

LOYZ ENERGY LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199905693M)

SUPPLEMENTAL SALE AND PURCHASE AGREEMENT IN RESPECT OF THE ACQUISITION OF PETROLEUM INTERESTS HELD BY CARNARVON THAILAND LIMITED

1. INTRODUCTION

The board of directors (the **"Board"** or the **"Directors"**) of Loyz Energy Limited (the **"Company"**, and together with its subsidiaries, the **"Group"**) wishes to announce that Loyz Oil Thailand Pte Ltd (**"Loyz Oil"**), a wholly-owned subsidiary of the Company, had on 1 May 2017 entered into a supplemental sale and purchase agreement (the **"Supplemental Agreement"**) with Carnarvon Thailand Limited (**"Carnarvon"**) for the amendment of certain terms in the sale and purchase agreement dated 28 February 2014, as amended on 15 January 2016 and 23 January 2017 (the **"Agreement"**). The Agreement was in relation to the acquisition by Loyz Oil from Carnarvon of a 20.0% participating interest in SW1 / L33 / L44 oil concessions located at Phetchabun Basin, Thailand (the **"Petroleum Concessions"**) (the **"Acquisition"**). The Acquisition was announced by the Company on 3 March 2014, and was completed on 30 April 2014. Please refer to the Company's announcements on 3 March 2014 (the **"3 March 2014 Announcement"**) and 2 May 2014 for further details of the Acquisition.

Unless otherwise defined, all capitalised terms and references used herein shall bear the same meaning ascribed to them in the 3 March 2014 Announcement.

Carnarvon is a limited company incorporated and existing under the laws of the British Virgin Islands and its address is Level 2, 76 Kings Park Road, West Perth, Western Australia 6005. Carnarvon is unrelated to the Group, as well as the Directors and substantial shareholders of the Company. It is involved in oil and gas exploration and has operations mainly in Australia. Carnarvon is a wholly-owned subsidiary of Carnarvon Petroleum Ltd, a company listed on the Australian Securities Exchange.

2. THE SUPPLEMENTAL AGREEMENT

2.1 Background

Pursuant to the terms of the Agreement and as set out in paragraph 2.2 of the 3 March 2014 Announcement, the consideration for the Acquisition amounted to US\$65 million which shall be payable by Loyz Oil to Carnarvon by way of (a) US\$33 million to be satisfied in full by the date of completion of the Acquisition (the **"Cash Consideration"**); and (b) the remaining US\$32 million to be satisfied as a debt due and payable by way of post completion receivable payments (the **"Post Completion Receivable Payments"**), of which each of such payment shall fall on 30 November each year, with the first payment date being 30 November 2015. The Cash Consideration was paid in full on the date of completion of the Acquisition.

Subsequently on 15 January 2016, the Company entered into a supplemental sale and purchase agreement with Carnarvon pursuant to which Loyz Oil and Carnarvon had agreed that the first tranche of the Post Completion Receivable Payment which amounted to US\$702,000 was to be satisfied by way of (a) a cash payment of US\$100,000, which was paid on 30 December 2015; and (b) a payment of US\$602,000, which was satisfied by the issue and allotment of 21,597,000 new ordinary shares in the capital of the Company (**"Shares"**) on 26 February 2016. Please refer to the Company's announcements on 18 January 2016, 1 February 2016 and 26 February 2016 for further details on the

aforementioned supplemental sale and purchase agreement and the issue and allotment of 21,597,000 Shares to Carnarvon.

