



**Sagalia Energy**  
**中普能源**  
Listed on ASX (Stock Code : SAN)

Sagalia Energy Limited  
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31 July 2015

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## JUNE 2015 QUARTERLY REPORT

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### HIGHLIGHTS:

- Completion of acquisition of Quangas Poly Limited in May 2015, which through its wholly owned subsidiary PEI LLC, has rights under a co-investment agreement over 3 oil projects in the Kyrgyz Republic;
- Cancellation of 416,753,871 treasury shares to facilitate a simple capital structure.
- Completion of Placement in May 2015, raising a total of A\$4,615,200 and issued a total of 92,304,000 fully paid ordinary shares;
- Re-compliance with Chapters 1 & 2 of the Listing Rules and reinstatement to official quotation on the ASX on 11 May 2015;
- The drilling of 8 wells in the Marleysu - East Yizbaskent development block pending disclosure of technical results upon completion of data evaluation;
- Completion of name change and commencement of trading under new stock code SAN:AU.

Sagalia Energy Limited (**FeOre** or the **Company**) provides the following commentary for the three months ended 30 June 2015.

## **COMPLETION OF THE PROPOSED ACQUISITION**

In July 2014, the Company entered into a binding memorandum of understanding (the “**MOU**”) with Gain Diligence Limited (the “**Seller**”) to acquire 100% of Quangas Poly Ltd (the “**Target Company**”). The Target Company is involved in oil projects in Kyrgyzstan. The Proposed Acquisition could potentially lead to the establishment of profitable oil production operations in the Kyrgyz Republic (or “**Kyrgyzstan**”).

In January 2015, the Company had renegotiated the terms of the Proposed Acquisition and convened a special general meeting for approval, amongst other things, of the Proposed Acquisition. The meeting was subsequently held on 13 February 2015 and the approval by the shareholders concerning the Proposed Acquisition and the Placement was obtained.

In May 2015, the Company had completed the acquisition of the Target Company.

## **CANCELLATION OF TREASURY SHARES**

In April 2015, in order to facilitate a simple capital structure, the Company has cancelled 416,753,871 treasury shares being all the treasury shares held under the name of the Company consequential to the buyback which took place in July 2014.

## **THE PLACEMENT AND REINSTATEMENT OF OFFICIAL QUOTATION**

The Company had sought shareholder approval for the proposed issue of up to 100 million shares in the Company to raise up to a maximum of A\$5 million (the “**Placement**”).

The Company had subsequently completed the Placement in May 2015, raising a total of A\$4,615,200 and issued a total of 92,304,000 fully paid ordinary shares at an issue price of A\$0.05 per share. The Company's shares were reinstated to official quotation on the ASX on 11 May 2015.

## **ADDITIONAL EXPLORATION AND DEVELOPMENT OF THE KYRGYZSTAN PROJECTS**

The Company has conducted additional exploration and development work within the proven oil field area in Kyrgyzstan, including the drilling of 8 wells in the Marleysu - East Yizbaskent development block. The

Company has employed consultancy to undertake the technical study and is in the process of evaluating the new information. The Company will provide updated analysis as soon as it is completed.

## NAME CHANGE AND COMMENCEMENT OF TRADING UNDER NEW STOCK CODE

The Company has completed its name change from FeOre Limited to Sagalio Energy Limited with the Registrar of Companies in Bermuda, ASIC and ASX and is now trading under the ASX code "SAN".

