

**REPORT ON FUNDS UTILIZATION AND RESOURCES AND RESERVES UNDER CATALIST
RULES 705(6) AND 705(7)**

The board of directors (the “**Board**”) of Loyz Energy Ltd (the “**Company**”) is pleased to provide a report (attached as Appendix A) which discloses the funds utilization and resources and reserves required under Rules 705(6) and 705(7) of the SGX-ST Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”).

The attached summary of reserves and resources does not include the Company’s share from its concessions in the United States. The Company will publish such summary of reserves and resources in due course.

The Board confirms that, to the best of its knowledge, nothing has come to its attention which may render such information provided false or misleading in any material aspect.

By Order of the Board

Lee Chye Cheng, Adrian
Director

Chan Eng Yew
Non-Executive Director

10 February 2014

*This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor (the “**Sponsor**”), Canaccord Genuity Singapore Pte. Ltd., 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 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 Mr Alex Tan, CEO, Canaccord Genuity Singapore Pte. Ltd. at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.

A SUMMARY OF THE MATERIAL EXPENDITURE INCURRED ON THE EVALUATION, DEVELOPMENT AND/OR PRODUCTION ACTIVITIES FOR 2nd QUARTER OF FY2014 & 3rd QUARTER OF FY2014
A RULE 705(6) (a)

The actual expenditure for Q2 FY2014, period from 1 October 2013 to 31 December 2013 is as follows:

	S\$
Evaluation, Exploration & Development Expenditure	2,081,024
Fixed Assets	20,691
Administrative Expenses	70,203
	<u>2,171,917</u>

The projected expenditure for Q3 FY2014, period from 1 January 2014 to 31 March 2014 is as follows:

	S\$
Evaluation, Exploration & Development Expenditure	472,446
Fixed Assets	20,657
Administrative Expenses	185,927
	<u>679,029</u>

B RULE 705 (7) (a)

Details of exploration and/or production activities undertaken by the Group in Q2 FY2014:-

Country	Work Done	Expenditure for Q2 FY2014 S\$	Previous projections for the last period S\$	Variance	Note
		<a>		<d>=<a>-	
1 Australia	Interpretation of the seismic data is ongoing and it will be completed over the coming months, barring unforeseen circumstances. The Group will be able to identify drilling locations with the interpretation results and work towards drilling in these permits.	374,714	338,888	35,826	It is mainly due to one-off additional expenditure incurred by the joint operations.
2 New Zealand	The Group is still processing the interpretation work and it will be completed over the coming months, barring unforeseen circumstances. The Group will be able to identify drilling locations with the interpretation results and work towards drilling in these permits.	171,799	314,099	(142,300)	The variance is mainly due to extension of work required and hence the expenditure will be pushed to the next quarter.
3 United States	Production equipment was installed in Schlak #3. The Mansur 33-1-L was drilled to target depth in this quarter and completion activities have commenced on the Mansur 33-1-L well. This is followed by completion activities on the Mansur 33-1-N well.	1,266,069	875,000	391,069	The variance is mainly due to additional services required during the drilling of the 2 Mansur wells.
4 India	Well stimulation was carried out in Baola-8 yielding a low heavy oil production rate. The Modhera field resource assessment was carried out by an independent international third party approved by the Directorate General of Hydrocarbons of India. Geological modelling of both fields is still ongoing.	268,442	325,084	(56,642)	It is mainly due to lower expenses incurred than anticipated for testing of production.
		<u>2,081,024</u>	<u>1,853,072</u>		

Details of projected Exploration and/or production activities undertaken by the Group in Q3 FY2014:-

Country	Work to be done	Projected Expenditure for Q3 FY2014 S\$	
1 Australia	The initial phase of interpretation of the seismic data is substantially completed. Several potential drilling locations are currently being examined in more detail and being risked geologically.	-	We do not expect significant expenditure to be incurred in Q3 FY2014.
2 New Zealand	The Group is interpreting the new 3D seismic and the reprocessed older 3D. The aim is to rank several identified potential drilling locations using the results of the interpretation and is commencing planning work towards drilling in the permit.	150,000	
3 United States	Schlak 3 has commenced production and we have recorded sales in December. The flow tests in the Mansur wells were disrupted and delayed by the extreme cold weather condition in the States. Work will be resumed in due course.	-	We do not expect significant expenditure to be incurred in Q3 FY2014.
4 India	Baola-8 test results is integrated with field static model and further work of testing was planned and discussed. The Modhera field is developing static geological model and planning for hydro-fracturing for second well while testing operation in first well was planned and re-started. Both fields testing and hydro-fracturing operations are on going.	322,000	
		<u>472,000</u>	

C RULE 705 (7) (b)

