



Loyz Energy Reverses Losses, Posts US\$12.9 Million in Net Profit for FY2017

- 🔥 Group delivers fourth consecutive quarter of profits with its conscientious efforts in strengthening its financial position
- 🔥 Drilling campaign supported by cash flows generated from the Thailand onshore oil concessions, resulted in discovery of new reserves which will be independently certified
- 🔥 Group will continue to drive growth through further development of the Thailand onshore oilfields and expansion into earnings accretive opportunities to enhance value for shareholders

SINGAPORE 🔥 17 AUGUST 2017

For immediate release

Loyz Energy Limited (“**Loyz Energy**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) announced today that it had achieved four consecutive quarters of profits and registered a net profit attributable to shareholders of US\$12.9 million for the financial year ended 30 June 2017 (“**FY2017**”), a reversal from a net loss attributable to shareholders of US\$19.5 million for the financial year ended 30 June 2016 (“**FY2016**”). The markedly improved set of results mainly stemmed from (i) the US\$19.4 million gain in other income arising from the successful renegotiation of the consideration for the Group’s purchase of the Thailand onshore oil concessions (the “**Concessions**”) from Carnarvon Thailand Limited (“**Carnarvon**”); (ii) the Group’s continuous cost optimisation effort; and (iii) the strengthened financial position of the Group through reduction of liabilities and increase in equity. However, the protracted down cycle of the oil and gas industry and weak oil price resulted in an impairment of goodwill in relation to the Concessions of US\$6.5 million in FY2017.

Revenue declined by 16.5% from US\$10.7 million in FY2016 to US\$9.0 million in FY2017, on the back of a 31.5% decrease in oil production volume from the Concessions from 313,702 barrels in FY2016 to 214,895 barrels in FY2017. The reduction in oil production volume was due to natural decline of existing wells over the year. The drilling campaign for the Concessions was successfully completed for 2017. With new reserves discovered, the Group plans to ride on the expected oil price recovery in the coming years with its primary focus on developing reserves and increasing production.

Commenting on the full-year results, Mr. Jeffrey Pang (彭润程), Chief Executive Officer and Executive Director of Loyz Energy said, “We are appreciative of our partners,



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bankers, and shareholders for walking with us through the difficult times. Our conscientious efforts in reducing total liabilities and operating costs over the past year have improved our balance sheet significantly. This strengthened financial position provides us with the platform to drive growth through further development of our Concessions, and at the same time, pursue earnings accretive business opportunities to balance our exposure to the oil and gas industry. We will continue to strive to achieve stable and sustainable earnings for the Group in the long term and enhance value for our supportive shareholders.”

Oil price recovery during FY2017 had also bolstered the turnaround for the Group. The drilling campaign for the Concessions for nine wells which commenced in early 2017 was fully funded by the cash flows generated from the Concessions. Initially six exploration wells were drilled, of which three discovered commercial accumulations of oil. This equates to a success rate of 50%, which is well above the industry average of 20-25% and is a pleasing technical result. The combined rate of production of these three discovered commercial wells during testing was roughly 1,500 barrels of oil per day. The Concessions currently generate about US\$21 per barrel of cash flow after tax at the prevailing oil price of US\$50 per barrel. The operator of the Concessions is currently working with the Thailand authorities to obtain Production Area licenses to put its new wells on production and develop the new reserves. There are currently nine producing Production Area licenses under the Concessions, covering an area of 101.5 square kilometres. The operator will also be working to obtain certification of the new reserves by an independent qualified person.

The Concessions have showed excellent resilience in the face of oil-price fluctuations. At an average cost of drilling of US\$1.3 million per well, the drilling campaign for the nine wells in 2017 were funded by existing cash flow from production and the project has remained profitable. Plans are being made for the next drilling campaign, and barring unforeseen circumstances, are projected to commence in January 2018 which involves several in-fill producing wells to increase production rates.

The Company will update its shareholders as and when necessary when there are material developments to the aforementioned activities.

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This media release is to be read in conjunction with the Company's announcements posted on the SGX website on 17 August 2017.



ABOUT LOYZ ENERGY LIMITED

(STOCK CODES – SGX: 594 | BLOOMBERG: LOYZ SP | REUTERS: LOYZ.SI)

Loyz Energy Limited (“**Loyz Energy**”, and together with its subsidiaries, the “**Group**”) is an independent exploration and production upstream energy company with its focus in the Asia-Pacific region.

The Group’s key asset is its 20% stake in the Thailand onshore oilfields located at Phetchabun Basin, which currently generates a steady income stream from its existing oil producing wells. This asset holds significant proven reserves for development as well as significant potential exploration upside that will ensue in value enhancement and sustainable long-term growth.

Based on the qualified person’s report as at 31 December 2016, the Thailand onshore oilfields have an aggregate of 38.21 (Proved + Probable + Possible) millions of barrels of oil reserves, of which 7.64 (Proved + Probable + Possible) millions of barrels are net attributable to the Group. Loyz Energy together with its partners intends to roll out the planned drilling campaign progressively to expand oil production capacity.

For more information, please visit the Group’s website at www.loyzenergy.com

FOR FURTHER ENQUIRIES



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