

LOYZ ENERGY LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199905693M)

ISSUANCE OF AN AGGREGATE OF 12,731,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$0.0212 PER NEW ORDINARY SHARE

1. INTRODUCTION

The board of directors (the “**Board**” or the “**Directors**”) of Loyz Energy Limited (the “**Company**”) wishes to announce that the Company had, on 30 September 2016, entered into separate agreements (“**Agreements**”) with seven individuals (each, a “**Subscriber**”, and collectively, the “**Subscribers**”) pursuant to which the Company will issue and allot an aggregate of 12,731,000 new shares in the capital of the Company (“**New Shares**”) to each of the Subscribers (in the proportions as set out in paragraph 2 below) at an issue price of S\$0.0212 per New Shares (the “**Issue Price**”) (the “**Share Issue**”).

The Issue Price of S\$0.0212 represents the volume-weighted average price (“**VWAP**”) for trades done on the Company’s shares on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for a period of five consecutive market days prior to the date of this announcement. The Issue Price was arrived at pursuant to discussions with the Subscribers. The Issue Price represents a discount of approximately 7.8% to the VWAP of S\$0.023 for trades done on the Company’s shares on SGX-ST on 29 September 2016, being the preceding market day prior to the date of the Agreements.

The New Shares are to be issued to the Subscribers pursuant to Section 272B of the Securities and Futures Act (Cap. 289 of Singapore). Hence, no prospectus or offer information statement will be issued by the Company in connection therewith.

2. THE SUBSCRIBERS

The New Shares will be issued and allotted to each of the Subscribers in the following proportion:

Name of Subscriber	Number of New Shares⁽¹⁾	As a percentage of the enlarged share capital of the Company⁽²⁾ (%)
Mr Lien Jown Jing Vincent ⁽³⁾	1,128,000	0.11
Mr Chia Yong Whatt ⁽⁴⁾	2,547,000	0.24
Mr Chan Eng Yew (Zeng Rongyao) ⁽⁵⁾	2,457,000	0.23
Mr Simon Charles Lockett ⁽⁶⁾	702,000	0.07
Mr Teo Choon Kow @ William Teo ⁽⁷⁾	2,123,000	0.20
Mr Stephane Bigard ⁽⁸⁾	1,887,000	0.18
Mr Andre King ⁽⁹⁾	1,887,000	0.18
Total	12,731,000	1.21

Notes:-

- (1) The New Shares to be allotted and issued to each Subscriber are based on the respective amounts owing to each of them. For further details, please refer to section 4 of this announcement.

- (2) Based on the enlarged share capital of the Company of 1,056,429,264 Shares after the issuance of the 12,731,000 New Shares.
- (3) Mr Lien Jown Jing Vincent was formerly an independent director of the Company, who resigned from the Board with effect from 1 December 2014.
- (4) Mr Chia Yong Whatt was formerly an independent director of the Company, who resigned from the Board with effect from 10 May 2016.
- (5) Mr Chan Eng Yew (Zeng Rongyao) was formerly an independent director of the Company, who resigned from the Board with effect from 10 May 2016.
- (6) Mr Simon Charles Lockett was formerly an independent director of the Company, who resigned from the Board with effect from 10 May 2016. He is currently an advisor to the Board
- (7) Mr Teo Choon Kow @ William Teo is an Independent Director and Chairman of the Board.
- (8) Mr Stephane Bigard was formerly the Group's Business Development Director and resigned in August 2015.
- (9) Mr Andre King was formerly the Group's Business Development Director and resigned in August 2015.

There is no placement agent appointed for the Share Issue.

Pursuant to Rule 804 of the SGX-ST Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), the Company will be seeking the approval of its shareholders for the issuance and allotment of the 2,123,000 New Shares (or 0.2% of enlarged share capital of the Company after the Share Issue), to be issued to Mr Teo Choon Kow @ William Teo, at the 2016 annual general meeting of the Company ("**2016 AGM**") to be held on 27 October 2016.

Save for the 2,123,000 New Shares to be issued and allotted to Mr Teo Choon Kow @ William Teo, the New Shares will not be issued to any person who is a Director or a substantial shareholder of the Company, or any other person falling within the categories set out in Rule 812(1) of the Catalist Rules. Pursuant to Rule 803 of the Catalist Rules, the Company confirms that it will not, pursuant to the Share Issue, issue the New Shares to transfer a controlling interest of the Company without the prior approval of Shareholders in a general meeting.

