FEORE LIMITED
EXEMPT COMPANY NO. 45631
NOTICE OF SPECIAL GENERAL MEETING

Time:	2:00PM (HKT)
Date:	13 February 2015
Place:	Taichi Room, Unit 3810, 38/F, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong

This Notice of Special General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting, please do not hesitate to contact the Company Secretary at (618) 9486 4036.

Contents

A Proxy Form is located at the end of Explanatory Memorandum.

1 TIME AND PLACE OF MEETING AND HOW TO VOTE

1.1 Time, date and venue

The Special General Meeting of the Company to which this Notice of Meeting relates will be held at 2:00pm (HKT) on 13 February 2015 at Taichi Room, Unit 3810, 38/F, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong.

1.2 Your vote is important

The business of the Special General Meeting affects your shareholding and your vote is important.

1.3 Voting entitlement

For the purposes of determining voting entitlements at the Special General Meeting, a Share will be taken to be held by the person who is registered as holding the Share at 7:00pm (HKT) two days before the date of the Special General Meeting. Accordingly, transactions in the Shares registered after that time will be disregarded in determining entitlements to attend and vote at the Special General Meeting.

1.4 Voting in person

To vote in person, attend the Special General Meeting on the date and at the time and place set out above.

1.5 Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

2 NOTICE OF SPECIAL GENERAL MEETING

Notice is given that a Special General Meeting of the Company will be held at 2:00pm (HKT) on 13 February 2015 at Taichi Room, Unit 3810, 38/F, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong.

The Explanatory Memorandum provides additional information on matters to be considered at the Special General Meeting. The Explanatory Memorandum and the Proxy Form are part of this Notice of Meeting.

Terms and abbreviations used in this Notice of Meeting are defined in Schedule 1.

3 RESOLUTION 1 – CHANGE OF NATURE AND SCALE OF ACTIVITIES

To consider and, if thought fit, to pass with or without amendment the following as an ordinary resolution:

"*That, subject to Resolutions 2 and 3 being passed and for the purposes of Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change to the nature and scale of the Company's activities, through the acquisition of Quangas Poly Limited, as set out in the Explanatory Memorandum.*"

A voting exclusion statement is set out below.

4 RESOLUTION 2 – ISSUE OF SHARES UNDER PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following as an ordinary resolution:

"That, subject to Resolutions 1 and 3 being passed and for the purposes of Listings Rules 2.1 condition 2 and 7.1 and for all other purposes, approval is given for the issue of up to 100,000,000 Shares under the Placement at an issue price of A$0.05 per Share, being an amount not less than the par value per Share, and otherwise on the terms set out in the Explanatory Memorandum."

A voting exclusion statement is set out below.

5 RESOLUTION 3 – ISSUE OF SHARES TO RELATED PARTIES

To consider and, if thought fit, to pass, with or without amendment, the following as an ordinary resolution:

"That, subject to Resolutions 1 and 2, being passed and, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the issue to Directors of an aggregate of up to 50% of the Shares issued under the Placement at an issue price of A$0.05 per Share, being an amount not less than the par value per Share, and otherwise on the terms set out in the Explanatory Memorandum."

A voting exclusion statement is set out below.

6 RESOLUTION 4 – CHANGE OF COMPANY NAME

To consider, and if thought fit, to pass, with or without amendment, the following as a special resolution:

"That, subject to Resolution 1 being passed, the name of the Company be changed from 'FeOre Limited' to 'Sagalio Energy Limited' with effect from Completion of the acquisition by the Company of all of the issued shares in Quangas Poly Limited as described in the Explanatory Memorandum."

7 RESOLUTION 5 – ADOPTION OF A SECONDARY NAME IN CHINESE

To consider, and if thought fit, to pass with or without amendment, the following as a special resolution:

"That, subject to Resolutions 1 and 4 being passed, the Company adopts a secondary name in Chinese, represented by the following characters:

中普能源有限公司

and that Conyers Dill & Pearman Limited and Codan Services Limited be authorised to apply to the relevant Bermuda authorities to effect the aforesaid adoption of the secondary name on behalf of the Company and to take all necessary actions in connection therewith."

8 VOTING PROHIBITION AND EXCLUSION STATEMENTS

In accordance with Listing Rule 14.11, the Companies Act and the Bye-laws, the Company will disregard any votes cast on the following Resolutions by the following persons:

Resolution	Persons excluded from voting
Resolution 1 – Change of nature and scale of activities	Persons who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the Resolution is passed, and any associate of those persons.
Resolution 2 – Issue of Shares under the Placement	Persons who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the Resolution is passed, and any associate of those persons.
Resolution 3 – Issue of Shares under the Placement to Related Parties	Persons who are to receive securities, and any associate of those persons.

However, the Company need not disregard a vote if:

(a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form; or

(b) it is cast by the person chairing the Meeting as proxy for the person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

By order of the Board of Directors

Harry King Hap Lee
Chairman & Non-executive Director
FeOre Limited
20 January 2015

9 EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of the Shareholders in connection with the business to be considered at the Special General Meeting to be held at 2:00pm (HKT) on 13 February 2015 at Taichi Room, Unit 3810, 38/F, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong.

The purpose of this Explanatory Memorandum is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions at the Meeting.

10 THE TRANSACTION

10.1 Introduction

Following the sale of its Mongolian iron ore assets in early 2014 and subsequent Share buyback, the Company's assets consisted mainly of cash, receivables owed by a third party to a subsidiary of the Company of approximately US$4.74 million, and an escrowed sum of US$5.67 million to be released if the purchaser of the Company's Mongolian iron ore assets lists the asset on the Hong Kong Stock Exchange (**Residual Asset**). As disclosed in the Company's announcement to ASX on 7 January 2015, the Company has received the payment of approximately US$4.74 million as settlement of the receivable.

Since the sale, the Company has actively sought to acquire valuable commodity assets in the Central Asian region that have the potential to maximise Shareholder return.

On 23 July 2014 the Company announced that it had entered into a binding memorandum of understanding (**MoU**) with Gain Diligence Limited (**Seller**) to acquire 100% of Quangas Poly Ltd (**Quangas Poly**), an entity incorporated in the British Virgin Islands. Through a wholly owned subsidiary, PEI LLC (**PEI**) (an entity incorporated in Kyrgyzstan), Quangas Poly has rights under a co-investment agreement over 3 oil projects in the Kyrgyz Republic (**Acquisition**). Terms of the Acquisition are set out in section 10.10.

Gain Diligence Limited and its associates are not related parties of the Company.

To fund the Acquisition, development work on the Projects and working capital, the Company will seek to raise between A$3.5 and A$5 million by either the issue or transfer (in the case of treasury shares) of up to 100,000,000 fully paid ordinary Shares at an issue price of A$0.05 per Share, being an amount not less than the par value per Share (**Placement**). Subject to shareholder approval, the Directors propose to participate in the Placement to subscribe for up to 50% of the Shares issued under the Placement.

The Acquisition and Placement are together the Transaction.

ASX has advised the Company that the Transaction is a change of nature and scale for the purposes of the Listing Rules, so that the Company must re-comply with the admission requirements for ASX.

The purpose of the Meeting is to seek Shareholder approval for the Transaction.

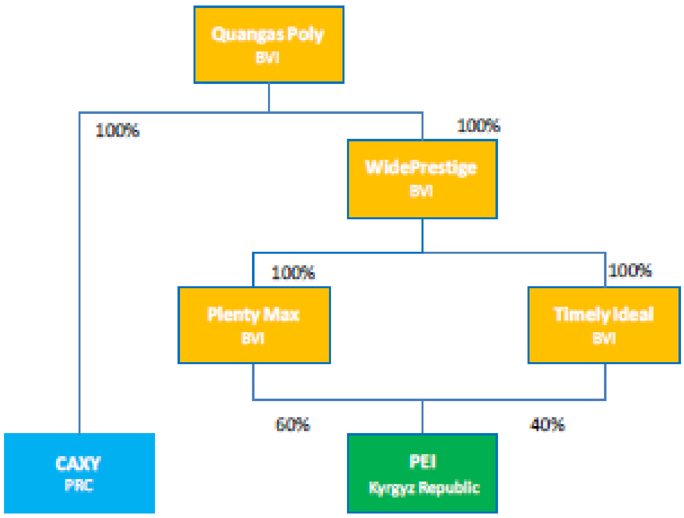
The Directors (other than Dr. Yang) recommend that Shareholders vote in favour of all Resolutions (excluding Resolution 3 where they do not express a recommendation given they have a material interest in the outcome of that resolution), for the reasons set out in section 10.15. The Directors (other than Dr. Yang) intend to vote all Shares they control in favour of all Resolutions subject to any voting exclusions.

Dr. Yang is the majority shareholder in Beijing Orion Technology & Development Co., Ltd (**Beijing Orion**), a technical consultancy company engaged by PEI to perform PEI's obligations under the Co-Investment Agreement. As a result Dr. Yang declines to make a recommendation on Resolutions 1 and 3.

10.2 Quangas Poly

Quangas Poly was incorporated in the British Virgin Islands in December 2012. Its assets are 100% of PEI (which holds rights under a co-investment agreement over oil sub-soil licences in the Kyrgyz Republic) and CAXY Financial Leasing Limited (**CAXY**), a PRC incorporated entity established to provide financing to third party companies in the oil and gas industry for the purchase of oil production equipment. CAXY is yet to commence operations.

Below is a corporate chart for Quangas Poly and its subsidiaries:



PEI has a co-investment and profit sharing agreement **(Contract No. 381 or Co-Investment Agreement**) with Kyrgyzneftegaz OJSC (**KNG**, the Kyrgyz Republic national oil & gas company, an entity which is 85.16% owned by the Government of the Kyrgyz Republic) concerning three oil projects in the Kyrgyz Republic (**Projects**) under which PEI will, at its expense, drill 28 development wells over a 3 year period. The Co-Investment Agreement was entered into on 2 October 2013.

Supplementary agreements to the Co-Investment Agreement were effected on 28 May 2014 (Addendum No. 316) and 3 June 2014 (Agreement No. 328) respectively. The Co-Investment Agreement has a duration of 20 years. Details of the Co-Investment Agreement are set out in section 10.6.

Since entering the Co-Investment Agreement, PEI has drilled 4 development wells in the Marleysu-East Yizbaskent block, and is complying with the Work Program. These wells are awaiting completion (which will allow for the extraction of any oil from these wells) with funds raised under the Placement to be used to finalise completion.

10.3 Subsoil Licences and Contractual Subsoil Use Rights

The Projects consist of three blocks which are:

(a) the development block of Marleysu - East Yizbaskent (also referred to as Marleysu or Mayli-Su IV-East Yisbaskent) (33.8km^2);

(b) the exploration block of Yizbaskent – Arash (also referred to as Yizbaskent-Alash) (171km^2); and

(c) the exploration block of Susamur (also referred to as Susamyr) (334.25km^2).

KNG holds the following subsoil use licences (**Subsoil Licences**) relating to the Projects:

(a) Licence No. 2520 HE for development of oil on Marleysu - East Yizbaskent, issued on 28 July 1999 and expiring on 11 December 2019;

(b) Licence No. 410 НП for prospecting of oil and gas on Susamur issued on 21 February 2006, extended on 11 December 2013 and expiring on 31 December 2016; and

(c) Licence No. 405 for prospecting of oil and gas on Yizbaskent - Arash issued on 21 February 2006, extended on 11 June 2013 and expiring on 31 December 2016.

Under Article 22 of the Subsoil Law, the subsoil licence for development is granted for a period of up to 20 years with possible extension until the depletion of the deposit and the subsoil licence for prospecting is granted for a period of up to 5 years with possible extension pursuant to the technical design.

Under the Co-Investment Agreement, PEI has contractual rights to explore and recover oil from the Subsoil Licence areas (**Contractual Subsoil Use Rights**).

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

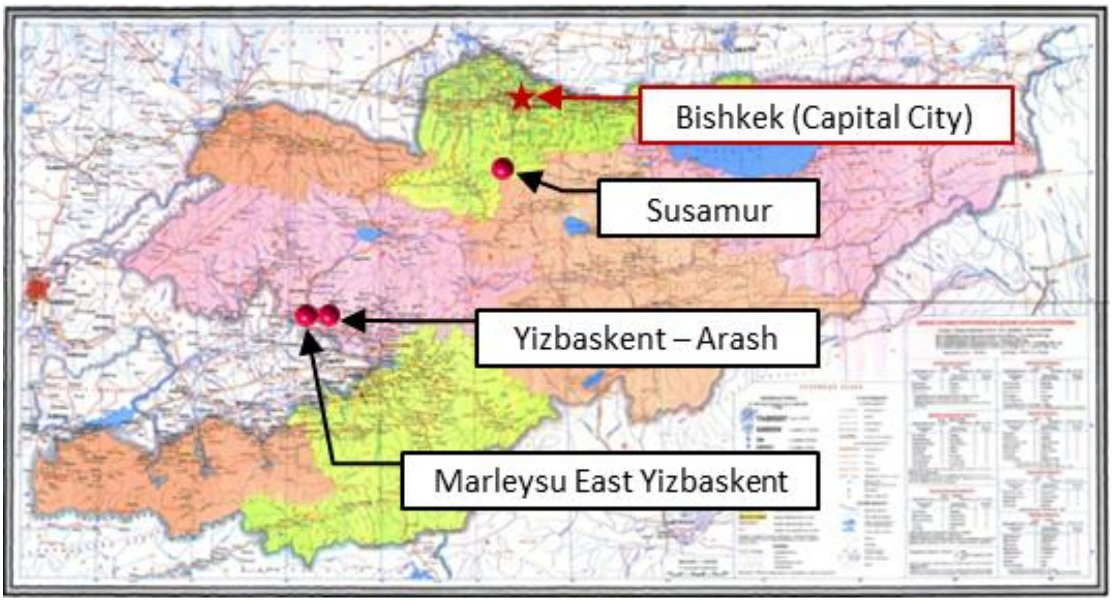
Marleysu - East Yizbaskent is a former producing block, with production started not long before the Kyrgyz Republic gained independence following the dissolution of the Soviet Union in 1991.

The Marleysu block and the Yizbaskent – Arash block are located in the northern edge of Fergana Basin. 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 40,000km^2, which is one of the important oil & gas bearing basins in Central Asia.

The Susamur block is an intermountain basin and one of the key basins for oil & gas exploration in Kyrgyzstan.

Since entering into the Co-Investment Agreement, PEI has entered into an engineering, procurement and construction contract dated 5 March 2014 (**EPC Contract**) with Beijing Orion, an entity majority owned by Dr. Yang, the Company's executive Director, under which Beijing Orion will, through itself or its subsidiaries or its associated companies (**Beijing Orion Group Companies**), on behalf of PEI, perform all obligations under the Co-Investment Agreement. To date, Beijing Orion Group Companies have provided PEI planning, drilling, development and other consultation services, mobilised drilling equipment and drilled 4 wells.

See section 10.8 for details of the EPC Contract.