2.2 The Supplemental Agreement

Pursuant to the Third Supplemental Agreement, Loyz Oil and Carnarvon have agreed that the payment of the balance of the Post Completion Receivable Payments amounting to approximately US\$31.2 million as at the date of this announcement (“**Outstanding Payment**”) shall be amended and paid to Carnarvon in the following manner:

- (i) A payment of US\$4.0 million (“**Agreed Payment**”), of which a non-refundable deposit made by a cash payment of US\$0.05 million shall be paid on the date of the Supplemental Agreement (or such other date as the parties may mutually agree) and the balance of US\$3.95 million shall be paid on or before 30 June 2017 (or such other date as the parties may mutually agree) in cash or a combination of cash and new Shares; and
- (ii) in the event that the Petroleum Concessions (being the 20.0% participating interest held by Loyz Oil in SW1 / L33 / L44 oil concessions located at Phetchabun Basin, Thailand) is sold by Loyz Oil in a single tranche to an unrelated third party (the “**Sale**”) and such Sale proceeds (“**Sales Proceeds**”) exceed US\$45.0 million, a cash payment amounting to 12% of such Sale Proceeds that is in excess of US\$45.0 million shall be paid by Loyz Oil to Carnarvon. If the Sale Proceeds is less than US\$45.0 million, no amount shall be payable by Loyz Oil to Carnarvon. For the avoidance of doubt, in the event that there is no Sale, no amount shall be payable by Loyz Oil to Carnarvon.

The Agreed Payment of US\$4.0 million shall be made in a combination of internal resources of the Group and debt/equity where necessary.

For the avoidance of doubt, the Agreed Payment of US\$4.0 million to Carnarvon would be considered as a full and final settlement of the Outstanding Payment owing by Loyz Oil to Carnarvon.

3. RATIONALE FOR THE SUPPLEMENTAL AGREEMENT

As at the date of this announcement, the Outstanding Payment amounted to approximately US\$31.2 million and the accounting book value of the Outstanding Payment (based on discounted cash flow) amounted to approximately US\$25.9 million. The Agreed Payment would be considered full and final settlement of the Outstanding Payment. No further payment is required from the Group, other than in the event of the Sale where the Sale Proceeds exceed US\$45.0 million. Please see further details in section 2.2(ii) of this announcement for further details on the Sales Proceeds.

The terms of the Supplemental Agreement will result in an improvement of the Group’s financial position, and the Group is expected to record a gain of approximately US\$19.3 million in its current financial year ending 30 June 2017. Based on the unaudited consolidated financial statements as at 31 December 2016, the Group recorded consolidated net asset value (“**NAV**”) of approximately US\$29.8 million and NAV per Share of US\$0.028. Upon the full and final settlement of the Outstanding Payment, *ceteris paribus*, the Group’s NAV will improve to US\$49.1 million and NAV per Share will increase to US\$0.046.

The execution of the Supplemental Agreement is in line with the other initiatives undertaken by the Group to strengthen its balance sheet, enabling it to drive growth and business in the midst of volatility in the oil and gas industry. Such earlier initiatives include, but are not limited to, the settlement of amounts owing by the Company to a shareholder via a placement of new Shares and restructuring of the Company’s bank loans with the financial institutions.

4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Other than interests held through the Company as Shareholders, none of the Directors or substantial Shareholders and their respective associates has any interest, direct or indirect, in the Supplemental Agreement.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Supplemental Agreement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

6. COMPLETION

Completion of the Supplemental Agreement will take place upon the final payment of US\$3.95 million on or before 30 June 2017.

7. DOCUMENT FOR INSPECTION

A copy of the Supplemental Agreement is available for inspection by Shareholders during normal business hours at the registered address of the Company at 8 Wilkie Road, #03-01 Wilkie Edge, Singapore 228095 for three months from the date of this announcement.

8. FURTHER ANNOUNCEMENTS

Further announcements on the Supplemental Agreement will be made in due course as and when appropriate.

9. CAUTIONARY STATEMENT

Shareholders and potential investors should exercise caution when trading in the Shares in relation to this announcement as there is no certainty that the Supplemental Agreement will be completed as it is subject to the fulfillment of the terms and conditions set out therein. When in doubt as to the action they should take, Shareholders and potential investors should consult their financial, tax or other advisers.

By order of the Board

Jeffrey Pang
Chief Executive Officer and Executive Director
2 May 2017

*This announcement has been prepared by Loyz Energy Limited (the “**Company**”) and its contents have been reviewed by the Company’s sponsor (the “**Sponsor**”), ZICO Capital Pte. Ltd., for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.