

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

ACQUISITION OF NEW SUBSIDIARY IN THE PHILIPPINES

The Board of Directors of Chemoil Energy Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Group has acquired 1,000,000 issued and outstanding shares of the stock of LMG Land Development Corp ("**LMG Land**") in the Philippines, representing an effective interest of 64% of the issued share capital of LMG Land.

The consideration of PHP 492,840,000 or approximately US\$11.17 million was arrived at on a willing-buyer and willing seller basis and will be funded by a combination of internal resources and bank borrowings.

Based on LMG Land's audited financial statements as at 31 December 2007, the net asset value and net tangible asset value attributable to the Group's 64% interest amounted to PHP 116,757,493 or approximately US\$2.65 million.

The above transaction is not expected to have any material impact on the Company's consolidated earnings and net tangible assets per share in the current financial year.

By Order of the Board

Clyde Michael Bandy
Chairman and Chief Executive Officer
22 August 2008

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