10.4 The Projects and Independent Technical Report

MHA Petroleum Consultants LLC (**MHA**) has prepared an independent technical report (**Independent Technical Report**) dated 30 September 2014 for the 3 blocks, within which are resources estimate figures.

According to the Independent Technical Report, contingent and prospective resources are defined as per the Society of Petroleum Engineers Petroleum Resources Management System (**SPE PRMS**) 2007 and the SPE 2011 PRMS guidelines which states:

"Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources may include for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status."

Contingent Resources under this classification have their own degree of geologic and commercial risk.

"Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application in future development projects. Prospective Resources have both an associated chance of discovery and a chance of development. Prospective Resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity."

Prospective Resources under this classification are as yet undiscovered and as such carry significant exploration risk.

All Contingent and Prospective Resources volumes presented in the Independent Technical Report are unrisked.

Petroleum reserves were not assigned to any of the Projects in the Technical Report.

MHA has prepared a resource estimate as at 30 September 2014 on a 100% working interest basis only, using the information available and based on the analysis methodology described in the Independent Technical Report. Thus the volumes are reported by the lease, and net volumes attributable to any single future well are not reported. This has been done as PEI's economic interest of oil extracted from each Project (which arises under the Co-Investment Agreement, a production sharing contract as defined by the SPE PRMS) is determined by the nature of the area (whether previously explored or not), the well (whether new, inactive or enhanced), timing of extraction (with PEI having a greater economic 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). See section 10.6 for details.

PEI has brought to MHA's attention and MHA has taken into account that all wells under production at the time of PEI's signing of the licence are solely 100% working interest to the Government of Kyrgyzstan, even if they are geographically within a PEI allocated areas under the Co-Investment Agreement.

The blocks are not subject to any royalties. However, PEI and KNG have agreed a supplemental agreement to the Co-Investment Agreement under which PEI will be liable for reclamation of disturbed land allocations. See section 10.6 for details.

According to MHA, the resources estimated in the 3 blocks are as follows:

Table 1: Contingent Resource Estimates in tonnes for Marleysu (Gross 100% ownership basis, see above and section 10.6 for details of the method by which PEI's economic interest is determined).

	Total Petroleum Initially-in Place (tonnes)			Remaining Contingent Resources (tonnes)		
Licence	Low Case	Best Case	High Case	Low Case	Best Case	High Case
Marleysu	10,612,720	13,354,467	16,596,083	376,533	1,023,486	1,954,516

Table 2: Contingent Resources Estimate in barrels (Gross 100% ownership basis, see above and section 10.6 for details of the method by which PEI's economic interest is determined).

	Total Petroleum Initially-in Place (barrels)			Remaining Contingent Resources (barrels)		
Licence	Low Case	Best Case	High Case	Low Case	Best Case	High Case
Marleysu	77,472,856	97,487,609	121,151,406	2,748,691	7,471,448	14,267,967

1C denotes low case estimate scenario of Contingent Resources

2C denotes best case estimate scenario of Contingent Resources

3C Denotes high case estimate scenario of Contingent Resources

There is nil estimated petroleum reserves.

All Contingent Resources volumes presented in the Independent Technical Report are unrisked.

As the contingent resources are being reported for the first time and to comply with Listing Rule 5.33, the following information is disclosed:

(a) The type and nature of PEI's interest in the Projects is disclosed in section 10.6 below.

(b) The dataset that MHA used as the basis for confirming the existence of a significant quantity of potentially moveable hydrocarbons and the determination of a discovery was data provided by PEI. The dataset consisted of well completion reports, well logs (LAS files, PDF files, TIFF images), Excel files of complied well tops, petrologic and petrophysical analyses, various reports on the geology of the Fergana Basin. The quality of the data as conveyed to MHA by PEI as to well data, production data, and reservoir and fluid properties has been provided by KNG, and has not been verified by PEI nor by MHA.

(c) The analytical procedures used to estimate the contingent resources are set out at pages 13 to 14 of the Independent Technical Report. In summary the analytical procedures used include building an IHS Petra Project to interpret the well and map data. Using the available SP and Resistivity curves MHA calculated net pays for 67 wells in Zones III, V and VII and mapped out the structure and net pay for each horizon. MHA was also provided the historical production of the Marleysu - East Yizbaskent field within the PEI lease through December 2013 and MHA has estimated the total production of the Marleysu - East Yizbaskent field within the PEI lease through September 30, 2014.

(d) Using available data, MHA has estimated the net pay and a range of reservoir properties for layer III, layer V, and layer VII, and used these properties to estimate oil-in-place volumes. MHA then applied a range of recovery factors to the oil-in-place volumes, and subtracted the historical cumulative production by seam, as well as the estimated future recoveries by the currently producing wells, to determine the remaining potential resources available to PEI within this area.

(e) The key contingencies that prevent the contingent resources from being classified as petroleum reserves are the yet to be established firm economics on the execution and performance of horizontal wells.

PEI has indicated that further appraisal drilling and evaluation work to be undertaken to assess the potential for commercial recovery, and to progress the Projects includes horizontal wells, which PEI has yet to attempt. As there are yet to be established firm economics on the execution and performance of horizontal wells, MHA has classified the resources within the previously developed area as Contingent and Prospective Resources. MHA anticipates as PEI demonstrates horizontal drilling costs and flow rates at commercial thresholds, it will be possible to evaluate at that time the migration of Contingent Resources into Reserves.

(f) The Contingent Resource estimates are not contingent on technology under development and do not relate to unconventional petroleum resources.

Table 3: Prospective Resources Estimate in tonnes (Gross 100% ownership basis, see above and section 10.6 for details of the method by which PEI's economic interest is determined).

	Original Oil-in Place (tonnes)			Remaining Prospective Resources (tonnes)		
Licence	Low Case	Best Case	High Case	Low Case	Best Case	High Case
III Marleysu downdip	1,238,629	1,524,910	1,839,376	118,259	190,974	289,823
Yizbaskent - Arash Total	8,233,828	13,281,675	20,719,585	1,088,161	1,979,499	3,620,804
Susamur Total	23,552,501	62,154,067	123,959,269	484,644	2,289,991	7,575,461

Table 4: Prospective Resources Estimate in barrels (Gross 100% ownership basis, see above and section 10.6 for details of the method by which PEI's economic interest is determined).

	Original Oil-in Place (barrels)			Remaining Prospective Resources (barrels)		
Licence	Low Case	Best Case	High Case	Low Case	Best Case	High Case
III Marleysu downdip	9,041,992	11,131,843	13,427,445	863,291	1,394,110	2,115,708
Yizbaskent - Arash Total	60,106,943	96,956,224	151,252,973	7,943,574	14,450,346	26,431,869
Susamur Total	160,658,683	424,512,281	846,641,808	3,310,119	15,640,641	51,740,400

"*The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Future exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially movable hydrocarbons.*"

There is nil estimated petroleum reserves. Contingent resources for Marleysu are disclosed in table 2 above.

All Contingent Resources volumes presented in the Independent Technical Report are unrisked.

As the prospective resources are being reported for the first time and to comply with Listing Rule 5.35, the following information is disclosed (with references to figures in the Independent Technical Report):

(a) The type and nature of PEI's interest in the Projects is disclosed in section 10.6 below.

(b) A brief description of the basis on which prospective resources are estimated and any further exploration activities, including studies, further data acquisition and evaluation work and exploration drilling to be undertaken and the expected timing of those exploration activities are as follows:

(i) Areas of any PEI licence where there is inadequate drilling or production to support Contingent Resources are classified as Prospective Resources, if a case can be supported for a trap in one or more reservoirs. MHA has classified the prospects on the Yizbaskent - Arash Exploration licence and the Susamur Exploration licence as Prospective Resources. There are two prospects on the Yizbaskent - Arash Exploration licence; an eastern four-way dip closure on the south side of a major reverse fault (Figure 20 in the Independent Technical Report) and a western dip closure on the north side of the reverse fault (Figure 21 in the Independent Technical Report). Both prospects are defined by well control as seismic data is either poor (see Figures 22-23 in the Independent Technical Report) or lacking and thus MHA has taken a probabilistic approach method to the resource volumes by estimating the minimum, most likely and maximum reservoir parameters and using a Monte Carlo simulation to calculate a Low Case, Best Case and High Case OOIP and recoverable volume of oil and gas. In addition, there is an area, labeled District 4, which lies to the west of the Marleysu – East Yizbaskent IV Development Licence that is on structure and within the area that MHA calculates net pay for in Zone III. MHA has assigned Prospective Resources to this area as well.

(ii) The Susamur Exploration licence in the Susamur Basin is purely an exploration play with no exploration wells yet drilled in the basin. There is a historical seismic survey that has delineated several prospects, and on the basis of reports from this survey and PEI's work, MHA has assigned Prospective Resources to this licence with the acknowledgement that the exploration risk remains very high until further delineation work is carried out. PEI has commissioned a study by Shandong HaiKuoTianChang Petroleum Technology Development Co., Ltd. Of the China University of Petroleum (East China) which compared the geology of the Susamur Basin to the Ili and the Dzungaria Basins of Xinjiang. As the Susamur belongs to the same micro-tectonic plate within the collision zone of the Asian and Siberian plates and the overall sedimentology and tectonics have been described as similar the use of the Ili and Dzungaria Basins as analogs is an acceptable technique. MHA has used the Shandong deterministic evaluation method as a base case and run a Monte Carlo probabilistic evaluation method of the prospects in the Susamur Licence to create a Low Case, Best Case and High Case Potential Resource evaluation.

(c) Prospective Resources under this classification are as yet undiscovered and as such carry significant exploration risk. All Contingent and Prospective Resources volumes presented in this report are unrisked.

To prepare the estimates of contingent and prospective resources set out above, the probabilistic method was used, that is, based on probabilistic methods there is a low estimate, a best estimate, and a high estimate.

When the range of uncertainty is represented by a probability distribution as is the case here, a low, best, and high estimate is provided such that:

(a) There should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate.

(b) There should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate.

(c) There should be at least a 10% probability (P10) that the quantities actually recovered will equal or exceed the high estimate.

All Contingent and Prospective Resources volumes presented in the Independent Technical Report are unrisked.

The report containing estimates of contingent resources and prospective resources is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of Timothy L Hower in accordance with the SPE Petroleum Resource Management System guidelines. Mr. Hower is the Chief Executive Officer, and a full time employee of MHA Petroleum Consultants LLC, and is a qualified person as defined under ASX Listing Rule 5.42. Mr. Hower is a Registered Professional Engineer, a member of SPE, and holds a Bachelor's of Science and Masters of Science degrees in Petroleum Engineering from Penn Site University. Mr. Hower has over thirty years of experience as a practicing reservoir engineer working on reserves and resource evaluations.

The report is issued with the prior written consent of Mr. Hower as to the form and context in which the estimated contingent resources and prospective resources and the supporting information are presented in the report.

Of the amount raised under the Placement, the Company is proposing to spend a minimum of A$1.8m on exploration and development. Further information on the use of funds is set out in section 10.11 of this Notice of Meeting.

Further information on the Projects is set out in the Independent Technical Report, a copy of which is available from www.asx.com.au or www.feore.com.

10.5 Kyrgyz Republic

The Projects are located in Kyrgyzstan, in the hinterland of Central Asia. It is a strategic passage and communications hub of Eurasia. It is a landlocked country in Central Asia with a total area of 198,500km^2. 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.

10.6 Co-Investment Agreement

PEI's interest in the Projects arises under the Co-Investment Agreement (also known as Contract No. 381) Addendum No. 316 and Agreement No. 328, the material terms of which are as follows:

(a) The term of the agreement is 20 years from the date of its execution and can be prolonged upon agreement of the parties up to the complete drilling of the deposit and up to reach of 20 years by the last drilled well.

(b) KNG and PEI will jointly conduct exploration work on the Susamur and Yizbaskent - Arash licence areas and conduct well drilling and well repair work on the Marleysu - East Yizbaskent development area owned by KNG.

(c) KNG will provide the exploration right of Susamur and Yizbaskent - Arash areas as per the licence granted by the Geology Agency.

(d) Within the Marleysu - East Yizbaskent licence area, oil extraction may only be performed on layer III (with the exception that certain wells, with the prior consent of KNG, may be drilled to layer XIX). With the prior agreement of KNG, if the first stage drilling of 28 wells on layer I to layer XIX and product sharing has been completed, PEI has the rights to drill a further 28 wells, and the same arrangement follows at the completion of each stage of drilling.

(e) PEI has the right to rejuvenate suspended and abandoned wells (i.e workover of wells) with the list of wells and sequence of workover being agreed by PEI and KNG.

(f) PEI has the right to drill 3 wells within specific areas of Marleysu - East Yizbaskent oilfield to exploit oil within layer XIII, XIV and XVIII. The contract does not include natural gas operation. If natural gas is extracted within these layers, such natural gas shall not be exploited and the well will be sealed at such layer or sub layer. PEI has the rights to continue to explore or to conduct oil testing on drilled wells for these layers from the lower layer to the higher layers (i.e layer III, V and VII) or to completely abandon such well.

(g) KNG will assist in the preparation of relevant commencement of work documents or other permits for the purpose of completing the well drilling and exploration work.

(h) PEI will invest financial and technical support for conducting exploration works and drilling of production wells on the first stage within 3 years. Upon achieving product sharing for the first stage, PEI will invest financial and technical support for conducting exploration works and drilling of production wells for the second stage (i.e. the next 28 exploitation wells) and the same arrangement follows at the completion of each stage of drilling.

(i) PEI will conduct works pursuant to the following work program (**Work Program**):

2014	**2015**	**2016**
Drilling of 4 new wells (completed)	Drilling of 12 new wells	Drilling of 12 new wells

Since entering the Co-Investment Agreement, PEI has drilled 4 development wells in the Marleysu - East Yizbaskent block, and is complying with the Work Program. These wells are awaiting completion (which will allow for the extraction of any oil from these wells) with funds raised under the Placement to be used to finalise completion.

(j) PEI is obliged to perform work in accordance with the Work Program for the initial 3 years and may perform work in addition to the Work Program and drill additional wells.

(k) Work performed and wells drilled in addition to the Work Program shall constitute part of and be governed by the Co-Investment Agreement. Upon agreement, KNG shall allocate additional area for the purpose of commencing further co-investment.

(l) Upon the expiry of the first 3 years Work Program, PEI will provide a work program for the next 3 years.

(m) Any work procedure on implementation of cooperation terms not described in the Co-Investment Agreement shall be performed in accordance with Appendix 4 (Procedure of work on implementation of contract terms) which constitutes an integral part of the Co-Investment Agreement.

(n) Anything done in relation to the maintenance of work by PEI or KNG will be considered as an investment on the part of such Party in proportion to its share of product.

(o) During the term of effect of the Co-Investment Agreement, PEI and KNG will be independently responsible for their own budgeted capital, out-of budget capital and non-taxable capital.

