

LOYZ ENERGY LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199905693M)

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- (I) **SUPPLEMENTAL SALE AND PURCHASE AGREEMENT IN RESPECT OF THE ACQUISITION OF PETROLEUM INTERESTS HELD BY CARNARVON THAILAND LIMITED; AND**
- (II) **PROPOSED ISSUE OF NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY.**
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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 15 January 2016 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 (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 “**Acquisition**”) as announced by the Company on 3 March 2014. The Acquisition was completed on 30 April 2014. Please refer to the Company’s announcements on 3 March 2014 (the “**3 March 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 scribed to them in the 3 March 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 in Thailand and 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 Overview

Pursuant to the terms of the Agreement and as set out in paragraph 2.2 of the 3 March Announcement, the consideration for the Acquisition amounted to US\$65 million (equivalent to S\$93.3 million based on an exchange rate of US\$1:S\$1.435) 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 (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.

Loyz Oil and Carnarvon have agreed that the first payment for the Post Completion Receivable Payment shall amount to US\$702,000 (equivalent to S\$1,007,370 based on an exchange rate of US\$1:S\$1.435). Pursuant to the Supplemental Agreement, the first payment for the Post Completion Receivable Payment has been amended and shall be satisfied by: (a) a payment of US\$100,000, payable in cash by 30 December 2015, which for the avoidance of doubt, was paid by the Group to Carnarvon on 30 December 2015; and (b) a payment of US\$602,000, payable by the issue and allotment of 21,597,000 new ordinary shares in the capital of the Company (the “**New Shares**”) at an issue price of S\$0.040 per New Share (the “**Issue Price**”) by 31 January 2016 (the “**Proposed Shares Issue**”), subject to approval from all applicable authorities. For the avoidance of doubt, the Supplemental Agreement does not cover the structure of the Post Completion Receivable Payments

for subsequent years after 30 November 2015.

The Issue Price was commercially agreed between the Company and Carnarvon on an arm's length basis and represents a premium of approximately 0.5% to the volume weighted average per share of the Company ("**Share**") of S\$0.0398 traded on Catalist on 14 January 2016, being the last full trading day immediately prior to the date of the signing of the Supplemental Agreement.

The Proposed Shares Issue is subject to approval from all applicable authorities, including the grant of the listing and quotation notice ("**LQN**") by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing of and quotation for the New Shares on Catalist. In the event approval from all applicable authorities are not obtained or waived, the remainder of the first payment for the Post Completion Receivable Payment of US\$602,000 shall be paid in cash (which shall be funded by internal resources of the Group), or in any other manner as the parties may agree.

The Company will be making an application to the SGX-ST via the Company's sponsor for the listing of and quotation for the New Shares on Catalist in due course. The Company will make the relevant announcement upon receipt of the LQN from the SGX-ST.

2.2 New Shares

As of the date of this announcement, the Company has an issued and paid-up share capital of 830,764,945 Shares and has no treasury Shares.

The New Shares represent approximately 2.60% and 2.53% of the existing and enlarged issued and paid-up share capital of the Company, respectively.

The New Shares will be allotted and issued pursuant to the general share issue mandate ("**2015 Share Issue Mandate**") granted by shareholders of the Company ("**Shareholders**") at the annual general meeting of the Company held on 30 October 2015 (the "**2015 AGM**") for the issue of new Shares and/or convertible securities not exceeding 100% of the total number of issued Shares (excluding treasury Shares), of which the aggregate number of new Shares and convertible securities of the Company to be issued other than on a pro-rata basis to all existing Shareholders shall not exceed 50% of the total number of issued Shares (excluding treasury Shares).

As at the date of the 2015 AGM, the total number of issued Shares (excluding treasury Shares) was 825,984,945. Accordingly, the Company could issue up to 825,984,945 new Shares on a pro-rata basis and up to not more than 412,992,472 new Shares on a non pro-rata basis under the 2015 Share Issue Mandate. As at the date of this announcement, the Company has not issued any new Shares on a non pro-rata basis pursuant to the 2015 Share Issue Mandate. Accordingly, the proposed allotment and issuance of the New Shares falls within the limit of the 2015 Share Issue Mandate.

The New Shares are purely for Carnarvon's investment purposes only and Carnarvon has no intention of influencing the management of, or exercising control over, the Company or appointing a nominee director to the Board. The Proposed Shares Issue is undertaken in conjunction with and pursuant to the Supplemental Agreement. Accordingly, the Company will not receive any proceeds from the Proposed Shares Issue.

The New Shares, when issued and fully-paid, shall be free from all claims, charges, liens and other encumbrances whatsoever and shall rank *pari passu* in all respects with the Shares as at the date of issue of the New Shares save that they will not rank for any dividend, rights, allotments or other distributions, the record of which falls on or before the date of completion of the allotment and issuance of the New Shares.

2.3 Financial effects with respect to the Proposed Shares Issue

The pro forma financial effects of the Proposed Shares Issue presented below are **strictly for illustrative purposes only** and are not intended to be indicative or reflect the actual future financial

situation of the Company and the Group after the completion of the Proposed Shares Issue.

The pro forma financial effects of the Proposed Shares Issue have been computed based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2015 ("FY2015") as well as the following assumptions:

- (a) the financial effect on the consolidated net tangible assets ("**NTA**") per Share is computed based on the assumption that the Proposed Shares Issue was completed on 30 June 2015;
- (b) the financial effect on the loss per Share is computed based on the assumption that the Proposed Shares issue was completed on 1 July 2014; and
- (c) expenses relating to the Proposed Shares Issue of approximately US\$10,000.

For the avoidance of doubt, the pro forma financial effects do not take into account any subsequent issuance of new Shares by the Company on or after 1 July 2015.

Share capital and NTA per Share

	Before the Proposed Shares Issue	After the Proposed Shares Issue
Number of issued Shares as at 30 June 2015	825,984,945	847,581,945
Share capital (US\$'000)	110,554	111,156
NTA attributable to Shareholders (US\$'000)	15,345	16,047
NTA per Share (US cents)	1.86	1.89

Loss per Share

	Before the Proposed Shares Issue	After the Proposed Shares Issue
Net loss attributable to Shareholders for FY2015 (US\$'000)	63,101	63,111
Weighted average number of issued Shares	456,793,642	478,390,642
Loss per Share (US cents)	13.81	13.19

3. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

4. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Shares Issue. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

5. DOCUMENTS FOR INSPECTION

A copy of each of the Supplemental Agreement and the Agreement 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.

6. ANNOUNCEMENTS

Further announcements with respect to the Proposed Shares Issue will be made in due course as and when appropriate.

7. 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 Acquisition, the Proposed Shares Issue, 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.

By order of the Board

Lee Chye Cheng, Adrian
Managing Director
18 January 2016

*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 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 Ms. Alice Ng, Director and Head of Continuing Sponsorship, Canaccord Genuity Singapore Pte. Ltd. at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.