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AAG

AAG Energy Holdings Limited

亞美能源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2686)

**RESIGNATION OF MR. CARL LAKEY AS CO-CHIEF
EXECUTIVE OFFICER AND CHIEF OPERATING OFFICER**

The Board hereby announces that Mr. Carl Lakey will resign from his position as the Co-Chief Executive Officer and Chief Operating Officer of the Company with effect from 30 October 2016.

The board of directors (the “**Board**”) of AAG Energy Holdings Limited (the “**Company**”) hereby announces that Mr. Carl Lakey (“**Mr. Lakey**”) has tendered his resignation from his position as the Co-Chief Executive Officer and Chief Operating Officer of the Company with effect from 30 October 2016 in order to enable himself to spend more time with his family in the United States. Mr. Lakey will serve as a consultant to the Company and provide continued support and advice to the operation and strategic development of the Company according to the terms of the consultancy agreement.

Mr. Lakey confirmed that he has no disagreement with the Board during the term of office as the Co-Chief Executive Officer and Chief Operating Officer and there is no matter in relation to his resignation that needs to be brought to the attention of the shareholders of the Company or The Stock Exchange of Hong Kong Limited.

As at the date of this announcement, there are (i) options to purchase 36,186,924 shares of the Company with an exercise price of US\$0.151 per share granted to Mr. Lakey under the pre-IPO share option scheme adopted on 31 March 2015 (the “**Pre-IPO Share Option Scheme**”), among which 20,396,720 have been vested (the “**Vested Options**”) and 15,790,204 have not been vested (the “**Unvested Options**”); and (2) 6,621,733 post-IPO restricted share units (“**RSUs**”) granted to Mr. Lakey under the post-IPO RSU scheme adopted by the Company on 5 June 2015, which took effect on 23 June 2015, entitling him to receive 6,621,733 shares of the Company. Upon change of role of Mr. Lakey as a consultant commencing from 30 October 2016, (a) Mr. Lakey shall have until the expiration date as defined under the Pre-IPO Share Option Scheme (or such date as amended by the

board of directors of the Company) to exercise the Vested Options which have not been exercised yet. The Unvested Options shall continue to be valid after the effective date of resignation and continue to vest in accordance with the Pre-IPO Share Option Scheme; and (b) the RSUs granted to Mr. Lakey shall continue to be valid and continue to vest in accordance with the Post-IPO RSU Scheme. In addition, Mr. Lakey will receive US\$681,970 from the Company within 1 year from 30 October 2016. The above arrangement has been reached between the Company and Mr. Lakey after taking into consideration the invaluable contribution that Mr. Lakey made to the Company during his tenure of services and the continued support to be provided by Mr. Lakey to the Company in the future as a consultant.

Mr. Jing Li, Co-Chief Executive Officer and President of the Company, will become the sole Chief Executive Officer of the Company with effect from 30 October 2016 and will assume all responsibilities of Mr. Lakey as Co-Chief Executive Officer and Chief Operating Officer. Mr. Shuxing Dong, Vice-President of Technology of the Company, will assist Mr. Li in managing technical aspects of the overall operations. Mr. Dong joined the Company in June 2016 and has over twenty years of diversified experiences in the oil and gas industry including reservoir engineering, production engineering and completion engineering. Prior to joining the Company, Mr. Dong was Chief Reservoir Engineer of ConocoPhillips China Inc. and had been with ConocoPhillips for about 19 years.

The Company will review from time to time and, where appropriate, identify suitable talents, internal or otherwise, to enhance the management of the Group's business operation.

The Board would like to express its most sincere gratitude to Mr. Lakey for his invaluable contribution and leadership during his tenure of service.

On behalf of the Board
AAG Energy Holdings Limited
Stephen Xiangdong Zou
Chairman

Hong Kong, 13 October 2016

As at the date of this announcement, the executive Director is Stephen Xiangdong Zou; the non-executive Directors are Peter Randall Kagan, Gordon Sun Kan Shaw, Zhen Wei, Lei Jin, Guiyong Cui and Bo Bai; and the independent non-executive Directors are Yaowen Wu, Robert Ralph Parks, Fredrick J. Barrett and Stephen Cheuk Kin Law.