

CHEMOIL ENERGY LIMITED
(Incorporated in Hong Kong on 9 October 1987)
Company Registration Number: 200591

**JOINT VENTURE WITH GULF PETROL SUPPLIES LLC
FOR THE ESTABLISHMENT OF A JOINT VENTURE COMPANY**

The Board of Directors of Chemoil Energy Limited (the "Company" or "CEL") wishes to announce that the Company has entered into a Joint Venture Agreement ("**JV Agreement**") with Gulf Petrol Supplies LLC ("GPS") on 8 February 2007, in connection with the establishment of a Joint Venture Company (the "JV Co").

The JV Co will be incorporated in United Arab Emirates with a paid up capital of AED50 million (approximately USD13.7 million). Under the terms of the JV Agreement, the Company and GPS will have shareholdings in the JV Co in the proportion of 40% or AED20 million (approximately USD5.5 million) and 60% or AED30 million (approximately USD8.2 million) respectively. The investment in the JV Co was funded through internal resources, from the IPO proceeds.

The JV Co will be principally engaged in the development and operation of an oil storage terminal in Fujairah, United Arab Emirates.

The Company will make an announcement on the name and date of incorporation of the JV Co upon the establishment of the said JV Co.

Pursuant to the terms of the JV Agreement, GPS will transfer 44,000 cubic meters ("cbm") of oil storage capacity to the JV Company. Further expansion of storage capacity is expected to complete by end 2008 and will take place in two phases, with phase one adding 45,000 cbm of oil storage capacity and phase two adding another 237,000 cbm of storage capacity. The total expansion cost for phase one and phase two is approximately USD56 million to be funded by a combination of bank borrowings and equity. The new oil storage terminal is expected to be fully operational by January 2009 and will have a total capacity of 326,000 cbm per month, of which 226,000 cbm will be for bunker fuel with the remainder 100,000 cbm intended for clean fuel.

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 above-mentioned transaction.

The formation of the JV Co 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.

Copy of the JV Agreement shall be available for inspection at the Company's registered office at Level 28, Three Pacific Place, 1 Queen's Road East, Hong Kong during the Company's business hours for 3 months from the date of this Announcement.

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
8 February 2007