

LOYZ ENERGY LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199905693M)

PROPOSED ISSUANCE OF 22,222,222 WARRANTS TO OVERSEA-CHINESE BANKING CORPORATION 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 Pte. Ltd., the wholly-owned subsidiary of the Company, has entered into a loan agreement (the “**Loan Agreement**”) with Oversea-Chinese Banking Corporation Limited (the “**Investor**”) on 29 April 2014 whereby the Investor has agreed to grant to Loyz Oil Pte. Ltd., term loans of up to US\$32 million. Pursuant to the Loan Agreement, the Company executed a deed of undertaking (“**Deed**”) on 29 April 2014 in favour of the Investor and entered into a subscription agreement (the “**Subscription Agreement**”) with the Investor on 7 August 2014 (the Investor and the Company each a “**Party**” and collectively the “**Parties**”), pursuant to which the Company has agreed to issue 22,222,222 free and detachable warrants (the “**Warrants**”) in two tranches (the “**Warrants Issue**”), with the first tranche of 11,111,111 Warrants exercisable from 30 April 2015 (the “**First Tranche**”) and the second tranche of 11,111,111 Warrants exercisable from 30 April 2016 (the “**Second Tranche**”), with each Warrant carrying the right to subscribe for one fully-paid new ordinary share (“**Warrant Share**”) in the capital of the Company at the exercise price of S\$0.45 per Warrant Share (the “**Exercise Price**”). The Exercise Price is at a 36.36% premium to the prevailing market price of the Shares prior to the date of the Deed and is at a 83.67% premium to the prevailing market price of the Shares prior to the date of the Subscription Agreement.

The Warrants will not be listed on Catalist and are exercisable into the Warrant Shares for which listing and quotation on Catalist shall be sought, on the terms and conditions of the Subscription Agreement.

The Warrants are to be issued to the Investor pursuant to Section 275 of the Securities and Futures Act, Chapter 289 of Singapore. Hence, no prospectus or offer information statement will be lodged with the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) acting as agent on behalf of the Monetary Authority of Singapore.

There is no placement agent appointed for the Warrants Issue. The Investor is an established bank in Singapore, offering a comprehensive range of specialist financial and wealth management services including investment banking, corporate and enterprise banking, insurance and asset management. The Investor has been one of the Company’s principal bankers and after negotiations with several banks for funding options, the Company was of the view that the terms offered by the Investor were in the best interests of the Company. The Company decided to enter into the Loan Agreement and the Subscription Agreement so as to strengthen its balance sheet. To the best of our knowledge, none of our Directors or substantial shareholders has any connection (including business relationship) with the Investor or its directors or substantial shareholders.

The Directors believe that the Warrants Issue is favourable to the Company on the basis of the following:

- (i) as the oil and gas industry is inherently volatile, the Directors believe it would be prudent for the Company to shore up its liquidity and accordingly, the Company has explored raising both short term funds and long term funds in the form of the term loans and the Warrants, which would provide the Company with liquidity as well as flexibility;

- (ii) the global economic scenario has continued to remain volatile affecting capital markets throughout the world. This has further diminished opportunities available for the Company to raise funds from the capital markets; and
- (iii) raising both short term and long term funds through the term loans and the Warrants would help the Company to diversify its funding sources since its capital structure would have a mix of equity and term loans.

Pursuant to Rule 803 of Section B: Rules of Catalist of the SGX-ST Listing Manual (the “**Rules of Catalist**”), the Company has confirmed that it will not, pursuant to the Warrant Issue, issue Warrants to transfer a controlling interest without the prior approval of shareholders of the Company (“**Shareholders**”) in a general meeting. The Warrant Shares will not be issued to any person who is a Director or a substantial Shareholder, or any other person falling within the categories set out in Rule 812(1) of the Rules of Catalist.

2. Principal Terms of the Warrants

The principal terms and conditions (the “**Conditions**”) of the Warrants, to be constituted by the Warrant Instrument (the “**Instrument**”), are summarised as follows:

Issue Size : 22,222,222 Warrants to be issued in two tranches.

