proposed Transaction, the Company will own approximately 70.3% of the enlarged share capital of Petrox. If the Warrants are fully exercised by the Company at its sole discretion, it will involve a further sum of CAD8,750,000, and the Company will own approximately 82.6% of the enlarged share capital of Petrox.

Proceeds of the Proposed Transaction will be used to fund the exploitation and development plan of drilling new wells in the oilfields of Petrox at Central Alberta and for general corporate purposes. It is expected that Petrox can commence crude oil production in the second half of 2013.

It is expected that a definitive agreement for the Proposed Transaction may be signed with Petrox in January 2013, and the Proposed Transaction may be completed on or before 15 March 2013.

### **Reasons for the Possible Acquisition**

The Company has been seeking further good investment opportunities in the oil and gas sector in order to broaden the Group's business and maximize the return for the Shareholders. Canada is one of the top three countries of oil reserve in the world with its 95% of the total reserves being located in Alberta where the oil fields of Petrox are situated. Recently, certain proposed acquisitions in Canadian oil business by foreign state-owned enterprises have been made, such as CNOOC Limited's acquisition of Nexen Inc., at a consideration of US\$15.1 billion, PetroChina Company Limited acquired certain working interest of a shale gas prospect at CAD2.2 billion from EnCana Corporation, and Malaysia-based Petronas is going to takeover Progress Energy Resources Corp at CAD5.2 billion.

Canadian Government has made it clear recently that, from now on, foreign state-owned enterprises will be allowed to acquire control of a Canadian oil sands business only in an exceptional circumstance. The management believes that, the Company as a Hong Kong based independent enterprise, and currently producing shale gas and crude oil at its Utah Gas and Oil Field in USA, shall have advantage in the further acquisition of oil & gas projects in Canada in future.

There may be desirable exploitation and development results in Petrox's oil assets in Viking oil formation by applying the latest horizontal drilling and fracturing technologies. Furthermore, the Directors find that Petrox has a very good management team with solid experience in oil and gas business.

### **Profile of Management team of Petrox is extracted as below:-**

#### **Mr. Edwin S. L. Tam — Director, Chairman of the Board**

Mr. Tam is a Co-founder of Petrox. He has a BSc and a MSc, both in Mechanical Engineering and has 30 years of experience working in the Western Canadian oil and gas industry. He has worked for a number of energy companies including Suncor, EnCana, Husky, and Anderson.

#### **Mr. Glenn Cartier — President, CEO and Director**

Mr. Cartier has a BSc in Mechanical Engineering. He was Vice-President of Business Development of Ki Exploration and continues to be a Director. He was also a Co-founder, President, CEO, and Director of Siphon Energy Corp. He has 25 years technical and project management experience in the Western Canadian oil and gas industry.

#### **Mr. Rudolf Cech — VP Engineering, Director**

Mr. Cech has a BSc and a MSc. He joined Sproule Associates in Calgary in 1970 and served as a Senior Vice President-International and Director of that company until 2006. He is currently President of Adur Energy Ltd., a private consulting company and has been active on the boards of a number of private and public oil and gas companies.

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*As at the date hereof, the Board comprises three executive Directors, namely Mr. Wong Yuk Kwan (alias: Wong Kwan), Dr. Lew Mon Hung and Mr. Cheung Kwok Yu; two non-executive Directors, Mr. Baiseitov Bakhytbek and Mr. Chen Ping; and three independent non-executive Directors, namely Mr. Wong Tong Sai, Mr. Yu Jianmeng and Mr. Lam Ka Wai, Graham.*

By Order of the Board  
**Pearl Oriental Oil Limited**

Cheung Kwok Yu  
*Executive Director and Company Secretary*

Hong Kong, 30 December 2012

\* *For identification purposes only*