## DEVELOPMENT AND EXPLORATION TENEMENTS HELD AT THE END OF QUARTER ENDING 31 MARCH 2015 AND 30 JUNE 2015

Country	Name of Tenement	Nature	Number of Tenements	Holder	Interest as of 31 Mar 2015	Interest <sup>1</sup> as of 30 Jun 2015
Kyrgyzstan	Marleysu - East Yizbaskent	Development	1	Kyrgyzneftegaz OJSC ("KNG")	0%	1. Oil extracted from: (a) new production wells: KNG 40% and PEI 60%; (b) abandoned and non-production wells: KNG 35% and PEI 65%; (c) rejuvenating non-production well or abandoned wells: KNG 60% and PEI 40%; and (d) exploration wells drilled by PEI: KNG 30% and PEI 70% until the exploration works are completed. Subsequently, oil extracted from production wells drilled by PEI will be apportioned after determining oil reserves.  2. Oil extracted from new production wells in layers XIII, XIV and XVIII: (a) during first year of exploitation of each well: KNG 20% and PEI 80% (b) starting from second year of exploitation of wells: KNG 55% and PEI 45%.  3. In addition, for production wells established and funded by PEI: KNG 40% and PEI 60%.
Kyrgyzstan	Yizbaskent – Arash	Exploration	1	KNG	0%	See (1)(a) - (d) and (3) above.
Kyrgyzstan	Susamur	Exploration	1	KNG	0%	See (1)(a) - (d) and (3) above.

*Note<sup>1</sup>: The Company's economic interest through its subsidiary PEI LLC ("PEI") of oil extracted from each Project arises under a Co-Investment Agreement, a production sharing contract as defined by the SPE PRMS, and is determined by the nature of the area (whether previously exploited or not), the well (whether new, inactive or enhanced), timing of extraction (with PEI having a greater economic*



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*interest in oil extracted in earlier years), the layer of extraction and in certain circumstances, the interest to be agreed between KNG and PEI (such agreement to be reached prior to the well in question being drilled or the resource being determined). Such interest was acquired in May 2015 through the acquisition of Quangas Poly Limited, the holding company of PEI.*

**- Ends -**

**For more information:**

**Sagalia Energy Limited**

**Harry King**

**Chairman & Non-Executive Director**

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## Forward Looking Statements

This announcement contains certain forward looking statements which by nature, contain risk and uncertainty because they relate to future events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements.

Certain statements made herein, including statements relating to matters that are not historical facts and statements of Sagalia Energy's beliefs, intentions and expectations about developments, results and events which will or may occur in the future, constitute "forward-looking information" within the meaning of applicable legislation and "forward-looking statements" within the meaning of applicable provisions. Forward-looking information and statements relate to future events or future performance, reflect current expectations or beliefs regarding future events and are typically identified by words such as "anticipate," "could," "should," "expect," "seek," "may," "intend," "likely," "plan," "estimate," "will," "believe" and similar expressions suggesting future outcomes or statements regarding an outlook.

Forward-looking statements and information are made based upon certain assumptions and other important factors that, if untrue, could cause the actual results, performances or achievements of the Company to be materially different from future results, performances or achievements expressed or implied by such statements or information. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which the Company will operate, including the price of oil, anticipated costs and ability to achieve goals, as well as the timing of the completion of any fund-raising activities. Certain important factors that could cause actual results, performances or achievements to differ materially from those in the forward-looking statements and information include, among others, oil price volatility, discrepancies between actual and estimated production, reserves and resources, operational and development risks, litigation risks, regulatory restrictions (including environmental regulatory restrictions and liability), activities by governmental authorities, currency fluctuations, the speculative nature of oil exploration and development, the global economic climate, dilution, share price volatility, competition, loss of key employees, funding requirements and defective title to mineral claims, subsoil use rights or property. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements and information, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended.

All such forward-looking information and statements are based on certain assumptions and analyses made by Sagalia Energy's management in light of their experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. These statements, however, are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information or statements.

Important factors that could cause actual results to differ from these forward-looking statements include those described in the issuer's previous Quarterly Reports, Annual Financial Reports and Prospectus dated 12 February 2015. These risk factors may be generally stated as the risk that the assumptions and estimates expressed above do not occur, including the assumption in many forward-looking information or statements that other such information or statements will be correct. The reader is cautioned not to place undue reliance on forward-looking information or statements. All forward-looking information and statements herein are made as of the date hereof. Sagalia Energy does not intend or undertake to update or revise forward-looking statements or information, whether written or oral or whether as a result of new information, future events or otherwise, that may be made by Sagalia Energy or on its behalf, except as required by law.