Exercise Period : The First Tranche is exercisable from and including 30 April 2015 and the Second Tranche is exercisable from and including 30 April 2016, with both tranches expiring at 5.00 p.m. on 29 April 2017, but excluding such period(s) during which the Register (as defined in the Instrument) may be closed pursuant to the Conditions.

Transfer : The Warrants are not transferable.

Exercise Price Adjustment : The Exercise Price shall be subject to adjustments in certain circumstances, including but not limited to stock splits, rights issues, cash or shares dividend distributions, bonus issues or the occurrence of certain other dilutive events.

Status of the Warrant Shares : The Warrant Shares allotted and issued upon exercise of the Warrants shall be fully paid and shall rank for any dividends, rights, allotments or other distributions, the Record Date (as defined in the Instrument) for which is on or after the date of allotment and issue of the Warrant Shares arising from the exercise of the relevant Warrants, and subject to the Conditions, shall rank *pari passu* in all respects with the then existing Shares.

Listing : The Company will make an application to the Sponsor (as defined herein) and the SGX-ST for the dealing in, listing of and quotation for the Warrant Shares to be issued pursuant to the exercise of the Warrants on Catalist.

Winding-up of the Company : In the event a notice is given by the Company to its members to convene a general meeting for the purpose of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company and:

(a) if such winding-up is for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the holder of the Warrants (the “**Warrantholder**”) shall be a party, the terms of such scheme of arrangement shall be binding on the Warrantholder; and

(b) in any other case, the Company shall, on the same date it despatches such notice to each member of the Company, give notice thereof to the

Warrantholder in accordance with the Conditions thereupon the Warrantholder shall be entitled, in accordance with the Conditions, to elect to exercise the Warrants whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Warrant Shares to the Warrantholder credited as fully paid and the Company shall thereafter immediately give notice to the Warrantholder of such allotment in accordance with the Conditions.

Subject to the foregoing, if the Company is wound-up for any other reason, all Warrants which have not been exercised at the date of the passing of such resolution shall lapse and the Warrants shall cease to be valid for any purpose.

Governing Law : Singapore Law

3. CONDITIONS PRECEDENT

The Warrants Issue is conditional upon, among others, the Shareholders' approval for the Warrants Issue being obtained at the extraordinary general meeting ("**EGM**") to be convened and all other approvals for the Warrants Issue having been obtained and not amended, withdrawn, revoked or cancelled.

4. WARRANT SHARES

As of the date of this announcement ("**Announcement**"), the Company has an issued share capital of 422,582,127 Shares and has no treasury shares.

Based on the Exercise Price of S\$0.45 per Warrant Share and assuming no further adjustments to the Exercise Price, the maximum number of Warrant Shares to be allotted and issued by the Company, pursuant to the full exercise of the Warrants, is 22,222,222 Warrant Shares, representing approximately 5.26% of the existing issued share capital of the Company as at the date of this Announcement, and representing approximately 5.0% of the enlarged issued share capital of the Company on a diluted basis, after adjusting for the issue of 22,222,222 Warrant Shares.

5. USE OF PROCEEDS

The Warrants Issue is undertaken in conjunction with and pursuant to the Loan Agreement, and the term loans to be disbursed by the Investor will provide the Group with liquidity and allow the Group to meet its funding needs for existing projects that the Group has undertaken and/or future projects that the Group may undertake.

Assuming that all the 22,222,222 Warrants are exercised in full at the Exercise Price of S\$0.45 per Warrant Share, the gross proceeds of approximately S\$10 million pursuant to the Warrants Issue will be used in the following manner:

- (i) approximately 0.1% to be used for estimated expenses relating to the Warrants Issue; and
- (ii) approximately 99.9% to fund existing projects that the Group has undertaken and/or future projects that the Group may undertake.