(p) Oil exploited shall be apportioned between KNG and PEI in the following manner:

   (i) Oil extracted from Marleysu - East Yizbaskent oilfield, and Susamur and Yizbaskent - Arash exploration areas:

      (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%;

      (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.

   (ii) Oil extracted from new production wells in layers XIII, XIV and XVIII of Marleysu - East Yizbaskent oilfield:

(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%;

(iii) Production wells established and funded by PEI are divided into and belong: KNG 40% and PEI 60%.

(q) For the purpose of completing work, KNG will provide PEI necessary technical means and equipment (from existing production equipment) and PEI will compensate KNG.

(r) For the purpose of reclamation of disturbed land allocations, PEI will make monthly payments to the reclamation account of an amount according to the technical reclamation project, including all relevant taxes.

(s) If PEI uses KNG's storage, transportation and oil refinery plant services, PEI shall compensate KNG with a portion of PEI's shares of product (oil). The rate of compensation will be based on the current standard rate charged by KNG.

(t) If PEI fails to perform its obligations under the Co-Investment Agreement or perform work in accordance with the Work Program and is unable to provide reasons for such non-performance, KNG may unilaterally cease providing new wells for drilling. PEI retains the right to operate the drilled and repaired wells.

(u) KNG may not allocate the areas covered in the Co-Investment Agreement to any other foreign companies during the performance of obligations under the Co-Investment Agreement.

(v) PEI and KNG will use their best endeavors to resolve any disputes by negotiation. If agreement cannot be reached, the dispute will be dealt with by Kyrgyz judicial authorities.

(w) PEI has paid KNG US$100,000 to maintain oil extraction and crude oil transportation and to keep the electric network and roads in working order as prescribed by the Co-Investment Agreement.

(x) The Co-Investment Agreement is governed by Kyrgyz Laws.

Further information on the Projects will be set out in the Prospectus, a copy of which will be lodged with ASIC and available from www.asx.com.au prior to the Meeting.

10.7 Independent Legal Opinion

Kalikova and Associates has prepared an independent legal opinion (**Independent Legal Opinion**) dated 16 January 2015 on the legal status and title of PEI, the Co-Investment Agreement and the Subsoil Licences relating to the Projects. In summary, the Independent Legal Opinion states:

(a) PEI is duly incorporated under the laws of Kyrgyzstan and is in good standing.

(b) Plenty Max Limited and Timely Ideal Limited are the registered holders of 60% and 40% respectively of all of the issued share capital of PEI.

(c) PEI's rights and obligations under the Contract No. 381 (which are set out in section 10.6) are valid and enforceable.

(d) KNG is the holder of the Subsoil Licences.

(e) The Subsoil Licences are valid and in good standing.

A copy of the Independent Legal Opinion accompanies this Notice of Meeting and is located at Schedule 4.

10.8 Contracts with Beijing Orion

The material terms of the EPC Contract are as follows:

(a) PEI and the Beijing Orion Group Companies will enter into the necessary contracts so that Beijing Orion Group Companies will provide all necessary services and support for PEI to perform its obligations under the Co-Investment Agreement and fully exploit the licence areas the subject of the Co-Investment Agreement.

(b) The Beijing Orion Group Companies will be paid service fees at reasonable market rates and reimbursed all reasonable expenses incurred on behalf of PEI, with an independent expert resolving any disputes as to whether Beijing Orion Group Companies' rates or reimbursements are reasonable or at market rates.

(c) Upon requiring specific services under a contract, PEI will enter into service specific contracts with Beijing Orion Group Companies, following which the parties will negotiate and agree the scope of works and service fee payable. The specific contract will have terms consistent with the EPC Contract.

(d) PEI may terminate one or more of the contracts governed by the EPC Contract in accordance with the terms of the contracts and paying all reasonable demobilisation costs and unpaid amounts owing under the terminated contract.

(e) PEI has the right to engage other third parties to perform service for individual operation of the Project.

(f) The EPC Contract is governed by Chinese law.

PEI has entered into an oil well drilling contract dated 23 May 2014, First Supplement to Well Drilling Contract dated 10 August 2014 and Second Supplement to Well Drilling Contract dated 10 November 2014 (**Well Drilling Contract**) with Orion Energy Technology Development Co. Ltd (**Orion Energy**), a Beijing Orion Group Company, under which Orion Energy has agreed to drill 20 exploitation wells for the "Marleysu - East Yizbaskent" area. The work is to be completed on or before 31 December 2015. Under the Well Drilling Contract, Orion Energy will be paid US$500,000 for mobilisation costs for the mobilisation of drilling equipment and a rate based on the actual depth drilled, calculated at US$590/metre. Each well is expected to have a depth of 1,500m, and the total contract value is estimated to be US$17.7m.

The material terms of the Well Drilling Contract are as follows:

(a) Orion Energy shall mobilise the appropriate drill rigs to the site on or before 15 June 2014 (this has occurred);

(b) Orion Energy shall commence the drilling of the first well on or before 20 June 2014 (this has occurred);

(c) Orion Energy shall complete the drilling, logging testing and cementing of 20 wells on or before 31 December 2015 (to date 4 wells have been drilled);

(d) PEI shall pay to Orion Energy a mobilisation cost of US$500,000 within 10 days from the date of the Well Drilling Contract (this has occurred);

(e) PEI shall pay to Orion Energy an initial deposit of US$354,000, representing 40% of the expect fee payable for the drilling of the first well, within 5 days from the receipt of a payment demand note from Orion Energy after Orion Energy delivers a notice for the commencement of drilling of the first well to PEI (this has occurred);

(f) PEI shall pay to Orion Energy the remaining of the Well Drilling Contract fees no later than the completion of the Well Drilling Contract;

(g) Should the Well Drilling Contract be terminated by PEI, PEI shall pay to Orion Energy fees calculated based on the actual amount of work performed by Orion Energy prior to the termination of the Well Drilling Contract; and

(h) Orion Energy shall comply with the relevant health and environmental laws of Kyrgyzstan during the performance of the work described under the Well Drilling Contract.

(i) The Well Drilling Contract is governed by Kyrgyzstan law.

In addition to the Well Drilling Contract, PEI and Beijing Orion Group Companies have also entered into a 2D Seismic Survey Service Agreement dated 8 November 2014 (US$2.4m), Exploration & Development Plan Service Agreement dated 26 February 2014 (US$300,000, completed), Consultation & Project Analysis Service Agreement dated 22 November 2013 (US$108,496, completed), Well Repair Service Agreement dated 30 September 2014 (US$1.24m), and Oil Extraction Service Agreement dated 30 September 2014 (Oil Testing: US$70,000/layer, Oil Extraction System Installation: US$188,000 to US$270,000 per well depending on depth of well, Oil Extraction Service: US$100/ton of oil extracted prior to product sharing) **(Other Orion Group Contracts).** The Other Orion Group Contracts are governed by either Chinese or Kyrgyzstan law as applicable.

PEI, Orion Energy and Kyrgyzstan Geophysical Survey Company (an associated company of KNG) have entered into a contract for Oil and Gas Exploration Borehole Geophysical Survey and Blasting and Perforating Operations dated 10 September 2014. This contract is governed by Kyrgyzstan law.

Further information on each contract will be set out in the Prospectus, a copy of which will be lodged with ASIC prior to the Meeting and made available from www.asx.com.au.

Beijing Orion is majority owned by Dr. Yang, the Company's executive Director. The Company's other Directors consider the terms of each of the contracts entered into under the EPC Contract and contracts entered into in accordance with the EPC Contract (including the Well Drilling Contract) to be reasonable in the circumstances as if the parties were acting at arm's length.

10.9 Directors and Management

Mr. Harry King Hap Lee (Chairman & Non-executive Director)

Mr. King graduated from Xian Jiaotong University in 1983. He worked for various central government departments and state-owned enterprises for a considerable period of time and has more than 20 years' experience in government organizations and enterprises management. Mr. King was the deputy director and Chairman of Workers Union of Mechanic and Electronic Products Importation and Exportation Office of the State Council, the deputy general manager of China Machinery Industry Marketing & Supply Shenzhen Group Corporation and managing director of China National Machinery Hong Kong Company. Mr. King is currently an executive director and CEO of Sino Oil and Gas Holdings Limited (702.HK), a Hong Kong listed company.

Dr. Louis Yang Luwu (Executive Director & CEO)

Dr. Yang is a renowned leader with more than 20 years of experience in the oil & gas industry in the PRC. Dr. Yang is a founder and controlling shareholder of Beijing Orion Energy Technology Development Co., Ltd., a top oil & gas service company in the PRC with over 1,000 employees, and the company was licenced by the PRC Central Government with Class-A certificates to operate in the oil & gas exploration and development businesses. The company has served Petro China, CNOOC and Sinopec for more than 9 years. Dr. Yang was the founding CEO and president of Asian American Gas Inc., which currently produces more than 1 million cubic meters of natural gas per day. Dr. Yang holds a Doctorate degree in Geology from China University of Mining and Technology.

Mr. Steven Hodgson (Non-executive Director)

Mr. Hodgson has 20 years of extensive experience in the mining industry, the last 8 years as a mining consultant working for clients across the globe in multiple commodities. Mr. Hodgson is experienced in data management, exploration, resource estimation, feasibility study and legal compliance adhering to international mining codes. Mr. Hodgson holds a Bachelor of Applied Science degree in Geology from Curtin University in Western Australia, and a Graduate Diploma in Information Systems from Curtin University Business School. He is a member of the Australian Institute of Geoscientists and Australasian Institute of Mining and Metallurgy.

Mr. He Chuan (Non-executive Director)

Mr. He has over 30 years of experience in the field of strategic investment and corporate management. Mr. He has served as a senior management in numerous China and Hong Kong corporations, and was previously a vice-president of Sino Oil & Gas Holdings Ltd (0702.HK) focusing on project development. Mr. He holds a Bachelor degree majoring in Politics from Fujian Normal University.

10.10 Material terms of the Acquisition

On 23 July 2014 the Company announced the terms upon which it had agreed to purchase Quangas Poly from the Seller. On 20 January 2015, the Company and Seller renegotiated certain terms of the acquisition and the assignment of all shareholder loans owed by Quangas Poly and its subsidiaries to the Seller.

The material terms of the MoU under which the Company will acquire Quangas Poly and shareholder loans are now as follows:

(a) The purchase price is US$17.1 million and the transfer of an entity owned by the Company which holds the Residual Asset. The purchase price includes a refundable deposit of US$10 million payable to the Seller upon signing the MoU (which has been paid), with the balance to be paid at Completion (through a cash payment of US$7.1 million and the title transfer of the Residual Asset; which has a value of US$5.67 million).

(b) Completion of the Acquisition is subject to and conditional upon the following being satisfied or waived by no later than 8 months from the date of the MoU (or such other date as the parties agree):

    (i) The Company conducting legal, financial and technical due diligence enquiries with respect to Quangas Poly to its absolute discretion (this has been done);

    (ii) The Company conducting resource estimate enquiries with respect to Quangas Poly and/or its subsidiaries and their assets/projects (this has been done);

    (iii) The Company obtaining a Kyrgyzstan legal opinion confirming Quangas Poly's unencumbered title over its assets and the validity of all licences and permits held, whether directly or indirectly, in Kyrgyzstan, and or all material contracts signed by Quangas Poly (this has been done);

    (iv) The Company obtaining any shareholder, regulatory (including but not limited to the compliance with the Listing Rules) and other approvals required;

(v) The Company raising the minimum amount required through the issue of Shares to satisfy the re-admission requirements imposed by ASX or through any other means deemed appropriate by the Company for the purpose of paying the purchase price;

(vi) all necessary third party consents being obtained, on terms satisfactory to the Company; and

(vii) no material adverse change occurring to the Shares, Quangas Poly, or its businesses and assets.

(c) Gain Diligence Limited's obligations are guaranteed by the Seller's controller, Mr. Zhang Shuming.

The outstanding cash component of the purchase price will be paid from the Company's existing cash reserves (approximately US$7.38 million as at the date of this Explanatory Memorandum).

10.11 Placement and use of funds

To fund exploration and development of the Projects and working capital, the Company is proposing to raise a minimum of A$3.5 million through either the issue or transfer (in the case of treasury shares) of up to 100 million Shares. The issue price is A$0.05 per Share, being an amount not less than the par value per Share.

The offer for the issue of Shares will be made under a prospectus to be lodged with ASIC (**Prospectus**).

Subject to Shareholder approval, the Directors propose to participate in the Placement to subscribe for up to 50% of the Placement Shares issued, depending upon the amount raised from third parties.

The proposed use of funds raised under the Placement is as follows:

Use of funds (A$)	**Minimum Subscription (A$3,500,000)**	**Maximum Subscription (A$5,000,000)**
Exploration and development:		
• Well drilling	1,050,000	2,050,000
• Well repair	50,000	50,000
• Geological & Surveying Work	700,000	1,100,000
Costs of the Transaction	200,000	300,000
Working capital:		
• Fees and Salary	640,000	640,000

• Professional Fees (Legal, Accounting, Technical)	240,000	240,000
• Administration Fees	320,000	320,000
• Contingent Payments	300,000	300,000
Total	**3,500,000**	**5,000,000**

This table is a statement of current intentions as at the date of this Explanatory Memorandum. As with any budget, intervening events and new circumstances have the potential to affect the way funds will be applied. The Board reserves the right to vary the way funds are applied on this basis.

If the amount raised under the Placement is less than the Maximum Subscription (see above notes on the Maximum Subscription), but more than the Minimum Subscription, after accounting for the reduced costs of the Placement by reason of the reduced fund raising fees, it is intended that the additional amount raised will be applied to exploration and development under the Work Program.

Subject to Shareholders approving the Transaction, the Company is not aware of there being any impediment to its ability to spend funds on the Projects.

10.12 Pro-forma capital structure

The pro-forma capital structure of the Company following completion of the Acquisition and Placement is as follows:

Number of Shares	Minimum Subscription (A$3.5 million)	Maximum Subscription (A$5 million)
Shares currently on issue[1]	112,356,130	112,356,130
Unlisted options currently on issue[2]	8,152,571	8,152,571
Shares to be issued under the Placement	70,000,000	100,000,000
Total Shares on issue	182,356,130	212,356,130

[1] Excluding treasury shares bought back under a share buy-back undertaken in July 2014.

[2] The unlisted options on issue are exercisable at 25 cents and expire on or before 9 December 2015.

10.13 Effect of the Transaction on the Company and its financial position

Set out in Schedule 2 is the audited Consolidated Statement of Financial Position of the consolidated entity and the unaudited Consolidated Pro-Forma Statement of

Financial Position, as at 30 June 2014 and on the basis of the following adjustments and assumptions:

(a) The Transaction was completed (for consideration comprising the transfer of the entities owned by the Company which hold the Residual Assets, a cash deposit of US$10 million and final cash payment of US$7.1 million) on 30 June 2014.

(b) The issue of 100,000,000 Shares at an offer price of A$0.05 each to raise A$5 million before costs based on maximum subscription, or the issue of 70,000,000 Shares at an offer price of A$0.05 each to raise A$3.5 million before costs based on minimum subscription.

