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For Immediate Release

**Announcement on risk management audit**

Singapore, 30<sup>th</sup> July 2007- In accordance with the terms and conditions laid down by the Singapore Exchange Securities Trading Limited in its letters of 15<sup>th</sup> November 2006 read with its letter of 18<sup>th</sup> August 2006 and as disclosed in the Company's Prospectus, the Board of Directors of Chemoil Energy Ltd ("Chemoil" or the "Company") is pleased to announce that Protiviti Pte Ltd. (Protiviti) which was commissioned by the Company on 20<sup>th</sup> March 2007 to undertake a risk management audit has completed its work and reported its findings to the Board and Audit Committee of Chemoil.

Protiviti has reported that Chemoil has a system in place for identifying, measuring, monitoring and reporting the risks related to its trading transactions. Its risk management function is organizationally and operationally independent of trading activities and there is a process to ensure that reports emanating from the information system are validated with external evidence and disseminated daily to senior management. Protiviti notes however that internal and risk management controls, no matter how well they are designed and operating, can provide only reasonable, not absolute, assurance regarding the achievement of the company's objectives.

Protiviti has also identified some areas of improvements including enhancements of risk management policies and procedures, improved formalisation of business processes, counterparty maintenance, risk reporting format and process as well as improvements to the key risk management software application. Some of these recommendations are already being implemented by the management and it is Chemoil's intention to address all the recommendations in a phased manner.

a member of the Chemoil Group of Companies

The audit committee accepts the report and its recommendations.

By order of the Board



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Lotus Isabella Lim Mei Hua  
Representative of the Company Secretary  
Strath Nominees Limited

**Footnote**

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