

LOYZ ENERGY LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199905693M)

BINDING MEMORANDUM OF UNDERSTANDING WITH ENSO OIL & GAS LIMITED

1. INTRODUCTION

The board of directors (the “**Board**”) of Loyz Energy Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company had on 20 June 2014 entered into a binding memorandum of understanding (the “**MOU**”) with Enso Oil & Gas Limited (“**Enso**”) in relation to Enso’s proposed investment in Interlink Petroleum Limited, the Company’s 51.78%-owned subsidiary (“**IPL**”), and the recommendation of suitable exploration and production assets in the Irkutsk region of Russia by Enso to be acquired by IPL. Enso is an oil and gas company based in Hong Kong and has a 51.0% shareholding interest in a Russian company which holds a licence for gas exploration and production in Russia.

2. OBLIGATIONS OF THE COMPANY UNDER THE MOU

IPL has, among others, a loan of US\$9 million from a financial institution, which is repayable from May 2014 (“**Loan 1**”). Pursuant to the MOU, the Group shall, after obtaining the requisite approvals, pay in full the principal sum of US\$9 million, together with accrued interest (the “**Amount Due**”), to the financial institution on behalf of IPL. The repayment of the Amount Due will be funded by internal resources of the Group as well as through external fund raising. The Board is considering several options for such external fund raising, which may include bank financing, issuance of debt or equity securities or a combination of the foregoing.

Following the full repayment of the Amount Due by the Group on behalf of IPL, IPL shall commence repayment of the Amount Due (including accrued interest) to the Group in June 2017. Such repayment, subject to and in accordance with applicable laws, shall be by way of cash or the issuance of shares in the capital of IPL to the Company, the bases of which would be agreed upon under the Definitive Agreements (as defined below).

In addition, IPL has another loan of US\$1.25 million from the Group, with repayment date commencing April 2016 (“**Loan 2**”). Pursuant to the MOU, and subject to and in accordance with applicable laws, the repayment terms of Loan 2 shall be modified to be by way of cash or the issuance of shares in the capital of IPL to the Company, the bases of which would be agreed upon under the Definitive Agreements (as defined below).

3. OBLIGATIONS OF ENSO UNDER THE MOU

Pursuant to the MOU, Enso shall, among others:

- (a) propose certain exploration and production assets in the Irkutsk region of Russia to be acquired by IPL;
- (b) subscribe for securities in IPL, subject to finalisation of the Definitive Agreements (as defined below); and
- (c) pay in full IPL's loan of US\$0.5 million from a financial institution which is repayable from December 2014.

4. SALIENT TERMS OF THE MOU

The MOU is condition upon, among others, (i) completion of necessary due diligence by Enso; (ii) compliance and receipt of necessary governmental consents and approvals; and (iii) the signing of the Definitive Agreements. The definitive agreements include (a) subscription agreement(s) to be entered into between IPL and Enso, or investors procured by Enso, and (b) agreements for the restructuring of Loan 1 and Loan 2 (the "**Definitive Agreements**").

The MOU is valid for a period of 60 days from the date of the MOU and unless extended by mutual consent by all parties.

5. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company and their associates has any interest, direct or indirect, in the MOU (other than through their shareholdings in the Company, if any).

6. CAUTIONARY STATEMENT

Shareholders and potential investors should exercise caution when trading in the shares of the Company in relation to this announcement as there is no certainty that the Definitive Agreements or any agreements relating to the acquisition of any exploration and production asset will be entered into and completed as they are subject to negotiations among the parties and/or any approval as necessary. When in doubt as to the action they should take, shareholders and potential investors should consult their financial, tax or other advisers.

7. DOCUMENT FOR INSPECTION

A copy of the MOU is available for inspection by Shareholders during normal business hours at the registered address of the Company at 15 Hoe Chiang Road, #19-01, Singapore 089316 for three months from the date of this announcement.

8. 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 MOU, 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.

9. ANNOUNCEMENTS

Further announcements on the MOU and the execution of the Definitive Agreements will be made in due course as and when appropriate.

By order of the Board

Lee Chye Cheng, Adrian
Managing Director
Date: 23 June 2014

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Canaccord Genuity Singapore Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

This announcement has been reviewed by the Sponsor. 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, if any.

The contact person for the Sponsor is Mr Alex Tan, CEO, Canaccord Genuity Singapore Pte. Ltd. at 77 Robinson Road, #21-02, Singapore 068896, telephone number (65) 6854 6160.