Pending the deployment of the net proceeds, such proceeds may be deposited with banks and/or financial institutions, used for investment in short-term money markets instruments and/or marketable securities and/or used for any other purposes on a short-term basis, as the Directors may, in their absolute discretion, deem appropriate in the interests of the Company.

Shareholders and potential investors should note that there is no guarantee that the Company will obtain the gross proceeds of approximately S\$10 million as the Investor has the right, but not the obligation, to exercise the Warrants upon the terms and subject to the conditions set out in the terms and conditions of the Instrument.

In the event the Warrants are exercised by the Investor, the Company shall announce the use of the proceeds as and when such funds are materially disbursed and whether such a use is in accordance with the stated use and in accordance with the percentage allocated in this Circular, and where there is any material deviation from the stated use of proceeds, the Company shall announce the reasons for such deviation. In the event the Warrants are exercised by the Investor, the Company shall also provide a status report on the use of proceeds in its annual report.

6. DIRECTORS' OPINION

The Directors are of the opinion that, after taking into consideration:

- (i) the Group's present bank facilities, internal resources and operating cashflow, the working capital available to the Group is sufficient to meet its present requirements; and
- (ii) the Group's present bank facilities, internal resources, operating cashflow and the net proceeds of the Warrants Issue, the working capital available to the Group is sufficient to meet its present requirements.

The net proceeds from the Warrants Issue will also enable the Company to augment its working capital and give it the flexibility to apply the net proceeds to its existing projects now and in the future as the Company may deem necessary and to take advantage of any business opportunities that may arise in future.

7. FINANCIAL EFFECTS OF THE WARRANTS ISSUE

The proforma financial effects of the Warrants Issue are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Company after the completion of the Warrants Issue. Such proforma financial effects have been computed based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2013 ("FY2013") as well as the following assumptions:

- (i) the Company has issued 22,222,222 Warrants at the end of FY2013;
- (ii) 22,222,222 Warrant Shares are issued at the end of FY2013 pursuant to the full exercise of the Warrants at the Exercise Price of S\$0.45 per Warrant Share;
- (iii) no adjustments have been made to the Exercise Price; and
- (iv) expenses relating to the Warrants Issue are approximately S\$10,000.

Share Capital

	Before the Warrants Issue	After the Warrants Issue
Number of Shares	333,780,910	356,003,132
Share capital (S\$'000)	68,014	78,014

NAV

30 June 2013

	(S\$ '000)
NAV as reported	69,916
Estimated Warrants Issue expenses	(10)
NAV after the Warrants Issue but before any exercise of the Warrants	69,906

NAV per Share (Singapore cents)

Before the Warrants Issue	20.95
After the Warrants Issue but before any exercise of the Warrants	20.94

Assuming full exercise of the Warrants, the effects on the Group's NAV and NAV per Share of the Group will be as follows:

	30 June 2013
Adjusted NAV (S\$ '000)	79,906
Adjusted NAV per Share (Singapore cents)	22.45

Loss per Share

	Before the Warrants Issue	After the Warrants Issue
Loss per Share (Singapore cents)	0.92	0.87

8. 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 Warrants Issue.

9. 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 Warrants 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.

10. DOCUMENTS FOR INSPECTION

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

11. CIRCULAR TO SHAREHOLDERS

The Warrants Issue is conditional upon, among others, the approval from the Shareholders being obtained at the EGM. Further details of the terms of the Subscription Agreement will be set out in the circular to be issued by the Company and to be despatched to Shareholders in due course.

12. 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 Warrants Issue will be completed as it is subject to

the fulfillment of the Conditions and the terms and conditions set out in the Subscription Agreement as well as Shareholders' approval. When in doubt as to the action they should take, Shareholders and potential investors should consult their financial, tax or other advisers.

13. ANNOUNCEMENTS

Further announcements on the Warrants Issue, including the receipt of the listing and quotation notice from the SGX-ST, will be made in due course as and when appropriate.

By order of the Board

Lee Chye Cheng, Adrian
Managing Director
Date: 8 August 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 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.