(c) An exchange rate of USD:A of 1.2388.

(d) Costs of the Offer are estimated to be A$300,000 based on maximum subscription or A$200,000 based on the minimum subscription, which are to be offset against the contributed equity.

(e) No further Shares are issued other than under the Transaction.

(f) The buy-back by the Company on 1 July 2014 of 416,753,871 fully paid ordinary Shares at A$0.0755 per share at a total cost of approximately A$31,464,917.

(g) The receipt by the Company of approximately US$4.74 million as settlement of the receivable as announced by the Company on 7 January 2015.

The pro-forma statement of financial position includes the following events that have occurred subsequent to the period ending 31 August 2014 that relate to Quangas and its wholly owned subsidiary PEI:

(a) The assignment to Gain Diligence by:

 (i) Rock Energy Tech Ltd of a US$1 million loan entered into on 25 August 2014 between PEI and Rock Energy Tech Ltd and fully drawn down by PEI in September 2014; and

 (ii) Wide Angle Energy Ltd of a US$4 million loan entered into on 30 October 2014 between PEI and Wide Angle Energy Ltd and fully drawn down by PEI in November 2014,

 (together the **Gain Diligence Loans**).

(b) Payment of US$2.94 million by PEI to Orion Energy for works undertaken in accordance with the Well Drilling Contract which included the completion of drilling on 4 wells. In addition, US$500,000 was also paid by PEI to Orion Energy during September 2014 for mobilisation costs. These amounts were paid by PEI with funds provided from the loans above.

(c) Costs of US$108,496 paid by PEI to Orion Energy in November 2014 for consultancy service fees under the Consultancy Service Contract with funds provided from the loans above.

(d) The initial payment by PEI of US$960,000 to Beijing Orion for seismic surveying work undertaken during November 2014 pursuant to the 2D Seismic Survey Service Agreement.

(e) The payment of US$300,000 to Orion Energy incurred by PEI during November 2014 under the Technical Development Commission Contract, paid with funds provided from the loans above.

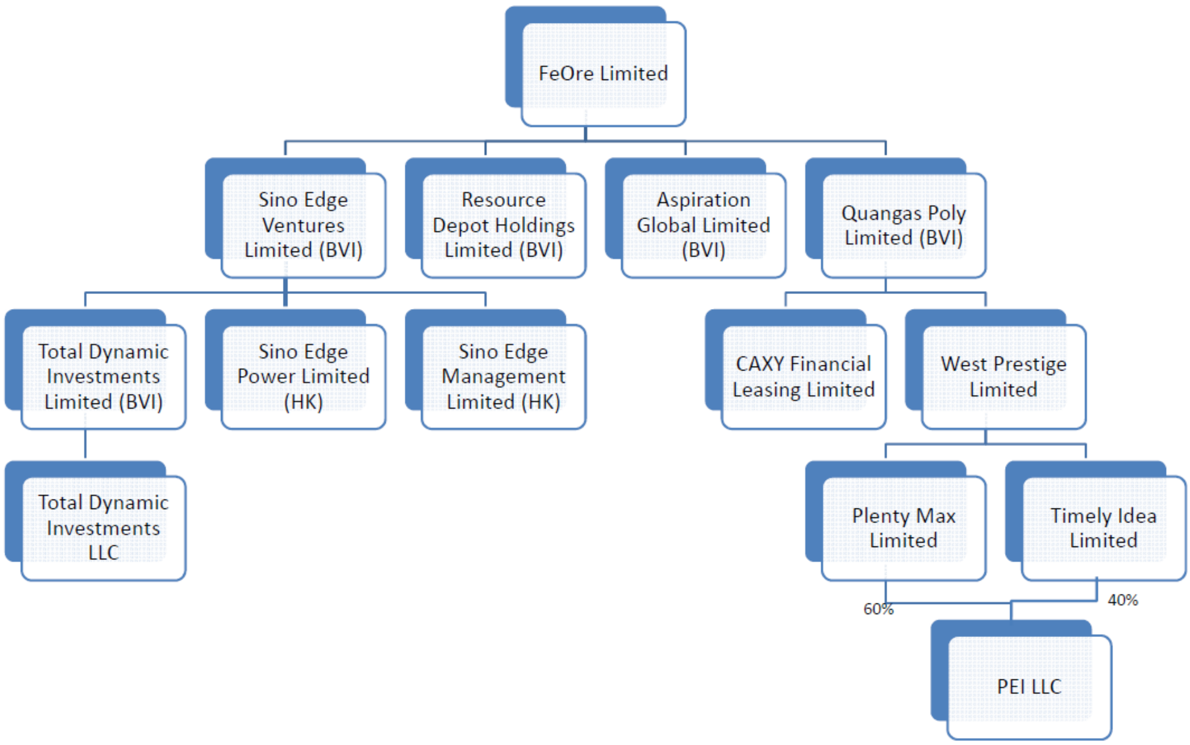
(f) The restructure of the PEI's issued capital which had the effect of reducing the contributed equity of PEI with a corresponding reduction on amounts due from shareholders.

(g) The assignment by Gain Diligence to the Company of the Gain Diligence Loans.

The significant accounting policies upon which the Consolidated Statement of Financial Position and the reviewed Consolidated Pro-Forma Statement of Financial Position have been prepared are based upon the accounting policies contained in the annual financial report for year ended 30 June 2014.

10.14 Group structure

Following Completion, Quangas Poly will be a wholly owned subsidiary of the Company and the Company's group structure will be as follows:



With the exception of Quangas Poly and its subsidiaries, the Company's subsidiaries are and will remain following the Transaction dormant companies with no activities.

10.15 Advantages and disadvantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Transaction Resolutions:

(a) The Projects represent a significant growth potential for the Company in Central Asia.

(b) The Company's board and management have significant experience in oil and gas in the Central Asia/PRC region.

(c) Under the Transaction the Company will raise a minimum of A$3.5 million (before costs) and a maximum of A$5 million (before costs).

(d) Having considered a number of investment and acquisition opportunities, the Board considers the Transaction to be superior and in the best interests of Shareholders.

(e) The Transaction exposes the Company to the fluctuation of oil prices. Should the oil price rise, the Company may realise a higher return on the sale of the products extracted from the Projects.

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Transaction Resolutions:

(a) The services performed under the Co-Investment Agreement will be provided by Beijing Orion, which is majority owned by Dr. Yang, the Company's executive Director.

(b) The Transaction exposes the Company to a number of risks, including acquisition, exploration, development and commodity risks, and risks related to operating in Central Asia. These are detailed in Schedule 3.

(c) Whilst the Minimum Subscription will provide sufficient funds to meet the Company's immediate objectives following the Transaction, the Company is likely to raise further funds to comply with its obligations under the Work Program (with an estimated cost of between US$20 million and US$22 million). This is likely to dilute existing Shareholders. Furthermore any failure to either raise, or generate from production, the required funds to complete the Work Program may result in the loss of PEI's rights under the Co-Investment Agreement.

(d) Shareholder approval is sought for the Directors to participate in the Placement for up to 50% of the Shares issued. Together with their existing direct and indirect shareholdings in the company, the Directors will collectively hold up to 42.23% (based on minimum subscription) and up to 43.32% (based on maximum subscription) of the Company. There is a risk that, when voting their Shares, the Directors' interests may not be aligned with the interests of other Shareholders.

(e) The Transaction exposes the Company to the fluctuation of oil prices. Should the oil price drop, the Company may realise a lower return on the sale of the products extracted from the Projects.

The factors to be considered may not be limited to the above. Shareholders should have regard to their own personal circumstances and seek their own advice before deciding how to vote on the Transaction Resolutions and, if necessary, seek their own professional advice.

10.16 Risk factors

The Transaction is not risk free. Before deciding whether or not to approve the Transaction Resolutions, Shareholders should read the Notice of Meeting and Explanatory Memorandum and consider the risks set out in Schedule 3 in light of their personal circumstances and investment objectives (including financial and taxation issues) and seek professional advice if required.

10.17 Intentions of the Company if the Acquisition is not approved and implemented

In the event Shareholders do not approve the Transaction, the Company will continue to review and, if warranted, seek to acquire assets which may add Shareholder value. This is likely to result in continued depletion of cash reserves to support that business and the Company may seek to raise additional capital to supplement existing working capital, which is likely to be dilutive to Shareholders.

10.18 Indicative timetable

An indicative timetable for completion of the Transaction, including re-compliance with Chapters 1 and 2 of the Listing Rules is as follows:

Event	Date
Lodge Prospectus	23 January 2015
Meeting to approve the Resolutions	13 February 2015
Close Placement	13 February 2015
Shares issued under the Placement and completion of the Acquisition	16 February 2015
Shares re-instated for quotation on ASX	26 February 2015

The dates are indicative only and may change, subject to the Companies Act and Listing Rules.

10.19 Other information

The Directors are each satisfied that this Explanatory Memorandum contains such information as will fully and fairly inform Shareholders of the matters to be considered and enable them to make a properly informed judgment on the Resolutions.

11 RESOLUTION 1 – CHANGE IN NATURE AND SCALE OF ACTIVITIES

11.1 Introduction

Resolution 1 seeks approval from Shareholders for a change to the nature and scale of the Company's activities.

Details of the Transaction, including the Acquisition, are set out in section 10 of this Explanatory Memorandum.

11.2 Listing Rule 11.1 requirements

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable.

ASX Listing Rule 11.1.2 provides that, if ASX requires, the entity must get the approval of Shareholders and must comply with any requirements of ASX in relation to the Notice of Meeting.

ASX has advised the Company that the Transaction amounts to a change of nature and scale of activities that requires Shareholder approval and re-compliance with the admission requirements of the Listing Rules.

In the event Shareholders approve the Transaction Resolutions and as required by the Listing Rules, the Company's Shares will be suspended from quotation from the day of the Meeting until the admission requirements of the Listing Rules are complied with.

12 RESOLUTIONS 2 AND 3 – PLACEMENT

12.1 Introduction

Resolution 2 seeks Shareholder approval to issue up to 100 million Shares at an issue price of A$0.05 per Share, being an amount not less than the par value per Share to raise a minimum of A$3.5 million.

The par value per Share is US$0.00001. It is a requirement of Bermudan law that Shares may not be issued at a price less than the par value per Share. In any event, the price at which Shares may be issued under the Placement is A$0.05, being an amount greater than the par value per Share.

Resolution 3 seeks Shareholder approval for the Directors to participate in the Placement to subscribe for up to 50% of the Placement Shares issued. For example, if the Placement raises A$4.25 million, then the maximum amount the Directors can subscribe for is A$2.125 million, or 42,500,000 Placement Shares.

Listing Rule 7.1 limits the number of securities a company can issue in a 12 month period to 15% of its issued share capital (excluding treasury shares), except for certain issues, including where first approved by Shareholders. The effect of passing Resolution 2 is to allow the Directors to issue Shares in accordance with the Resolution without those Shares being included in the 15% limit.

Listing Rule 10.11 requires a listed company to obtain Shareholder approval by ordinary resolution prior to the issue of securities to a related party. If shareholder approval is obtained under Listing Rule 10.11, shareholder approval is not required under Listing Rule 7.1 and the proposed issue will be included in 15% annual limit permitted by Listing Rule 7.1.

ASX has granted the Company a waiver from Listing Rule 2.1 condition 2 so that the issue price under the Placement can be A$0.05 per Share. The waiver has been granted on condition that the issue price for Shares issued under the Placement is:

(a) A$0.05; and

(b) is specifically approved by Shareholders as part of the approvals obtained under Listing Rule 11.1.2.

12.2 Information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3, the following information is provided about the issue:

(a) The maximum number of Shares to be issued is 100 million Shares.

(b) The Shares will be issued following receipt of a draft decision from ASX for re-admission to the Official List (the issue date) and no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that the issue will occur on the same day.

(c) The issue price for each Share will be A$0.05, being an amount not less than the par value per Share. The Shares will be issued at the Directors' discretion to applicants under the Prospectus, who, with the exception of those persons the subject of resolution 3, are not related parties of the Company.

(d) The Shares will be fully paid ordinary Shares in the capital of the Company and will be issued on the same terms and conditions as the Company's existing Shares.

(e) The intended use of the funds raised is as set out in section 10.11 of this Explanatory Memorandum.

(f) A voting exclusion statement is included in the Notice.

12.3 Information required by Listing Rule 10.13

For the purposes of Listing Rule 10.13, the following information is provided about the proposed issue:

(a) The Shares may be issued to Messrs King, Yang, Hodgson and He, being Directors, or their associates.

(b) The maximum number of Shares to be issued is 50% of the Placement Shares issued under the Placement.

(c) The Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue will occur on the same date.

(d) The issue price for each Share will be A$0.05, being an amount not less than the par value per Share. The Shares will be fully paid ordinary shares in the capital of the Company and will be issued on the same terms and conditions as the Company's existing Shares.

(e) A voting exclusion statement is included in the Notice.

(f) The use (or intended use) of the funds raised is set out in section 10.11.

13 RESOLUTIONS 4 AND 5 – CHANGE OF COMPANY NAME AND ADOPTION OF A SECONDARY NAME IN CHINESE

The Board proposes to change the name of the Company to 'Sagalio Energy Limited' and adopt a secondary name in Chinese represented by the characters of "中普能源有限公司" on the basis that it will more accurately reflect the focus of the Company after the Transaction completes.

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 4 and 5.

SCHEDULE 1 DEFINITIONS

In this Notice and Explanatory Memorandum:

Acquisition	has the meaning given in section 10.1 of the Explanatory Memorandum.
ASX	means ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires.
Beijing Orion	has the meaning given in section 10.1 of the Explanatory Memorandum.
Board	means the board of Directors.
Bye-laws	means the bye-laws of the Company as amended from time to time.
Chairman	means the Chairman of the Company.
Co-Investment Agreement	has the meaning given in section 10.2 of the Explanatory Memorandum.
Companies Act	means the *Companies Act 1981* of Bermuda as amended from time to time.
Company or FeOre	means FeOre Limited (Exempt Company Number 45631).
Completion	means completion of the Acquisition.
Director	means a director of the Company.
EPC Contract	has the meaning given in section 10.3 of the Explanatory Memorandum.
Explanatory Memorandum	means this explanatory memorandum.
HKT	means Hong Kong time.
Independent Technical Report	means the technical report prepared by MHA Petroleum Consultants and dated 30 September 2014, a copy of which is available from www.asx.com.au or www.feore.com.
KNG	has the meaning given in section 10.2 of the Explanatory Memorandum.
Listing Rules	means the listing rules of the ASX.