SUMMARY OF OIL AND GAS RESERVES AND RESOURCES

Name of Country: Australia

Category	Gross Attributable to licence	Net Attributable to the Company		Remarks
	(MMbbl / Bcf)	(MMbbl / Bcf)	Change from previous update %	
Reserves				
Oil Reserves				
1P	-	-	-	-
2P	-	-	-	-
3P	-	-	-	-
Natural Gas Reserves				
1P	-	-	-	-
2P	-	-	-	-
3P	-	-	-	-
Natural Gas Liquids Reserves				
1P	-	-	-	-
2P	-	-	-	-
3P	-	-	-	-
Contingent Resources				
Oil				
1C	-	-	-	-
2C	-	-	-	-
3C	-	-	-	-
Natural Gas				
1C	-	-	-	-
2C	-	-	-	-
3C	-	-	-	-
Natural Gas Liquids				
1C	-	-	-	-
2C	-	-	-	-
3C	-	-	-	-
Prospective Resources				
Oil				
Low Estimate	-	-	-	-
Best Estimate	-	-	-	-
High Estimate	-	-	-	-
Natural Gas				
Low Estimate	34	17	-	-
Best Estimate	416	212	-	-
High Estimate	945	482	-	-

Legend:

1P: Proved

2P: Proved + Probable

3P: Proved + Probable + Possible

MMbl: Millions of barrels

Bcf: Billions of cubic feet

Name of Qualified person:

Brett Rogers of Rogers Adams Petroleum Consultants

Date:

31 December 2013

Professional Society Affiliation / Membership:

Society of Petroleum Engineers

SUMMARY OF OIL AND GAS RESERVES AND RESOURCES

Name of Country: New Zealand

Category	Gross Attributable to licence	Net Attributable to the Company		Remarks
	(MMbbl / Bcf)	(MMbbl / Bcf)	Change from previous update %	
Reserves				
Oil Reserves				
1P	-	-	-	-
2P	-	-	-	-
3P	-	-	-	-
Natural Gas Reserves				
1P	-	-	-	-
2P	-	-	-	-
3P	-	-	-	-
Natural Gas Liquids Reserves				
1P	-	-	-	-
2P	-	-	-	-
3P	-	-	-	-
Contingent Resources				
Oil				
1C	0.4	0	-	-
2C	1.7	0.17	-	-
3C	4.2	0.4	-	-
Natural Gas				
1C	9	0.9	-	-
2C	26	2.6	-	-
3C	57	5.7	-	-
Natural Gas Liquids				
1C	-	-	-	-
2C	-	-	-	-
3C	-	-	-	-
Prospective Resources				
Oil				
Low Estimate	6	4.6	-	-
Best Estimate	36	26	-	-
High Estimate	78	57	-	-
Natural Gas				
Low Estimate	102	74	-	-
Best Estimate	603	440	-	-
High Estimate	1309	953	-	-

Legend:

1P: Proved

2P: Proved + Probable

3P: Proved + Probable + Possible

MMbbl: Millions of barrels

Bcf: Billions of cubic feet

Name of Qualified person:

Brett Rogers of Rogers Adams Petroleum Consultants

Date:

31 December 2013

Professional Society Affiliation / Membership:

Society of Petroleum Engineers

SUMMARY OF OIL AND GAS RESERVES AND RESOURCES

Name of Country: India

Category	Gross Attributable to licence	Net Attributable to the Company		Remarks
	(MMbbl / Bcf)	(MMbbl / Bcf)	Change from previous update %	
Reserves				
Oil Reserves				
1P	-	-	-	-
2P	-	-	-	-
3P	-	-	-	-
Natural Gas Reserves				
1P	-	-	-	-
2P	-	-	-	-
3P	-	-	-	-
Natural Gas Liquids Reserves				
1P	-	-	-	-
2P	-	-	-	-
3P	-	-	-	-
Contingent Resources*				
Oil				
1C	0.2	0.1	-	-
2C	0.4	0.17	-	-
3C	0.8	0.3	-	-
Natural Gas				
1C	-	-	-	-
2C	-	-	-	-
3C	-	-	-	-
Natural Gas Liquids				
1C	-	-	-	-
2C	-	-	-	-
3C	-	-	-	-
Prospective Resources				
Oil				
Low Estimate	1	0.4	-	-
Best Estimate	4	1.8	-	-
High Estimate	17	7.0	-	-
Natural Gas				
Low Estimate	0	0.1	-	-
Best Estimate	0	0.2	-	-
High Estimate	1	0.3	-	-

Legend:

1P: Proved

2P: Proved + Probable

3P: Proved + Probable + Possible

MMbbl: Millions of barrels

Bcf: Billions of cubic feet

*contingent resources for Baola are awaiting Indian government approval and are not included in this table

Name of Qualified person:

Brett Rogers of Rogers Adams Petroleum Consultants

Date:

31 December 2013

Professional Society Affiliation / Membership:

Society of Petroleum Engineers