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SINO OIL AND GAS HOLDINGS CONFIDENT OF RECEIVING BEIJING APPROVAL FOR MASS COAL-BED METHANE PRODUCTION

Shanxi based Sino Oil and Gas Holdings (**Sino Oil**) has announced that it expects to receive Government approval for its proposed mass coal-bed methane production project by the end of the third quarter 2015. China is estimated to be home to the world's third-largest reserves of coal-bed methane, which is largely untapped due to technical challenges and insufficient spending on drilling and infrastructure. Sino Oil is undertaking the project in cooperation with the state-owned PetroChina Co. Ltd. Sino Oil has estimated the project will have an annual capacity to produce 500 million cubic meters (**mcm**) of coal-bed methane within two years of commencing production. In the first phase of the project Sino Oil will drill between 80 - 100 horizontal wells, and more than 200 vertical wells at a cost of approximately 1.5 billion RMB (approximately US\$241million). During the project's second phase, additional capacity of 500 mcm will be added through the drilling of between 120 -150 horizontal wells and more than 300 vertical wells and costing approximately 2.5 billion RMB (approximately US\$402 million). (Source: <http://www.scmp.com/business/china-business/article/1824605/chinas-sino-oil-and-gas-expects-get-beijings-approval-mass> (Subscription required). 21 June 2015)

ZIJIN'S PARTNERSHIPS DEALS WITH CANADA'S BARRICK, IVANHOE MINES

Chinese state-owned Zijin Mining Group Co. Ltd (**Zijin**) has entered into separate partnership agreements with Barrick Gold Corp. (**Barrick**) and Ivanhoe Mines Ltd. (**Ivanhoe**). Zijin had agreed to acquire from Barrick a 50% stake in the Porgera

mine in Papua New Guinea for US\$298 million. Zijin and Barrick have also executed a long-term strategic cooperation agreement in relation to future projects and joint investments. Barrick's Chairman John Thornton said Barrick's partnership with Zijin was "the first step in a long-term strategic relationship with one of China's leading mining companies" and described the new arrangement as "a multifaceted partnership that will provide significant opportunities to work together on an ongoing basis as we continue to create value for our respective owners". Zijin had also agreed to pay US\$412 million for a 49.5% stake in Ivanhoe's subsidiary company Kamo Holding Ltd. (**Kamo**). Kamo holds a majority share in the Kamo copper project in Katanga in the southern part of Congo. (Source: <http://www.wsj.com/articles/canadas-barrick-ivanhoe-in-mining-deals-with-chinas-zijin-1432641898>, 26 May 2015)

CHINA COAL TECHNOLOGY AND ENGINEERING GROUP AND THE PPK GROUP SIGN ANZ DISTRIBUTION AND AGENCY AGREEMENT

The China Coal Technology and Engineering Group (**CCTEG**) has entered into a sole agency and distribution agreement with the ASX-listed PPK Group Ltd. (**PPK**) in relation to the Chinese manufacturer's wide range of underground mining machinery and equipment. Pursuant to the agreement, PPK will sell and distribute CCTEG's products throughout Australia and New Zealand. PPK is also hoping to market its Coaltram "load-haul-dump" machines in China. Coaltram is one of three mining brands PPK acquired over the last twelve months. (Source: <http://www.theherald.com.au/story/2964719/mining-deal-goes-ahead/>, 23 March 2015)

LOYZ ENERGY IN REVERSE TAKEOVER OF CANADA-LISTED PRIMELINE ENERGY

Singapore-listed Loyz Energy Ltd (**Loyz**) has announced that it has agreed to acquire Primeline Energy Holdings Ltd (**PEH**) for approximately SGD\$197 million (approximately US\$146 million). PEH, which is listed on the TSX Venture Exchange, is an independent oil and gas exploration and production company, focusing exclusively on upstream opportunities in China. PEH owns exploration and development rights in the East China Sea via two petroleum contracts. Loyz will fund the acquisition of PEH by issuing approximately 1.8 billion new shares at SGD\$0.11 per share. Following the acquisition, Loyz will seek to transfer from Catalist to the mainboard of the Singapore Exchange. Managing Director of Loyz Energy, Adrian Lee said the proposed acquisition would allow the group's business scale, profits, cashflow from operations and net asset value to increase. He also stated that he expected the proposed acquisition, if completed, to result in an increase in the company's market capitalisation, which will potentially widen its investor base. (Source: <http://www.dealstreetasia.com/stories/loyz-energy-in-s197m-reverse-takeover-of-canada-listed-primeline-energy-7627/>, 10 June 2015)

RUSSIA PIPS SAUDI ARABIA IN RACE TO GRAB CHINA OIL MARKET SHARE

According to data released by the Beijing-based General Administration of Customs, Russia has surpassed Saudi Arabia to become China's top crude supplier. China imported a record 3.92 million metric tons from Russia in May 2015, the equivalent to 927,000 barrels of oil per day (**bopd**), a 20% increase on the April 2015 bopd figures. In April 2015, Saudi Arabia also expanded its share of the Chinese oil market. Chinese imports from Saudi Arabia have increased 37% in the twenty-four months since the end of April 2013. China purchased 5.26 million metric tons of crude from Saudi Arabia in April 2015, which accounts for 17.4% of its overall overseas oil purchases of 30.29 million tons. According to the Paris-based International Energy Agency (**IEA**), Saudi Arabia produced in excess of 10 million barrels a day of oil in April 2015. The IEA estimates that China will account for more than 11% of world demand in 2015. (Source: <http://www.worldoil.com/news/2015/6/23/russia-pips-saudi-arabia-in-race-to-grab-china-oil-market-share>, 23 June 2015)

CHINA DISCOVERS HUGE TIGHT OIL DEPOSIT

China National Petroleum Corp (**CNPC**), Asia's largest oil producer has announced that it has discovered more than 100 million tonnes of tight oil geological reserves in its Changqing field located in the western province of Shaanxi. Tight oil is an unconventional energy, which exists in petroleum-bearing formations like shale or sandstone. Commercial production usually requires technology similar to that of shale gas production. The discovery is the first Chinese tight oil found to surpass 100 million tonnes. (Source: <http://www.reuters.com/article/2015/05/26/us-china-oil-discovery-idUSKBN0OB0YK20150526>, 3 June 2015; http://news.xinhuanet.com/english/2015-05/26/c_134272543.htm, 26 May 2015)

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