

CHEMOIL ENERGY LIMITED  
(Incorporated in Hong Kong on 9 October 1987)  
(Company Registration No. 200591)

ESTABLISHMENT OF SUBSIDIARIES: CHEMOIL STORAGE LIMITED AND CHEMOIL NAVIGATION LIMITED

The Board of Directors of Chemoil Energy Limited (the "Company" or "CEL") wishes to announce that the Company has established two subsidiaries, Chemoil Storage Limited ("Chemoil Storage") and Chemoil Navigation Limited ("Chemoil Navigation") in Marshall Islands on 4 June 2007. CEL's wholly owned subsidiary, Chemoil Logistics Inc ("Chemoil Logistics"), owns 100% of the issued shares of each of Chemoil Storage and Chemoil Navigation.

The main activity of Chemoil Storage will be that of an Investment Holding Company. Chemoil Storage was incorporated with an issued capital of 50,000 shares, which was fully subscribed by Chemoil Logistics for a consideration of US\$50,000.00. The investment in Chemoil Storage was funded through internal resources. The main activity of Chemoil Navigation will be that of owning special purpose companies who will in turn own and operate ships. Chemoil Navigation was incorporated with an issued capital of 50,000 shares, which was fully subscribed by Chemoil Logistics for a consideration of US\$50,000.00. The investment in Chemoil Navigation was funded through internal resources.

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in the Company), in the abovementioned transaction.

The formation of the new subsidiary is not expected to have a material impact on the net tangible assets per share or earnings per share of the Company and its subsidiaries for the financial year ending 31 December 2007.

The initial public offering of the shares in Chemoil Energy Limited was sponsored by J.P. Morgan (S.E.A.) Limited and UBS AG, acting through its business group, UBS Investment Bank.

By Order of the Board

Robert Viswanathan Chandran  
Executive Chairman and Chief Executive Officer  
2 July 2007