



FeOre Limited
62/F, The Center
99 Queens Road Central
Hong Kong
Tel: +852 3960 6518
www.feore.com

ASX ANNOUNCEMENT

23 July 2014

PROPOSED ACQUISITION OF OIL PROJECTS IN THE KYRGYZ REPUBLIC

FeOre Limited (**FeOre** or the **Company**) is pleased to announce that it has entered into a binding memorandum of understanding (**MoU**) with Gain Diligence Limited (the **Seller**) to acquire 100% of Quangas Poly Ltd (the **Target Company**) (the **Transaction**). This potentially could lead to the establishment of profitable oil production operations in the Kyrgyz Republic (or Kyrgyzstan) and other countries including Central Asia.

The Transaction is a result of FeOre's board actively identifying suitable resource assets for the development of the public listed company. Subject to satisfaction of conditions precedent (including shareholder approval), the Transaction will result in FeOre owning an interest in oil & gas projects located in Kyrgyz Republic.

The Chairman of FeOre said that "Since selling its Mongolian iron ore assets, FeOre has actively sought to acquire valuable commodity assets in the Central Asian region that have the potential to maximise shareholder return. The Board believe that the Transaction presents an opportunity to be positioned as one of the key international oil & gas suppliers starting from Kyrgyzstan. If shareholders do not approve the transaction, the Board will continue to put its greatest effort in sourcing alternative solutions and will present any alternatives to the shareholders."

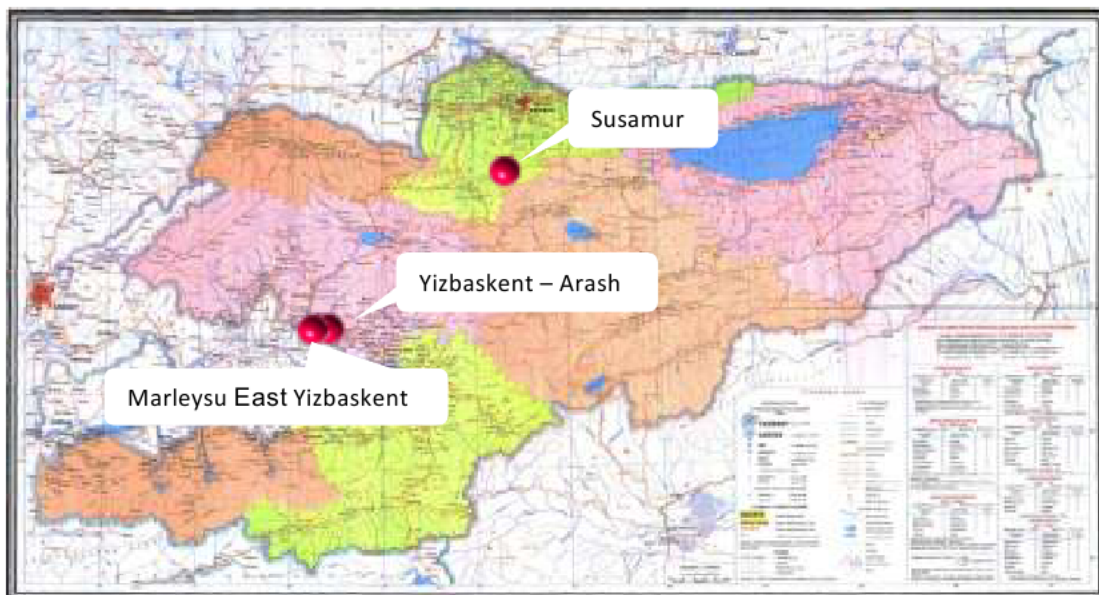
Overview of the Projects

- Kyrgyzstan is located in the hinterland of Eurasia. It is a strategic passage and communications hub of Eurasia. It is a landlocked country in central Asia with a total area of 198,500 km². The neighbouring countries are China, Kazakhstan, Tajikistan and Uzbekistan.
- The Kyrgyz Republic has a stable, democratically elected government, free market economy, legislative protection for investors and an attractive fiscal framework. It is becoming accessible and the government is actively encouraging oil exploration and development with the aim of achieving energy self-sufficiency.
- The Company has the option to acquire 100% interest in the Target Company, which has cooperation and profit sharing agreements with Kyrgyzneftegaz (the Kyrgyz Republic national oil & gas company) concerning three oil projects in the Kyrgyz Republic. The duration of the renewable cooperation agreement is for a period of 20 years; The projects includes three blocks which are:

- the development block of Marleysu East Yizbaskent (33.8km²);
- the exploration block of Yizbaskent – Arash (171km²); and
- the exploration block of Susamur (334.25km²);

The blocks adjoin to large oil producing assets belonging to the governments of Kyrgyz Republic, where numerous oilfields are in production.

- Marleysu East Yizbaskent is a former producing block, with production started not long before the Kyrgyz Republic gained independence following the dissolution of Soviet Union in 1991.
- The Fergana Basin is in the former Soviet Union old oil & gas region, which is between Central Tianshan Mountain and South Tianshan Mountain. The central area of the basin is located in the territory of Uzbekistan and it covers an area of 40,000km², which is one of the important oil & gas bearing basins in Central Asia. The Marleysu East Yizbaskent block and the Yizbaskent – Arash block are located in the northern edge of Fergana Basin.
- The Susamur block is an intermountain basin and one of the key basins for oil & gas exploration in Kyrgyzstan;



- There is significant potential for new discoveries, both from the shallow reservoirs and from deeper, larger scale prospects from the blocks and nearby potential further acquirable blocks.
- The Target Company plans to build a production plant with an annual production capacity of 220,000 tonnes within 3 years, with the possibility of trial production as early as in 6 months' time subject to approvals and funding. Most preliminary work has been completed. Drilling work is scheduled to commence in August of 2014.

- The projects come with an established management team experienced in working in the region.

Detailed information on the Target Company, the projects and the terms of the cooperation with Kyrgyzneftegaz will be set out in an explanatory memorandum that will be sent to shareholders prior to the shareholder meeting to approve the Transaction.

Summary of MoU

FeOre has signed a binding MoU to acquire 100% of the Target Company. In consideration for the acquisition FeOre will pay to the Seller (an unrelated party) up to US\$23m, with the final price to be adjusted according to an independent valuation of the Target Company. FeOre shall pay to the Seller a deposit of US\$10m, refundable in the event that, for whatever reason, the Transaction does not complete.

Completion of the Transaction is conditional upon certain conditions precedent (set out in the appendix to this announcement) being satisfied by no later than 6 months from the date of the MoU. Warranties and seller indemnities will be negotiated following due diligence. The MoU otherwise contains terms customary for a transaction of this nature. The key terms of the MoU and the conditions precedent is set out in Appendix 1.

FeOre is seeking confirmation from ASX whether it will be required to re-comply with Chapters 1 and 2 of the Listing Rules.

Benefits for FeOre shareholders

FeOre's directors believe that the Transaction has the potential for material additional value creation.

- END -

For further details please contact



Louis Yang

Executive Director & Chief Executive Officer

FeOre Limited

Tel: +852 3960 6518

Fax: +852 3965 3222

Forward Looking Statements

Information relating to Quangas Poly Ltd and its projects has been provided by Gain Diligence Limited. Whilst FeOre has no reason to believe that this information is misleading or incomplete, FeOre is yet to verify this information and readers are cautioned not to place undue reliance on this information.

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 FeOre'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 iron ore, 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, iron ore price volatility, discrepancies between actual and estimated production, mineral reserves and resources, mining operational and development risks, litigation risks, regulatory restrictions (including environmental regulatory restrictions and liability), activities by governmental authorities, currency fluctuations, the speculative nature of iron ore exploration, the global economic climate, dilution, share price volatility, competition, loss of key employees, funding requirements and defective title to mineral claims 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 FeOre'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. Such factors include, among other things, the political risks associated with FeOre's principal operations in Mongolia; the impact of changes in, changes in interpretation to or changes in enforcement of, laws, regulations and government practices in the jurisdictions in which FeOre operates; and changes in the attitudes of the Mongolian government.