Maximum Subscription	means A$5,000,000.
Meeting	means the meeting convened by this Notice (as adjourned from time to time).
Minimum Subscription	means A$3,500,000.
Notice	means this notice of meeting.
Orion Energy	has the meaning given in section 10.8 of the Explanatory Memorandum.
Other Orion Group Contracts	has the meaning given in section 10.8 of the Explanatory Memorandum.
Par value per Share	US$0.00001
PEI	has the meaning given in section 10.1 of the Explanatory Memorandum.
Placement	has the meaning given in section 10.1 of the Explanatory Memorandum.
Placement Shares	means the Shares to be issued under the Placement.
Projects	has the meaning given in section 10.2 of the Explanatory Memorandum.
Prospectus	has the meaning given in section 10.11 of the Explanatory Memorandum.
Proxy Form	means the proxy form attached to this Notice.
Quangas Poly	has the meaning given in section 10.1 of the Explanatory Memorandum.
Residual Asset	has the meaning given in section 10.1 of the Explanatory Memorandum.
Resolution	means a resolution set out in the Notice.
Seller	means Gain Diligence Limited.
Share	means a fully paid ordinary share in the capital of the

	Company (not being a treasury share).
Shareholder	means a holder of a Share.
Transaction	means the Acquisition and the Placement.
Transaction Resolutions	means Resolutions 1 to 5.
Treasury Shares	means the shares bought back by the Company under a share buy-back undertaken in July 2014.
Well Drilling Contract	has the meaning given in section 10.8 of the Explanatory Memorandum.
VWAP	means volume weighted average price.
Work Program	has the meaning given in section 10.6 of the Explanatory Memorandum.

SCHEDULE 2 PRO FORMA UNAUDITED STATEMENT OF FINANCIAL POSITION

	FeOre Audited as at 30-Jun-14 US$'000	Quangas Unaudited as at 31-Aug-14 US$'000	Subsequent events US$'000	Pro forma adjustments A$3.5 million US$'000	Pro forma adjustments A$5 million US$'000	Pro forma after Offer A$3.5 million US$'000	Pro forma after Offer A$5 million US$'000
CURRENT ASSETS							
Cash and cash equivalents	43,255	1	(41,728)	2,664	3,794	4,192	5,322
Amounts due from shareholder	-	9,610	(9,610)	-	-	-	-
Prepayments	-	3	-	-	-	3	3
TOTAL CURRENT ASSETS	43,255	9,614	(51,338)	2,664	3,794	4,195	5,325
NON CURRENT ASSETS							
Property, plant & equipment	-	69	-	-	-	69	69
Prepayments	-	962	-	-	-	962	962
Other receivables	4,742	-	(4,742)	-	-	-	-
Restricted cash	5,670	-	(5,670)	-	-	-	-
Exploration and evaluation assets	-	-	23,340	-	-	23,340	23,340
TOTAL NON CURRENT ASSETS	10,412	1,031	12,928	-	-	24,371	24,371
TOTAL ASSETS	53,667	10,645	(38,410)	2,664	3,794	28,566	29,696
CURRENT LIABILITIES							
Other payables	-	1,001		-	-	1,001	1,001
TOTAL CURRENT LIABILITIES	-	1,001	-	-	-	1,001	1,001
NON CURRENT LIABILITIES							
Other capital	-	786	-	-	-	786	786
Borrowings	-	-	-	-	-	-	-
TOTAL NON CURRENT LIABILITIES	-	786	-	-	-	786	786
TOTAL LIABILITIES	-	1,787	-	-	-	1,787	1,787
NET ASSETS/(LIABILITIES)	**53,667**	**8,858**	**(38,410)**	**2,664**	**3,794**	**26,779**	**27,909**
EQUITY							
Contributed equity	52,600	9,598	(39,150)	2,664	3,794	25,712	26,842
Reserves	776	21	(21)	-	-	776	776
Retained earnings	291	(761)	761	-	-	291	291
TOTAL EQUITY	**53,667**	**8,858**	**(38,410)**	**2,664**	**3,794**	**26,779**	**27,909**

SCHEDULE 3 RISKS

The Transaction is not risk free. Before deciding to approve the Transaction, Shareholders should read the Notice of Meeting and Explanatory Memorandum and consider at least the following risks in light of their personal circumstances and investment objectives (including financial and taxation issues) and seek professional advice if required.

The operating and financial performance and position of the Company, the value of its Shares and the amount and timing of any dividends (if any) that the Company may pay will be influenced by a range of factors. Many of the risks set out below are beyond the control of the Company and the Directors. Accordingly, these factors may have a material effect on the Company's performance and profitability which may cause the market price of Shares to rise or fall over any given period.

The below risks are not intended to be exhaustive of the risk factors to which the Company is exposed as a result of Shareholders approving the Resolutions and the Transaction completing.

3.1 Risks relating to Quangas Poly and its business

Subsoil Use Rights

PEI has a contractual, rather than a statutory right to explore and extract oil pursuant to the Co-Investment Agreement with KNG. KNG has a licence for development of oil on the "Marleysu - East Yizbaskent" deposit and PEI has the right to a portion of the produced oil under the Co-Investment Agreement.

Under the Co-Investment Agreement KNG invests into the joint activity the exploration rights to Susamur and Yizbaskent - Arash areas, while it holds subsoil right (license) for prospecting oil and gas on Susamur and Yizbaskent - Arash areas.

According to Article 20 of the Kyrgyz Subsoil Law, subsoil use right can be granted on the basis of a licence, concession and product sharing agreement. PEI has been issued neither a licence nor concession. Contract No. 381 may not necessarily be classified as a product sharing agreement. Contract No. 381 can be terminated by KNG unilaterally in case of failure by PEI to fulfill the terms of the Co-Investment Agreement and agreed Work Program, except for cases when PEI provides evidentiary explanations of not fulfilling the terms, such that PEI retains the right to exploit the drilled and repaired wells. The Co-Investment Agreement does not provide a procedure to prove violation of terms by PEI.

There are risks in seeking to enforce contractual rights against the holder of subsoil use rights; particularly where the holder is a government controlled entity.

Public procurement

Pursuant to the Public Procurement Law of the Kyrgyz Republic and as it is partially owned by the Kyrgyz Government, KNG is required to conduct a tender when purchasing goods, works and services in accordance with the procedure and methods set forth in the Kyrgyz Public Procurement Law.

Kyrgyz Laws provide that certain types of contract shall include certain conditions. The contract is binding if the parties agree on its essential conditions.

The Co-Investment Agreement as originally executed between PEI and KNG did not clearly define the type of the contract. Without amendment, there is a risk that the Co-Investment Agreement could be disputed or there being other negative consequences for PEI.

If the Co-Investment Agreement is classified as a contract for procurement of works and services, there is a risk that it might be disputed (recognised as void) by any interested party (e.g. the Prosecutor's Office, KNG's shareholders, etc.) if the requirements of the Kyrgyz Laws on public procurement were not followed while concluding Contract No. 381.

To minimise this risk, PEI and KNG amended Contract No. 381 and Addendum No. 316 by Agreement No. 328, such that its type, subject and conditions are determined and in accordance with the requirements of the Kyrgyz Laws. Contract No. 381 (as supplemented and amended by Addendum No. 316 and Agreement No. 328) is a joint-investment/cooperation agreement. There is no specific public procurement requirement stipulated under the Kyrgyz Laws for such type of contract. If the Co-Investment Agreement is treated as joint activities (or co-operation) agreement, then the risk of its invalidation due to failure to comply with public procurement procedures is remote.

Preferential right for acquisition of oil

According to Article 21 of the Oil and Gas Law the Kyrgyz Republic has a preferential right for acquisition of oil, gas and their derived products. In case of selling or export of oil, gas and derived products the licencee shall notify the state body authorised by the Government one month prior to such transaction and provide it with this preferential right for acquisition of all or part of oil, gas and derived products received as the result of activities in oil and gas industry. The Kyrgyz Laws do not clearly determine the state body that is entitled to preferential right for acquisition of oil. Cases where this provision of the Oil and Gas Law has been implemented and the preferential right was exercised have not been identified. The Oil and Gas Law is silent about the price to be paid by the Kyrgyz Republic.

Fulfillment of obligations under the Co-Investment Agreement

The Co-Investment Agreement sets out a number of obligations to be performed by PEI in a certain period of time, including drilling 24 wells during 2015 and 2016, with an estimated cost of between US$20 million and US$22 million. The Co-Investment Agreement can be terminated by KNG unilaterally if any of the obligations or conditions are not fulfilled. If the Co-Investment Agreement is terminated, then PEI will not have the right to perform works indicated in the contract and will lose its interest in the wells drilled to date.

Under the Placement the Company will raise between A$3.5 million and A$5 million, and will require additional funds to complete the Work Program; failing which it may be in default under the Co-Investment Agreement. There is a risk that it may not obtain these additional funds (either through further capital raisings or from any future production).

Although under Kyrgyz Laws, KNG is treated as any other private party, in practice, KNG being partly owned by the Government may have administrative support.

Environmental issues

The Co-Investment Agreement prescribes that PEI shall conduct works in compliance with the environmental laws of the Kyrgyz Republic. The Kyrgyz Laws establish certain requirements for environmental and subsoil protection. If PEI does not comply with the environmental laws, PEI and its authorised representatives may be held liable for penalties and losses.

Term

The term of the licence of KNG development of oil on the "Marleysu - East Yizbaskent" deposit expires on 11 December 2019, having been issued to KNG on 28 July, 1999. The term of the licence for the Susamur deposit expires on 31 December 2016, having been issued on 21 February 2006 and extended on 11 December 2013. The term of the licence for the Yizbaskent - Arash deposit expires on 31 December 2016, having been issued on 21 February 2006 and extended on 11 June 2013.

According to Article 22 of the Subsoil Law the subsoil right for development is granted up to 20 years with possible extension until the depletion of the deposit. The subsoil right for prospecting is granted up to 5 years with possible extension pursuant to the technical design.

There is a risk that the licences may not be extended by the Geology Agency when they expire such as in the case of violation of licence agreements and/or laws. Further, if KNG does not fulfill or fulfills any of its obligations improperly under the licence agreements and the Kyrgyz Laws, the Geology Agency may suspend or revoke the licence of KNG.

Land use rights

The status of KNG's rights with regard to the land plots where PEI's activities are or will take place under the Co-Investment Agreement are not known.

In accordance with the Land Code a right for the land plot can be verified by documents establishing title (decrees, decisions, agreements, etc.) and certifying title (state acts, certificates for right of temporary use, etc.). The land plots can be used only in accordance with their category and designated purpose, which are indicated in the land cadastre of the Kyrgyz Republic and title certifying documents. Kyrgyz Laws sets out the procedure and conditions to change the category and designated purpose of land plots where the proposed use or ownership is inconsistent with the current use or ownership.

If KNG does not have a right for the land plots or any part of them or those rights are granted improperly, then PEI may have problems with access to the areas allocated under the Co-Investment Agreement and/or PEI and its authorized persons may subsequently be held liable for unlawful use of land plots, damage, etc.

Lack of operating history

While Quangas Poly's directors and CEO have significant experience in the oil and gas industry, Quangas Poly has limited operating history and as such no meaningful historical financial information, and no operating history with the Projects. Quangas Poly's business plan requires significant expenditure, particularly capital expenditure, in its oil and gas industry establishment phase.

There are risks with an investment in early phase operations.

Related party transactions

Under the EPC Contract, Beijing Orion, an entity which is majority owned by Dr. Yang, the Company's executive Director, will through the Beijing Orion Companies provide all necessary services and support for PEI to performance its obligations under the Co-Investment Agreement.

The Company has established an independent committee (consisting of the Directors other than Dr. Yang and the Company's secretary and external legal counsel) to review and negotiate the terms of each contract under which the services and support are provided and, on behalf of the Company, be satisfied that the services are provided on reasonable market rate terms. Notwithstanding this and given Dr. Yang's role as executive director of the Company, there is a risk that services provided to the Company may not be provided on reasonable market rate terms.

Key personnel

The responsibility of overseeing the day to day operations and strategic management of Quangas Poly depends substantially on its senior management and its key personnel. There can be no assurance that there will be no detrimental impact on Quangas Poly if one or more of the key employees cease their employment.

Future funding

Substantial capital expenditure is required for oil exploration and production. Specifically, under the terms of the Co-Investment Agreement PEI is required to drill 24 wells during 2015 and 2016 with an estimated total cost of between US$20 million and US$22 million. To do so, PEI will need to either raise additional funds, generate funds from future production on the existing wells and/or otherwise secure funding that will allow it to complete the wells. There is a risk that this may not occur, or occur on terms unfavourable to the Company and its existing Shareholders. Failing to comply with the Work Program may jeopardise PEI's rights under the Co-Investment Agreement.

Legislative changes and International initiatives

Changes in government regulations and policies of Bermuda, BVI, Australia and Kyrgyzstan and international initiatives of organisations such as the Organisation for Economic Co-operation and Development (**OECD**) and the Financial Action Task Force (**FATF**) aimed at "offshore" jurisdictions may adversely affect the financial performance of the Company.

3.2 Risks relating to the oil and gas industry

Commodity risks

Quangas Poly will be adversely affected by any substantial or extended decline in prices for crude oil, which may make further exploration, development or production uneconomic.

Exploration, appraisal, development and production

The future profitability of Quangas Poly and the value of the Company's Shares directly relates to the results of exploration, appraisal, development and production. No assurances can be given that funds spent on such activities will result in outcomes that are economically viable. Drilling activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortages or delays in the delivery of rigs and/ or other equipment. Drilling may result in wells that, while encountering oil, may not achieve economically viable results.

Specifically, the blocks contain contingent and prospective resource estimates respectively. Further work is required on the Marleysu – East Yizbaskent block to demonstrate horizontal drilling costs and flow rates at commercial thresholds prior to the contingent resources being upgraded to reserves.

There are no known undue exploration risks in Yizbaskent. The prospect in area 1 is a 4-way dip structure with seismic and good well control with wells on structure. The prospect in area 3 has no associated seismic data but is a mono-clinal dip structure from the field oil-water contact on the adjacent producing block updip to the lease line. The prospect in area 4 is an extension of the field limits from the production area into an area of more limited well control but still on structure.

The evaluation of the Susamyr licence is limited by an extreme lack of tangible data; with no known well penetrations, no detailed geological map, and no basic level gravity or magnetic surveys.

Any determination of oil reserves and resources is an expression of judgment based on knowledge, experience and industry practice. Reserve and resource determinations which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, reserve and resource determinations are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the analyses may change. This may result in alterations to exploration, appraisal, development and production plans which may, in turn, adversely affect Quangas Poly's operations.

Operating risks

Oil exploration, appraisal, development and production operations are subject to a number of operational risks and hazards including fire, explosions, blow outs, pipe failures, abnormally pressured formations and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures, or discharge of toxic gases. The occurrence of any of these risks could result in potentially substantial losses to Quangas Poly due to injury or loss of life, damage to or destruction of property, natural resources, or equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation, and penalties or suspension of operations. Oil exploration, appraisal, development and production are generally considered a high-risk undertaking. The operations of Quangas Poly may also be affected by a range of factors, including:

(a) operational and technical difficulties encountered in drilling;

(b) difficulties in commissioning and operating plant and equipment;

(c) mechanical failure or plant breakdown; unanticipated drilling problems which may affect production costs;

(d) adverse weather conditions; industrial and environmental accidents; industrial disputes; and, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Commercialisation

Should Quangas Poly recover what would otherwise be commercial quantities of oil, there is still no guarantee that Quangas Poly will be able to successfully transport the oil to commercially viable markets, or sell the oil to customers to achieve a commercial return. Quangas Poly may not be able to secure satisfactory oil transportation arrangements; there may be no readily available market; and no or limited access to pipelines.

