

To: Financial Editor  
Press Release  
For Immediate Release

**EPI successfully obtains the 10-year extension license of hydrocarbon exploitation  
in Mendoza Argentina with production interest till 2027**

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**The drilling of oil wells CH-1059, CH-1068 has been completed and the drilling and  
working of oil wells CH-1063, CH-1066 has been started**

**[Hong Kong, 18 July 2011]** The oil and gas explorer and producer, **EPI (Holdings) Limited** (“EPI” or the “Group”, SEHK: 0689) is pleased to announce that oil concessions in Mendoza, Argentina, in which the joint venture company of EPI and Chañares is operating, were successfully awarded the 10-year extension license of the hydrocarbon exploitation with production interest till 2027.

EPI is principally engaged in the oil and gas exploration, production and development business in the Chañares Herrados Area and the Puesto Pozo Cercado Area (“Areas”) in Mendoza, Argentina.

In 14 July 2011, EPI was informed by Chañares that the Executive of the Province of Mendoza issued a Decree No. 1467 dated 30 June 2011 (the “Decree”) pursuant to which Chañares obtained an extension of 10 years from the date of expiry of the original term of the hydrocarbon exploitation concessions. The Decree approved an agreement between Chañares and the Mendoza Province dated 31 May 2011 (the “Extension Agreement”), whereby the parties agreed on the terms and conditions of the aforementioned extension, subject to issuance of the Decree. As disclosed in the Announcement dated 20 December 2010, pursuant to the terms of the Agreement, Southstart and EP Energy (the wholly owned subsidiaries of EPI) are jointly obliged to pay an aggregate amount of US\$4,000,000 (equivalent to approximately HK\$31,120,000) to Chañares in consideration for the right to drill in the Areas during the extended term of the Concessions.

Pursuant to the Extension Agreement and the Decree, an extraordinary production fee will be charged by the relevant government authority of Argentina for the production of crude oil and natural gas under the Concessions. In addition, if the selling price of crude oil and/or natural gas exceeds certain amounts as prescribed in the Decree, an extraordinary income fee will be obliged to be paid to the relevant government authority of Argentina. The Extension Agreement is in force since 30 June 2011 and will continue to be in force to the date of expiry of the extended terms of the Concession, provided however that the extraordinary production fee will start to accrue in August 2011.

EPI has 51% working interest in Puesto Pozo Cercado Area and the Chañares Herrados Area of the Mendoza Chañares oilfield of 5 oil wells namely, CH-1052, CH-1053, CH-1055, CH-25 bis and CH-7 bis and 72% working interest of the 4 oil wells drilled and working since 2011 namely, CH-1059 , CH-1068, CH-1063, CH-1066.

The oilfield drilling and production status:

Well	Status	Depth (m)	Date of Production
1. CH-1052	• In production	3,697	26 November 2009
2. CH-1053	• In production	3,580	8 December 2009
3. CH-1055	• In production	3,600	25 March 2010
4. CH-25 bis	• In production	4,685	12 May 2010
5. CH-7 bis	• In production	4,200	14 August 2010
6. CH-1059	• In production	3,600	Drilling completed in May 2011
7. CH-1068	• In progress	3,600	Test Run (drilling completed in July 2011)
8. CH-1063	• In progress	3,600	Drilled to 2,250M
9. CH-1066	• In progress	3,600	Completed Pad Work

The contingent oil resources and the unrisks prospective oil resources of the the Chañares Herrados Area and the Puesto Pozo Cercado Area in Mendoza, Argentina:

Contingent Oil Resources:

	Million in Barrel (MMNBBL)	
	Gross (100%)	Net (72%)
Low Estimate (1C)	88.6	56.13
Best Estimate (2C)	146.9	93.07
High Estimate (3C)	245.5	155.54

Unrisks Prospective Oil Resources:

	Million in Barrel (MMNBBL)	
	Gross (100%)	Net (72%)
Low Estimate (1C)	7.6	4.8
Best Estimate (2C)	13.5	8.55
High Estimate (3C)	22.8	14.44

**Mr. Joseph Wong, Chairman and CEO of EPI**, said, “We have successfully achieved one of important milestones in 2011 by obtaining the 10-year extension license of the hydrocarbon exploitation, that provides us with an additional 10 years of operating and production life of the project, with a total of 16 years of life for oil exploration and production, and also allows us to enjoy the petroleum income until 2027. Pursuant to the 2011 Investment Plan, so far we have already completed drilling and made working on 4 oil wells in 2011. We have 1 more wells to drill this year and will accomplish our plan of 2011. With a total of 10 oil wells in production by the end of 2011, it will certainly increase our oil production volume and contribute to our year sales revenue.”

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**About EPI (Holdings) Limited (SEHK: 0689)**

EPI is a company that primarily focuses on the production of oil and gas in the energy and resource sector. While having a strong oil and gas exploration and production operation in Argentina, EPI is progressively expanding its portfolio through strategic mergers and acquisitions in other oil and gas projects around the world. EPI is committed to becoming one of Asia’s leading operators in the oil and gas industry and is proactively pursuing investment opportunities that create long-term, sustainable value to our shareholders.

**About Chañares Herrados Empresa de Trabajos Petroleros S.A. (“Chañares”)**

Chañares is the holder of the Concessions and is principally engaging in the development and operation of oil and gas business in the Chañares Herrados Area and Puesto Pozo Cercado Area covering an aggregate area of 210 square kilometers located in Cuyana Basin, Mendoza Province in Argentina where EPI’s oilfield project locates. Chañares was awarded the hydrocarbon exploitation concession of Chañares Herrados Area and Puesto Pozo Cercado Area with a term of 25 years commencing from 1992 with the possibility of a 10-year extension. Chañares was successfully awarded the 10-year extension license of the Concessions in July 2011.

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