Important factors that could cause actual results to differ from these forward-looking statements include those described in the issuer's previous Quarterly Reports and Annual Financial Reports. 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. FeOre 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 FeOre or on its behalf, except as required by law.

Appendix 1 – Summary of the Key Terms of the MoU

Purchaser	: FeOre Limited (FeOre)
Seller	: Gain Diligence Limited (the Seller)
Guarantor	: Mr. Zhang Shuming (the Guarantor)
Sale Interest	: All of the Seller's interest in Quangas Poly Ltd (the Target Company), which indirectly holds interest in 3 oil & gas projects located in Kyrgyzstan
Consideration	: A total consideration is the lessor of US\$23 million and the value determined by the third party valuer
Payment Schedule	: 1. A refundable deposit US\$10 million to be paid to the Seller upon signing the MoU. 2. A conditional final consideration of no more than US\$13 million upon satisfying the Conditions Precedent;
Guarantee	: The Guarantor unconditionally and irrevocably guarantees the Seller's obligations (both for itself and on behalf of its subsidiaries) under the MoU (Guaranteed Obligations), and agrees to indemnify FeOre for any breach by the Seller (both for itself and on behalf its subsidiaries) of the MoU (including but not limited to refunding the Deposit).
Conditions Precedent	: Completion of the acquisition of the Sale Shares is subject to and conditional upon the following being satisfied or waived by no later than 6 months from the date of the MoU (or such other date as the parties agree) (End Date): (a) FeOre conducting legal due diligence enquiries with respect to Company to its absolute discretion (including but not limited to the unencumbered title of the assets of the Company and the validity of all licences/permits held by, and/or all material contracts signed by the Company and/or its subsidiaries) and being satisfied with the result of the due diligence enquiries; (b) FeOre obtaining a Kyrgyzstan legal opinion confirming the Company's unencumbered title over its assets and the validity of all licenses and permits held by the Company, whether directly or indirectly held, in Kyrgyzstan, and/or all material contracts signed by the Company and/or its subsidiaries; (c) FeOre conducting financial due diligence enquiries with respect to Company to its absolute discretion (including but not limited to the valuation of the assets held by the Company and/or its subsidiaries and any liabilities owing by the Company and/or its subsidiaries to any party) and being satisfied with the result of the due diligence enquiries; (d) FeOre conducting technical due diligence enquiries with respect to Company to its absolute discretion (including but not limited to the evaluation of any feasibility studies performed on any resources held by the Company and/or its subsidiaries, or that the Company and/or its subsidiaries has interest in) and being satisfied with the

result of the due diligence enquiries;

- (e) FeOre conducting a resource estimate enquiries with respect to Company and/or its subsidiaries and their assets/projects;
- (f) FeOre commissioning a third party valuer to perform valuation analysis on the Company and its assets and that the valuation of the Company shall not be less than US\$20,000,000.00-;
- (g) FeOre obtaining any shareholder, regulatory (including but not limited to the compliance to the ASX listing rules) and other approvals required;
- (h) FeOre raising the minimum amount required through the issue of fully paid ordinary shares in the capital of FeOre (**FeOre Shares**) at no less than the minimum issue price to satisfy the re-admission requirements imposed by ASX (**Public Offer**) or through any other means deemed appropriate by FeOre for the purpose of satisfying the payment of the Consideration;
- (i) all necessary third party consents being obtained, on terms satisfactory to FeOre; and
- (j) no material adverse change occurring to the Sale Shares, Company, or its businesses and assets.

All parties must use their respective best endeavours to procure that the above conditions are satisfied as soon as reasonably practicable and by no later than the End Date.

All condition referred to in this clause is for the benefit of and may only be waived by FeOre, other than condition (f), which may only be waived by all parties.

If the above conditions are not satisfied or waived on or before 5.00pm on the End Date, the agreement constituted by the MoU will be at an end and the Seller will immediately repay the Deposit to FeOre; and the parties will be released from their obligations under the MoU (other than accrued obligations).

Termination

- : The MoU may be terminated if the Conditions Precedent are not satisfied within 6 months period of time after signing the MoU (or any other dates as agreed by the parties).