Pipeline access arrangements may also be subject to interruption rights which may adversely affect Quangas Poly.

Environmental laws and regulations

The proposed exploration and development of oil are subject to Kyrgyz environmental laws. As with most oil production there will most likely be an environmental impact. It is Quangas Poly's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all applicable environmental laws however there is always a risk of exposure to environmental costs and liabilities arising out of Quangas Poly's operations. In particular, this exposure may arise from the handling of hydrocarbons and wastes, emissions to the air and water, the underground injection or disposal of wastes and historical industry operations and waste disposal practices. As a result, substantial liabilities to third parties or government entities may be incurred, the payment of which could reduce or eliminate funds available for future exploration and development.

Oil price volatility

International and domestic oil prices fluctuate widely and are affected by numerous factors beyond the control of Quangas Poly, such as industrial and retail supply and demand, exchange rates, inflation rates and changes in global economies. The economic viability of the Projects will be dependent upon the future price of oil. Price declines in the market value of oil could result in commercial production from the Projects becoming uneconomic. Depending on the price of the commodity, Quangas Poly could be forced to discontinue production or development and may lose, or be forced to sell, some of its interest in some of the Projects.

Exchange rate risks

International prices of oil in Kyrgyzstan are typically denominated in Kyrgyzstani Som, whereas the income and expenditure of Quangas Poly is and will be reported in US dollars, exposing Quangas Poly to the fluctuations and volatility of the rate of exchange between the Kyrgyzstani Som and the US dollar as determined in international markets. Drilling obligations and associated commitments are payable in US dollar while PEI’s operating expenses, production costs and other administrative fees may be payable in Kyrgyzstani Som. To the extent that there are unfavourable movements in the exchange rate, Quangas Poly’s proposed use of funds raised under the Placement would thereby decrease.

Labour risk

Quangas Poly’s operations may be adversely affected by labour disputes or changes in Kyrgyzstan immigration and labour laws. Workers may form or join trade or labour unions and they may also strike to obtain improved working conditions and benefits and bargain collectively for higher wages.

Insurance

Insurance of all risks associated with oil exploration, appraisal, development and production is not always available and, where available, the cost can be high. Quangas Poly may not be insured against all possible losses, whether because of the unavailability of cover or because the premiums may be excessive relative to the benefits that would accrue.

3.3 Risk factors relating to Kyrgyz Republic

Quangas Poly is exposed to the risk of adverse sovereign action by the Kyrgyz Government. Any expropriation or renationalisation by the Kyrgyz Government of any of Quangas Poly assets, or any adverse change to either the sub-soil laws or tax regime in Kyrgyzstan could have a materially adverse effect on Quangas Poly and its operations.

Profits arising from the discovery and commercialisation of oil and gas fields in the Kyrgyzstan will be subject to Kyrgyzstan taxation and that tax treatment may vary significantly from that which applies in Australia or elsewhere in the world.

With its operating assets to be located in Kyrgyzstan, there is a risk that the Company may not have recourse to the assets of Quangas Poly and PEI, to meet any possible claims that may be made against the Company. Alternatively, any recourse may, as a result of its location be difficult due to the application of Kyrgyzstan laws and processes, language and distance.

3.4 Risks relating to the Transaction

The Company has undertaken both legal and financial due diligence on Quangas Poly and its subsidiaries, and obtained appropriate warranties from the Seller. However, there are risks associated with any acquisition, including unknown liabilities and claims, or lack of title to one or more assets owned by Quangas Poly and its subsidiaries.

Subject to Shareholder approval, the Directors have agreed to subscribe for up to 50% of the Placement Shares issued. Together with their existing direct and indirect shareholdings in the company, the Directors will collectively hold up to 42.23% (based on minimum subscription) and up to 43.32% (based on maximum subscription) of the Company. There is a risk that, when voting their own Shares, the Directors interests may not be aligned with the interests of other Shareholders.

SCHEDULE 4 LEGAL OPINION BY KALIKOVA & ASSOCIATES

law firm
KALIKOVA & ASSOCIATES
International Legal Services

303 Mir Avenue, National Exhibition Center, Bishkek Free Economic Zone, Bishkek, Kyrgyz Republic / tel.: +996 (312) 55-07-90, 66-63-63 fax: +996 (312) 66-27-88 / lawyer@k-a.kg www.k-a.kg / Tax ID: 01512201010294 NCCEN: 27229825

Outgoing # 001/117
January 16, 2015

LEGAL OPINION ("REPORT")

This Report is prepared for inclusion in a prospectus and notice of general meeting in connection with the proposed recompliance by FeOre Limited ("FeOre") with Chapters 1 and 2 of the ASX Listing Rules in connection with its proposed acquisition from Gain Diligence Limited of 100% of the issued capital of Quangas Poly Limited ("Quangas"), an entity incorporated in the British Virgin Islands. Quangas, through a wholly owned subsidiary, PEI LLC ("PEI" or the "Company"), an entity incorporated in the Kyrgyz Republic which has interests in 3 oil and gas projects in the Kyrgyz Republic comprising:

(a) the development block of "Mayli-Su IV – East Yizbaskent" (Майли-Су IV – Восточный Избаскент) license area;

(b) the exploration block of "Yizbaskent-Alash" (Избаскент-Алаш) license area; and

(c) the exploration block of "Susamyr" (Сусамыр) license area,

(collectively, the "Contractual Subsoil Use Rights"). The subsoil use licenses (the "Subsoil Licenses") for each of the aforesaid areas are held by Kyrgyzneftegaz OJSC ("KNG"). Under a contract with KNG, the Company has contractual rights to explore and recover oil from the areas the subject of the Subsoil Licenses.

1. SCOPE

We have been requested to provide a legal opinion on the legal status and title of:

(a) the Company;

(b) Contract No. 381 between the Company and KNG dated October 2, 2013 ("Contract No. 381"), Addendum No. 316 entered into between KNG and Company on May 28, 2014 ("Addendum No. 316") and Agreement No. 328 entered into between KNG and Company on June 3, 2014 amending Contract No. 381 and Addendum No. 316 ("Agreement No. 328"); and

(c) the Subsoil Licenses.

This Report is strictly limited to the matters with respect to (i) corporate status of the Company, charter capital, shareholding structure, corporate management structure, (ii) subsoil use rights of the Company in the Kyrgyz Republic, including licenses and permits, agreements, environmental issues, land use rights and (iii) litigations and proceedings of the Company.

2. OPINION

As a result of our searches and enquiries, but subject to the qualifications and assumptions set out in this Report, we are of the opinion that, as at the date of the relevant searches listed in ***Schedule 1*** below:

a) PEI is duly incorporated under the laws of the Kyrgyz Republic and is in good standing.

b) Plenty Max Limited and Timely Ideal Limited are the registered holders of 60% and 40% respectively of all of the issued share capital of PEI.

c) PEI's rights and obligations under the Contract No. 381 (as set out in section 7.2 below) are valid and enforceable.

d) KNG is the holder of the Subsoil Licenses.

e) The Subsoil Licenses are valid and in good standing.

3. SEARCHES AND DOCUMENTS

The information contained in this Report is based entirely on the information contained in the documents (in Kyrgyz and Russian languages) covering a period from the date of the Company's establishment August 28, 2013 up to the date of this Report as listed in ***Schedule 1*** to this Report, the documents that meet the materiality threshold of USD 100,000, which were provided to us during the period of September 25, 2014 to January 15, 2015.

In this Report, we do not purport to pass upon, and have made no investigation of, and express no opinion as to the laws of any jurisdiction other than those of the Kyrgyz Republic (the "Kyrgyz Laws").

SUMMARY OF KYRGYZ LAWS

4. CORPORATE

The name of the current registration body is the Ministry of Justice of the Kyrgyz Republic.

Under the Kyrgyz Laws along with its registration with the Ministry of Justice, the Company is required to register with the (i) statistics, (ii) tax, and (iii) social insurance authorities.

Charter capital

A charter is a constitutive document of any company. In contrast to a foundation agreement, all interested persons shall have the right to review the charter of a company. A charter of a company having several participants shall be approved by the participants and signed by the Company's director.

The charter of a company shall define the type of a company, its name, location, duration of its activities (if such is determined at the time of its establishment), the powers of the executive officer, the management and controlling bodies, their competencies, procedure for its property formation, procedure for distributing profits and recovering losses, conditions of termination (restructuring or liquidation) of a company, and relationships between the company and its participants.

Under the Kyrgyz Laws a foundation agreement must be approved and executed by the Company's participants (if there are two or more participants in a company). The content of the foundation agreement shall be regarded to be a commercial secret.

In the foundation agreement, the participants agree to establish a company, to determine the procedure for its creation and conditions of transferring their title to property to this company, participating in its activities, distributing profits and losses among the participants, managing its activities, withdrawing from it; the amount of participating interests of each participant; the amount, composition, time limits and procedure for making contributions; the liability of participants for violation of the obligation to make contribution, and the amount and composition of the charter capital.

Management structure

According to the Company's current charter (the "Charter") its current management bodies include the general meeting of participants – the highest management body of the Company, the board of directors – the management body performing overall management of the Company in a period between the general meetings of participants, and the Director – sole executive body responsible for the daily operations of the Company (the "Director").

According to the Charter the general meeting of participants, at its discretion is authorized *among other* to adopt decision in relation to: (i) amendments to the Charter of the Company, (ii) change of the charter capital of the Company; (iii) approval of annual financial reports; (iv) distribution of profits and losses; (v) acquisition by the Company of the participatory interest of a participant in the Company; (vi) admission of new participants; (vii) appointment and dismissal of the member of the board of directors, the executive body, auditor of the Company; (viii) opening and dissolving branches, representative offices and subsidiaries as well as participation in other companies; (v) liquidation or reorganization of the Company; (vi) and approve transactions above KGS 1,000,000; etc.

All decisions of the general meeting of participants related to the issues mentioned in the Article 10.2 of the Charter shall be made unanimously by all participants of the Company. The quorum of the general meetings of participants shall be regarded valid if all participants of the Company attend the meeting either personally or through their duly assigned representatives.

Board of Directors

According to the Charter the board of directors, at their discretion are authorized *among other* to adopt decision in relation to: (i) determination of main areas of activity of the Company; (ii) issues of overall management of the Company's activity; (iii) formation and use of reserve and other funds of the Company; (iv) approval of transaction for the amount from KGS 500,001 up to KGS 1,000,000; (v) supervision of the Director's activity; etc.

According to the Charter the board of directors of the Company shall consist of three (3) members. The members of the board of directors shall be elected for a term of one (1) year. The meetings of the board of directors shall be held when necessary, but not less than twice a year. The meeting of the board of directors shall be quorate when attended by not less than 2/3 of the total number of its members. The decisions of the board of directors shall be adopted unanimously by attendees present at the meeting.

Executive Body

According to the Charter the Director is the sole executive body of the Company responsible for the daily operations of the Company. The Director signs contracts binding the Company on behalf of the Company without a power of attorney solely on the basis of the Charter.

Pursuant to the Charter the Director *among other* has a right to: (i) represent the Company before all and any authorities, legal entities and individuals in respect of all aspects of the Company's activities; (ii) open, manage and close bank accounts of the Company; (iii) enter into transactions with a value not exceeding than KGS 500,000; (iii) administer human resources and execute labor agreements; (iv) issue orders, internal regulations and powers of attorney on behalf of the Company; etc.

According to the Charter the participants may appoint an internal auditor to audit the financial activities of the Company.

5. CONTRACT

Kyrgyz Laws provide that a contract shall include certain mandatory or imperative conditions to be binding and enforceable. A contract may be disputed (recognized as invalid) or it may entail other negative consequences if it does not include the required Kyrgyz Laws regulating the relevant type of contract.

Based on information contained in the database of legal acts of the Kyrgyz Republic readily accessible to law firms in Bishkek through the exercise of due diligence, the interest of the Government of the Kyrgyz Republic (the "Government") in KNG is prescribed at 85.16%. In this regard, pursuant to Law of the Kyrgyz Republic "On Public Procurement" dated May 24, 2004 No. 69 (the "Public Procurement Law") KNG, partially owned by the Government, must conduct a tender when purchasing goods, works and services in accordance with the procedure and methods set forth in the Public Procurement Law, failing which the contract may not be enforceable. Currently, there is no specific public procurement requirements stipulated for joint-investment/cooperation agreements under the Kyrgyz Laws.

Pursuant to the Kyrgyz Laws only the Government or authorized state authority and an investor can act as parties to the product sharing agreement (the "PSA") and that the Law of the Kyrgyz Republic "On Product Sharing Agreements" dated April 10, 2002 No. 49 (the "Law on PSA") stipulates that PSA shall be signed for a term not exceeding 10 years.

There is also a political risk which may exist if anyone prove(s) that the Company's proportion in the product sharing arrangement shall be less due to less amount of actual capital expenditures.

6. SUBSOIL USE RIGHTS

General regulations

Under the Subsoil Law of the Kyrgyz Republic dated August 9, 2012 No. 160 (the "Subsoil Law") and the Regulation "On licensing of subsoil use" approved by the Resolution of the Government of the Kyrgyz Republic dated December 14, 2012 No. 834, the mineral exploration and mining rights are granted by awarding a license for the subsoil use right, or by a concession from the Government or by entering into the production sharing agreement with the Government. Licenses are granted following either a tender procedure, auction procedure or through direct negotiations depending on the significance of deposits and reserves of mineral resources. The grant of mineral rights by direct negotiations is made by the Licensing Committee (the "Committee") of the State Agency for Geology and Mineral Resources under the Government (the "Geology Agency"), while for conducting a tender and an auction the special interdepartmental commissions are created.

Licensees granted subsoil use rights for the deposits that are included in the list of deposits to be distributed by tender shall provide a social package, which includes the program of investing into the social conditions of local community on the territory of which the deposit is located (the "Social Package").

The Subsoil Law provides for 3 types of licenses depending on the types of works:

1) for geological prospecting works a prospecting license shall be issued for up to 5 years with possible extension;
2) for geological exploration works an exploration license shall be issued for up to 10 years with possible extension; and
3) for development works a development license shall be issued for up to 20 years with possible extension until the depletion of the deposit.

A license consists of two parts: the license itself and the license agreement. A license is invalid if a license agreement has not been entered into between the licensee and the Geology Agency setting out the terms of the license in detail. At the time of initial grant of the license, the Geology Agency executes the license agreement necessary for the licensee (i) to develop a technical document describing the type of activities, technologies, environmental and technical safety measures, environmental impact assessment etc. (the "Technical Design"), (ii) to get expert opinions of the Technical Design for industrial, environmental safety and subsoil protection and (iii) to obtain the rights of use (access) to land. In accordance with the Technical Design the Geology Agency executes the next license agreement for performance of works. Thus, within the duration of the license the licensee and the Geology Agency usually conclude several license agreements: every next license agreement is executed upon the expiration of the previous one and upon a positive decision of the Committee, i.e. the term of a separate license agreement is usually shorter than the term of the license.

The Subsoil Law starting from June 14, 2014 (as of the date when the last amendments to the Subsoil Law entered into force) allows transferring by the licensee of the subsoil use rights granted to the licensee under the license to a third party. The Law of the Kyrgyz Republic "On Oil and Gas" dated June 8, 1998 No. 77 (the "Oil and Gas Law") stipulates that the licensee upon the consent of the authorized state body may transfer the right to the license to third parties that have the technical and financial capacities for additional supporting of the project on a contract territory.

Land rights

The procedure for obtaining land rights is established by the Land Code of the Kyrgyz Republic dated June 2, 1997 No. 45 (the "Land Code") and the Subsoil Law. Currently, a Regulation "On allocation of land plots for subsoil use" that gives a detailed explanation of the provisions in the above mentioned laws is in the process of development.

Requirements applicable to land use may differ substantially depending on the category (type) of such land, its administrative location, ownership type (in state, municipal or private ownership). Thus, in addition to the Land Code there are number of laws and regulations specific to particular types of lands, namely, such as Law “On Pastures” dated January 26, 2009 No. 30, Law “On Management of Agricultural Lands” dated January 11, 2001 No. 4, Regulation on lands of industry, transport, communications, energy and procedure of their use” approved by the Resolution of the Government of July 10, 1992 No. 316, Law “On Special Protected Territories” dated May 3, 2011 No. 18, Law “On Transformation of Land Plots” dated July 15, 2013 No. 145, Law “On Moratorium on Transformation of Irrigable Plows into Other Categories of Lands” dated July 31, 2009 No. 257.

In accordance with the Land Code a right for the land plot can be verified by the title establishing documents (decrees, decisions, agreements, etc.) and title certifying documents (state acts, certificates for right of temporary use, etc.). Herewith, the land plots can be used only in accordance with their category and designated purpose, which are indicated in the land cadastre of the Kyrgyz Republic and title certifying documents. If in case of granting of land plots for temporary use or into ownership their category and/or designated purpose do not correspond to those goals for which an owner/land user intends to use them for, such land plots before they used shall be transformed into the respective category and/or their designated purpose shall be changed in accordance with the procedure and conditions foreseen by the Kyrgyz Laws.

Besides, according to Articles 4 and 73 of the Land Code pastures cannot be allocated into private ownership or temporary use and use of pastures for subsoil development is prohibited, unless they are transformed to another category of lands according to the Kyrgyz Laws.

The agricultural lands may not be provided or transferred to foreign nationals, including foreign legal entities, into ownership and temporary use. The land plots within settlement (city, village, rural settlement) boundaries may be provided to foreign nationals and entities for fixed-term (temporary) use or transferred into ownership in case of enforcement of security interests in residential mortgage lending transactions pursuant to Kyrgyz pledge law. The land plots outside settlement boundaries, except agricultural lands and mineral areas, may be provided to foreign nationals for fixed-term (temporary) use by decision of the Government. In other cases, the lands outside settlement boundaries shall be provided, transferred or passed to foreign nationals for fixed-term (temporary) use by universal succession.

The land plots in mineral areas shall be provided to foreign nationals for fixed-term (temporary) use in the same way as to Kyrgyz companies. The land plots in frontier areas may not be provided to foreign nationals, stateless persons and foreign entities for fixed-term (temporary) use.

Subsoil use rights of the Company

Under Kyrgyz Laws, the mineral exploration and mining rights are granted either by awarding a license for the subsoil use right, or by a concession from the Government, or by entering into the production sharing agreement with the Government.

According to the Oil and Gas Law the Kyrgyz Republic has a preferential right to acquisition of oil, gas and their derived products. Thus, in case of selling or export of oil, gas and derived products a licensee shall send one month prior notification to the state body authorized by the Government about such transaction and provide it with this preferential right to acquisition of all or part of oil, gas and derived products received in the result of activities in oil and gas industry. The Kyrgyz

Laws do not clearly determine the state body that is entitled to preferential right for acquisition of oil. Besides, we are not aware of cases when the above mentioned provision of the Oil and Gas Law has been implemented and the foreseen preferential right was applied/exercised.

If the Kyrgyz Republic/authorized state body does not exercise its preferential right and purchase the oil, the Company upon receipt of the written refuse can export its portion of oil. However, it shall be noted that the Government has a right to ban the export of oil and gas developed on the territory of the Kyrgyz Republic and their derivative products for a term not exceeding 6 months in a calendar year with explaining the reasons.

The Law of the Kyrgyz Republic "On Investments in the Kyrgyz Republic" dated March 27, 2003 No. 66 (the "Investment Law") provides for guaranties and rights granted to investors, *among other* such as freedom of monetary transactions (free conversion of currency, unbound and unrestricted money transfers). Should provisions restricting money transfers in foreign currency be introduced into the legislation of the Kyrgyz Republic, these provisions will not apply to foreign investors, with the exception of cases where investors engage in illegitimate activities (such as money laundering).

7. MATERIAL TERMS OF THE CO-INVESTMENT AGREEMENT

PEI and KNG have entered into the following agreements:

(a) Contract No. 381 dated October 2, 2013;
(b) Addendum No.316 dated May 28, 2014; and
(c) Agreement No. 328 dated June 3, 2014,

(collectively, the "Co-Investment Agreement"), under which the Company has the contractual enforceable right/obligation to conduct exploration and development works on the license areas jointly with KNG, and to extract oil.

Material Terms

The material terms of the Co-Investment Agreement are as follows:

(a) The term of the agreement is 20 years from the date of its execution and can be prolonged upon agreement of the parties up to the complete drilling of the deposit and up to reach of 20 years by the last drilled well.
(b) KNG and PEI will jointly conduct exploration work on the "Susamyr" and "Yizbaskent-Alash" license areas and conduct well drilling and well repair work on the "Mayli-Su IV – East Yizbaskent" development area owned by KNG.
(c) KNG will provide the exploration right of "Susamyr" and "Yizbaskent-Alash" areas as per the license granted by the Geology Agency.
(d) Within the "Mayli-Su IV – East Yizbaskent" license area, oil extraction may only be performed on Layer III (with the exception that certain wells, with the prior consent of KNG, may be drilled to layer XIX). With the prior agreement of KNG, if the first stage drilling of 28 wells on Layer I to Layer XIX and product sharing has been completed, PEI has the rights to drill a further 28 wells, and the same arrangement follows at the completion of each stage of drilling.
(e) PEI has the right to rejuvenate suspended and abandoned wells (i.e. workover of wells) with the list of wells and sequence of workover being agreed by PEI and KNG.

(f) PEI has the right to drill 3 wells within specific areas of "Mayli-Su IV – East Yizbaskent" oilfield to exploit oil within Layer XIII, XIV and XVIII. The contract does not include natural gas operation. If natural gas is extracted within these layers, such natural gas shall not be exploited and the well will be sealed at such Layer or sub layer. PEI has the right to continue to explore or to conduct oil testing on drilled wells for these layers from the lower layer to the higher layers (i.e layer III, V and VII) or to completely abandon such well.

(g) KNG will assist in the preparation of relevant commencement of work documents or other permits for the purpose of completing the well drilling and exploration work.

(h) PEI will invest financial and technical support for conducting exploration works and drilling of production wells on the first stage within 3 years. Upon achieving product sharing for the first stage, PEI will invest financial and technical support for conducting exploration works and drilling of production wells for the second stage (i.e. the next 28 exploitation wells) and the same arrangement follows at the completion of each stage of drilling.

(i) PEI will conduct works pursuant to the following work program (Work Program):

2014	2015	2016
Drilling of 4 new wells (start of drilling in June 2014)	Drilling of 12 new wells	Drilling of 12 new wells

(j) PEI is obliged to perform work in accordance with the Work Program for the initial 3 years and may perform work in addition to the Work Program and drill additional wells.

(k) Work performed and wells drilled in addition to the Work Program shall constitute part of and be governed by the Co-Investment Agreement. Upon agreement, KNG shall allocate additional area for the purpose of commencing further co-investment.

(l) Upon the expiry of the first 3 years Work Program, PEI will provide a work program for the next 3 years.

(m) Any work procedure on implementation of cooperation terms not described in the Co-Investment Agreement shall be performed in accordance with Appendix 4 (Procedure of work on implementation of contract terms) which constitutes an integral part of the Co-Investment Agreement.

(n) Anything done in relation to the maintenance of work by PEI or KNG will be considered as an investment on the part of such Party in proportion to its share of product.

(o) During the term of effect of the Co-Investment Agreement, PEI and KNG will be independently responsible for their own budgeted capital, out-of budget capital and non-taxable capital.

(p) Oil exploited shall be apportioned between KNG and PEI in the following manner:

Oil extracted from "Mayli-Su IV – East Yizbaskent" oilfield, and "Susamyr" and "Yizbaskent-Alash" exploration areas:

New production wells: KNG 40% and PEI 60%;

Abandoned and non-production wells: KNG 35% and PEI 65%;

Rejuvenating non-production well or abandoned wells: KNG 60% and PEI 40%;

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.

Oil extracted from new production wells in Layers XIII, XIV and XVIII of "Mayli-Su IV – East Yizbaskent" oilfield:

during first year of exploitation of each well: KNG 20% and PEI 80%

starting from second year of exploitation of wells: KNG 55% and PEI 45%;

Production wells established and funded by PEI are divided into and belong: KNG 40% and PEI 60%.

(q) For the purpose of completing work, KNG will provide PEI necessary technical means and equipment (from existing production equipment) and PEI will compensate KNG.

(r) For the purpose of reclamation of disturbed land allocations, PEI will make monthly payments to the reclamation account of an amount according to the technical reclamation project, including all relevant taxes.

(s) If PEI uses KNG's storage, transportation and oil refinery plant services, PEI shall compensate KNG with a portion of PEI's shares of product (oil). The rate of compensation will be based on the current standard rate charged by KNG.

(t) If PEI fails to perform its obligations under the Co-Investment Agreement or perform work in accordance with the Work Program and is unable to provide reasons for such non-performance, KNG may unilaterally cease providing new wells for drilling. PEI retains the right to operate the drilled and repaired wells.

(u) KNG may not allocate the areas covered in the Co-Investment Agreement to any other foreign companies during the performance of obligations under the Co-Investment Agreement.

(v) PEI and KNG will use their best endeavors to resolve any disputes by negotiation. If agreement cannot be reached, the dispute will be dealt with by Kyrgyz judicial authorities.

(w) PEI has paid KNG US$100,000 to maintain oil extraction and crude oil transportation and to keep the electric network and roads in working order as prescribed by the Co-Investment Agreement.

(x) The Co-Investment Agreement is governed by the Kyrgyz Laws.

Other matters

The Co-Investment Agreement as originally executed between the Company and KNG does not clearly define the type of the contract. Without amendment, the Co-Investment Agreement could be disputed (recognized invalid) or may entail other negative consequences for the Company provided that it does not correspond to imperative provisions of the Kyrgyz Laws regulating the respective type of contract.

If the Co-Investment Agreement is classified as a contract for procurement of works and services, there is a risk that it might be disputed (recognized void) by any interested party (e.g. the Prosecutor's Office, KNG's shareholders, etc.) as we are not aware if the requirements of the Kyrgyz Laws on public procurement were followed while concluding Contract No. 381. To the best of our knowledge, KNG has been concluding contracts similar to the Co-Investment Agreement with other companies without conducting a tender. However, we are not aware of whether such contracts have been ever voided.

To minimize this risk, the Company and KNG have subsequently amended the Contract No. 381 and Addendum No. 316 by Agreement No. 328, such that its type, subject and conditions are determined and in accordance with the requirements of the Kyrgyz Laws. Having reviewed the terms of Contract No. 381, Addendum No. 316 and Agreement No. 328, we are of the view that the Contract No. 381 (as supplemented and amended by Addendum No. 316 and Agreement No. 328) is a joint-investment/cooperation agreement and that currently there is no specific public procurement requirement stipulated under the Kyrgyz Laws for such type of contract. If the Co-Investment Agreement is treated as joint activities (or co-operation) agreement, then the risk of its invalidation due to failure to comply with public procurement procedures is remote.

There is also a political risk which may exist if anyone prove(s) that the Company's proportion in the product sharing arrangement shall be less due to less amount of actual capital expenditures.

The Co-Investment Agreement does not provide for the procedure of proving violation of the terms by the Company. If KNG terminates the contract without a reason, the Company shall be entitled to take legal remedy provided by the Co-Investment Agreement and the Kyrgyz Laws. Under the Kyrgyz Laws KNG shall be treated as any other private party, however, in practice KNG being partially owned by the Government may have some administrative support.

8. DESCRIPTION OF THE SUBSOIL USE RIGHTS

Subsoil use rights of PEI

According to Article 20 of the Subsoil Law, subsoil use right can be granted on the basis of a license, concession and product sharing agreement.

According to the letter of the Company dated October 1, 2014, the Company does not have any license for subsoil use right. The Company has been issued neither a license nor concession.
The Company has a contractual, rather than a statutory right for exploration and/or mining of oil as provided by KNG pursuant to the the Co-Investment Agreement.

While KNG has a license for development of oil on "Mayli-Su IV – East Yizbaskent" deposit and prospecting of oil and gas on "Susamyr" and "Yizbaskent-Alash" areas, the Company has the right to a portion of the produced oil under the Co-Investment Agreement.

Subsoil use rights of KNG

According to Article 22 of the Subsoil Law the subsoil right (license) for development is granted up to 20 years with possible extension until the depletion of the deposit and the subsoil right (license) for prospecting is granted up to 5 years with possible extension pursuant to the Technical Design.

Pursuant to the letter of the Geology Agency dated January 15, 2015:

- the license No. 2520 HE for development of oil on "Mayli-Su IV – East Yizbaskent" deposit was issued to KNG on July 28, 1999;
- the license No. 410-НП for prospecting of oil and gas on "Susamyr" area was issued to KNG on February 21, 2006 and extended on December 11, 2013;
- the license No. 405-НП for prospecting of oil and gas on "Yizbaskent-Alash" area was issued to KNG on February 21, 2006 and extended on June 11, 2013.

If the licenses are not extended by the Geology Agency upon request of KNG when they expire (for example, in case of violation of license agreements and/or laws), this in turn will lead to impossibility of further (after the dates of expiry) cooperation between KNG and the Company under Contract No. 381 or any other similar agreement between them.

If KNG does not fulfill or fulfills any of its obligations improperly under the license agreements and the Kyrgyz Laws, the Geology Agency may suspend or revoke (annul) the license(s) of KNG. This in turn will imply impossibility of cooperation between KNG and the Company within Contract No. 381 or any other similar agreement between them.

According to the letter of the Geology Agency dated January 15, 2015:

- the term of the license of KNG for development of oil on “Mayli-Su IV – East Yizbaskent” deposit expires on December 11, 2019;
- the term of the license of KNG for prospecting of oil and gas on “Susamyr” area expires on December 31, 2016;
- the term of the license of KNG for prospecting of oil and gas on “Yizbaskent-Alash” area expire on December 31, 2016;
- As of the date of the letter the Subsoil Licenses are valid;
- KNG fulfills its obligations under the license agreements.

Under the Co-Investment Agreement KNG invests into the joint activity the exploration rights to “Susamyr” and “Yizbaskent-Alash” areas, while it holds subsoil right (license) for prospecting of oil and gas on “Susamyr” and “Yizbaskent-Alash” areas.

Land use rights

In accordance with the Land Code a right for the land plot can be verified by the title establishing documents (decrees, decisions, agreements, etc.) and title certifying documents (state acts, certificates for right of temporary use, etc.). Herewith, the land plots can be used only in accordance with their category and designated purpose, which are indicated in the land cadastre of the Kyrgyz Republic and title certifying documents. If in case of granting of land plots for temporary use or into ownership their category and/or designated purpose do not correspond to those goals for which an owner/land user intends to use them for, such land plots before they used shall be transformed into the respective category and/or their designated purpose shall be changed in accordance with the procedure and conditions foreseen by the Kyrgyz Laws.

If KNG does not have a right for the land plots or any part of them or those rights are granted improperly, then the Company may have problems with access to the areas allocated under the Co-Investment Agreement and/or Company and its authorized persons may subsequently be held liable for unlawful use of land plots, their damage, etc.

According to the information available on the official web-page of the Geology Agency:

- the license area under the license No. 2520 HE for development of oil on “Mayli-Su IV – East Yizbaskent” deposit equals to 14,953 hectares;
- the license area under the license No. 410-НП for prospecting of oil and gas on “Susamyr” deposit equals to 33,425 hectares;
- the license area under the license No. 405-НП for prospecting of oil and gas on “Yizbaskent-Alash” deposit equals to 171 square kilometers.

We are not aware of status of the rights of KNG with regards to the land plots where the activity of the Company is taking place/planned to take place under the Co-Investment Agreement.

Environmental issues

Contract No. 381 prescribes that the Company shall conduct works in compliance with the environmental laws of the Kyrgyz Republic. Besides, the Kyrgyz Laws establish certain requirements for environmental and subsoil protection. If the Company has not been complying with the environmental laws, the Company and its authorized representatives may be held liable (property and/or administrative and/or criminal).

9. QUALIFICATIONS AND ASSUMPTIONS

In preparing this Report, we have not analyzed financial, technical and other issues except for legal ones. We have not checked and have not had an opportunity to check actual boundaries, configurations, areas and location of areas and land plots where the Company conducts its subsoil use related operations, including, their compliance with the information given in the documents provided to us.

(a) We have assumed the accuracy and completeness of all searches and other information or responses obtained from the relevant department or authority.

(b) With respect to the Contractual Subsoil Use Rights, we have assumed the accuracy and completeness of the information which we have received from the various representatives of PEI.

(c) The holding of Subsoil Licenses by KNG is subject to compliance with the terms and conditions and the provisions of the applicable exploration and mining legislation of the Kyrgyz Republic and respective licence agreements.

(d) We have assumed the accuracy and completeness of any instructions or information which we have received from the Company or any of its officers, agents and representatives;

(e) Where compliance with the requirements necessary to maintain the Subsoil Licenses in good standing is not disclosed on the face of the searches referred to in this Report, we express no opinion on such compliance;

(f) References to any area of land or coordinates are taken from details shown on the official web-page of the Geology Agency. It is not possible to verify the accuracy of those areas without conducting a physical survey.

(g) With respect to the granting of the Subsoil Licenses, we have assumed that the respective state authorities and KNG had complied with applicable legal acts of the Kyrgyz Republic regulating the procedure for application, review and issuance of subsoil use licences;

(h) This Report does not cover any third party interest, including encumbrances, in relation to the Subsoil Licenses which are not registered with the state authorities;

(i) We have assumed that any document and information provided to us in relation to the Contractual Subsoil Use Rights are authentic, were within the powers and capacity of those who executed them, were duly authorised, executed and delivered and are binding on the parties to them;

(j) The information in relation to the Co-Investment Agreement is accurate as at the date of this Report.

(k) Contract No. 381 as supplemented and amended by Addendum No. 316 and Agreement No. 328 is now clearly defined as a joint-investment and co-operation agreement such that the Public Procurement Law does not apply as from the date of such amendment. We consider that such amendment has minimized the risk that Contract No. 381 may be disputed and classified as a contract for the procurement of goods and services to which the laws on public procurement apply.

(l) We are not aware whether KNG fulfills its obligations under the license agreements to the Subsoil Licenses.

(m) The status of KNG's rights with regard to the land plots where the activity of PEI is taking place or planned to take place under the Co-Investment Agreement is not known. If KNG does not have a right for the land plots or any part of them or those rights are granted improperly, then PEI may have problems with access to the areas allocated under the Co-Investment Agreement and/or PEI and its authorised persons may subsequently be held liable for unlawful use of land plots or their damage. Further, we cannot confirm if the land plots for subsoil use to which the projects relate comprise agricultural land.

(n) We have been provided with a letter of confirmation dated November 21, 2014 from the Company that it has complied with its obligations under Contract No. 381, including supplements and amendments thereto, and that it has complied with the relevant environmental laws of the Kyrgyz Republic. We cannot confirm whether other conditions and obligations under the Co-Investment Agreement have been followed and performed by the Company and KNG.

(o) We cannot confirm whether the Company complies with the environmental laws of the Kyrgyz Republic. The Company has provided us with a letter of confirmation stating that it has conducted all works in compliance with the environmental laws of the Kyrgyz Republic and it has not been notified of any alleged breach of the environmental laws of the Kyrgyz Republic, however, we cannot exclude this risk, since compliance with the environmental laws is inspected by the relevant state authorities that might make a claim against the Company.

(p) There is no publicly available up-to-date database of cases in the Kyrgyz Republic. Access to the case materials is granted only to participants of (persons/ entities involved in) the litigation. In practice the courts often tend not to provide responses to the inquiries on ongoing litigation in relation to an entity if inquiries are made by the persons/ entities not involved in particular case(s). Nevertheless, taking into account the registered address of the Company, we have filed inquiries on ongoing litigation/proceedings involving the Company and have received responses from the following courts:

i. Pervomaiskiy district court of Bishkek city provided a letter No. H-17 dated September 30, 2014 confirming that the Company since September 1, 2013 has not been involved in any court proceedings at Pervomaiskiy district court of Bishkek city.

ii. Bishkek city court provided letters No. 237 dated October 7, 2014 confirming that the Company is not involved in any court proceedings at Bishkek city court.

iii. The Supreme Court of the Kyrgyz Republic provided a letter No. 01-11/1174 dated October 7, 2014 confirming that the Company is not involved in any court proceedings at the Supreme Court.

iv. The International Court of Arbitration under the Chamber of Commerce of the

Kyrgyz Republic provided a letter No. 128 dated October 14, 2014 confirming that the Company is not involved in any arbitration proceedings at such court.

(q) Pursuant to the Charter of the Company as of August 15, 2013 which was in force at the date of execution of the Contract No. 381, approval of transactions with a value exceeding KGS 500,000 (approximately USD 9,000) was in the competence of the General Meeting of Participants of the Company, while the Director had an authority to execute the transaction with a value not exceeding KGS 500,000. From the text of Contract No. 381 it is impossible to identify the total value of the contract, however, under Contract No. 381 the Company agreed to make a lump sum payment in the amount of USD 100,000 to KNG. Thus, we are of the opinion that Contract No. 381 had to be approved by the General Meeting of Participants. We have been provided with the Decision of the Extraordinary General Meeting of Participants dated October 20, 2013 according to which the participants unanimously resolved to approve Contract No. 381 for 20 years with the right for extension. However, we have not been provided with a decision of the General Meeting of Participants of the Company on execution of Addendum No. 316 or Agreement No.328.

We are not aware whether KNG was required to adopt corporate approvals and if it had to, whether they were adopted. It depends on provisions of constituent documents of KNG and balance sheet assets of KNG on execution date of each Contract No. 381, Addendum No. 316 and Agreement No.328 but we do not have any information on this matter.

(r) In relation to the participant agreements, the signatures of the spouses Shuming Zhang and Tianfeng Ma, and Mr. Wang Ning are not respectively notary certified, i.e. are not duly formalised.

10. CONSENT

Kalikova & Associates gives its written consent to the inclusion of this Report in the Notice of Meeting and Prospectus in the form and context in which it is included. This Report is not to be quoted or referred to in any other public document or filed with any government body or other person without our prior consent.

Sincerely, Kalikova & Associates

Kalikova & Associates

SCHEDULE 1 – LIST OF DOCUMENTS

Corporate Issues

1. E-extract from the public register of the Ministry of Justice as of October 10, 2014;
2. Official response from the Ministry of Justice as of October 27, 2014;
3. Official response from the Department of Bankruptcy as of October 20, 2014;
4. Certificate of state registration of the Company as of August 28, 2013;
5. Certificate of state re-registration of the Company as of January 16, 2014;
6. Official letter from the Bishkek Department of the State Statistics as of September 12, 2013;
7. Taxpayer registration card issued on January 20, 2014;
8. Notice to a payer of insurance contributions as of January 27, 2014;
9. Cash receipt confirming the partial payment (KGS 200,000) of the charter capital of the Company as of September 15, 2013;
10. Cash receipt No 2 confirming the partial payment (KGS 400,000) of the charter capital of the Company as of September 15, 2014;
11. Cash receipt No 3 confirming the partial payment (KGS 400,000) of the charter capital of the Company as of September 15, 2014;
12. Foundation (participants) agreement of the Company as of August 15, 2013;
13. Foundation (participants) agreement of the Company as of December 26, 2013;
14. Power of Attorney from Plenty Max Limited to Mr. Wang Ning as of December 1, 2013;
15. Power of Attorney from Timely Ideal Limited to Mr. Ma Tianfeng as of December 1, 2013;
16. Charter of the company as of August 15, 2013;
17. Charter of the company as of December 26, 2013;
18. The lease agreement between the Company and Ms. Gulmira Eshimkulova as of August 15, 2013;
19. The Addendum 1 as of February 12, 2014 to the lease agreement between the Company and Ms. Gulmira Eshimkulova as of August 15, 2013;
20. The Addendum 2 as of August 20, 2014 to the lease agreement between the Company and Ms. Gulmira Eshimkulova as of August 15, 2013;
21. Resolution of the general meeting of participants of the Company as of August 15, 2013;
22. Resolution of the general meeting of participants of the Company as of December 26, 2013;
23. Resolution of the general meeting of participants of the Company as of February 5, 2014;
24. Participatory interest transfer agreement between Plenty Max Limited and Mr. Zhang Shuming as of December 26, 2013;
25. Participatory interest transfer agreement between Plenty Max Limited and Mr. Ma Tianfeng as of December 26, 2013;
26. Participatory interest transfer agreement between Timely Ideal Limited and Mr. Zhang Shuming as of December 26, 2013;
27. Participatory interest transfer agreement between Timely Ideal Limited and Mr. Wang Ning as of December 26, 2013;
28. Written preemptive right waivers of Zhang Shuming as of November 20 and November 24, 2013;
29. Written preemptive right waivers of Ma Tianfeng as of November 10 and November 20, 2013;
30. Written preemptive right waivers of Wang Ning as of November 7 and November 23, 2013;
31. Written consent for the sale of participatory interest in the Company from Zhang Shuming’s spouse;
32. Written consent for the sale of participatory interest in the Company from Ma Tianfeng’s spouse;
33. Written confirmation from Wang Ning on his single marital status as of December 10, 2013;

34. Balance sheet as of December 31, 2013;
35. Profit and loss report as of the period ending on December 31, 2013;
36. Chart certified by the company showing its shareholders structure as of February 20, 2014;
37. Chart certified by the company showing its organizational structure as of February 20, 2014;
38. Passport of Mr. Shuming Zhang;
39. Passport of Mr. Tianfeng Ma;
40. Passport of Mr. Ning Wang;
41. Passport of Yang Luwu;
42. Warranty and information letter from the Company as of November 27, 2014.

Subsoil Use Rights

43. Contract No. 381 between the Company and KNG dated October 2, 2013;
44. Addendum No. 316 dated May 28, 2014 to the Contract No. 381 between the Company and KNG dated October 2, 2013;
45. Agreement No. 328 dated June 3, 2014 on amendments to the Contract No. 381 of October 2, 2013 between KNG and the Company;
46. Confirmation letter of the Company dated October 1, 2014;
47. Foreign Currency Transfer Application dated November 26, 2013;
48. Letter of the Company dated November 21, 2014 as to confirmation of obligations under the Contract No. 381, including supplements and amendments thereto and Environmental Laws;
49. Letter of the Geology Agency No. 03-4/162 dated January 15, 2015.

Litigation

50. Confirmation letter of the Company dated October 1, 2014;
51. Letter of the Pervomaiskiy District Court No. H-17 dated September 30, 2014;
52. Letter of the Bishkek City Appellate Court No. 237 dated October 7, 2014;
53. Letter of the Supreme Court of the Kyrgyz Republic No. 01-11/1174 dated October 7, 2014;
54. Letter of the International Court of Arbitration under the Chamber of Commerce of the Kyrgyz Republic No. 128 dated October 14, 2014.

FeOre Limited
ARBN 152 971 821

⊢ 000001 000 FEO
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:

By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

For your vote to be effective it must be received by 2:00pm Hong Kong Time (HKT) on Wednesday 11 February 2015

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →

View your securityholder information, 24 hours a day, 7 days a week:
www.investorcentre.com

☑ **Review your securityholding**
☑ **Update your securityholding**

Your secure access information is:

SRN/HIN: I9999999999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
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☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with '**X**') should advise your broker of any changes.

I 9999999999 IND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of FeOre Limited hereby appoint

☐ **the Chairman of the Meeting** **OR** ______________________

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Special General Meeting of FeOre Limited to be held at Taichi Room, Unit 3810, 38/F, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong on Friday 13 February 2015 at 2:00pm Hong Kong Time (HKT) and at any adjournment or postponement of that meeting.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
1	Change of nature and scale of activities	☐	☐	☐
2	Issue of shares under Placement	☐	☐	☐
3	Issue of shares to related parties	☐	☐	☐
4	Change of Company name	☐	☐	☐
5	Adoption of secondary name in Chinese	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name ______________________ Contact Daytime Telephone ______________________ Date ___ / ___ / ___