The Company will make an application to the Sponsor and the SGX-ST for the dealing in, listing of and quotation for the New Shares to be issued pursuant to the Share Issue on Catalist.

3. **NEW SHARES**

As of the date of this announcement ("**Announcement**"), the Company has an issued and paid-up share capital of 1,043,698,798 Shares and has no treasury Shares.

The 12,731,000 New Shares represent approximately 1.22% and 1.21% of the existing and enlarged issued and paid-up share capital of the Company, respectively.

The New Shares are to be issued pursuant to a share issue mandate to be approved by Shareholders at the 2016 AGM (the "**2016 General Mandate**"). The 2016 General Mandate will authorise the Directors to allot and issue new Shares not exceeding 100% of the total number of issued Shares (excluding treasury Shares) in the capital of the Company, of which

the aggregate number of Shares to be issued other than on *pro rata* basis to existing shareholders of the Company shall not exceed 50% of the total number of issued Shares (excluding treasury Shares) in the capital of the Company.

Assuming no further issuance and allotment of new Shares by the Company from the date of this announcement up to the date of the 2016 AGM, and that the 2016 General Mandate is duly approved by shareholders of the Company at the 2016 AGM, the Company could issue up to 1,043,698,798 new Shares on a *pro-rata* basis and up to not more than 521,849,399 new Shares on a non *pro-rata* basis under the 2016 General Mandate. Accordingly, the proposed allotment and issuance of the New Shares falls within the limit of the 2016 General Mandate.

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.

4. **RATIONALE FOR THE SHARE ISSUE**

The New Shares to be issued to Mr Lien Jown Jing Vincent, Mr Chia Yong Whatt and Mr Chan Eng Yew (Zeng Rongyao), who were all past directors of the Company, are in settlement of the respective directors' fees payable to them for the financial year ended 30 June 2015, amounting to an aggregate of S\$130,000. Such directors' fees had been duly approved by shareholders of the Company at the annual general meeting of the Company held on 30 October 2015.

The New Shares to be issued to Mr Teo Choon Kow @ William Teo, who is a present Director, is in *lieu* of directors' fees of S\$45,000 payable to him for the financial year ended 30 June 2016.

The New Shares to be issued to Mr Simon Charles Lockett, Mr Stephane Bigard and Mr Andre King are *in lieu* of their respective consultancy fees due and payable to them amounting to S\$14,886, S\$40,000 and S\$40,000, respectively.

Pursuant to the Share Issue, the Group will conserve an aggregate of cash amounting to S\$269,886.

The Board of Directors (with the exception of Mr Teo Choon Kow @ William Teo who has abstained from deliberations in respect of the Share Issue) is of the opinion that the Share Issue is in the best interests of the Company and its Shareholders.

The Subscribers recognise the Company's efforts in conserving cash outflows, as the Company plans for its drilling campaign targeted to commence in December 2016. Drilling campaign is normally self-funded from future production cash flow. As a sign of continuing support to the Company, the Subscribers are willing to accept payment in the form of equity interests in the Company instead of cash.

Recently, the Company has also successfully restructured its bank loans with the financial institutions to better match cash inflows with the principal and interest repayments. This, together with other initiatives undertaken by the Group, including reduction of costs and capital expenditure, will strengthen the balance sheet of the Group enabling it to drive growth and business in the midst of volatility in the oil and gas industry.

For avoidance of doubt, the negotiations to settle the outstanding amounts with the past directors and consultants of the Company were conducted by the current management team, comprising mainly Pang Kee Chai (Peng Qicai) and approved by the present Board, subsequent to these past Directors leaving the Board. As such, none of the past Directors, named herein, were involved in deliberating and approving the Share Issue, in settlement the amounts owing to them. Further, Mr Teo Choon Kow @ William Teo had abstained from deliberations and approval at the Board level in respect of the proposed issuance and allotment of New Shares to him.

5. FINANCIAL EFFECTS

The proforma financial effects of the Share Issue are presented for illustration 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 Share Issue.

The proforma financial effects of the Share Issue have been computed based on the audited consolidated financial statements of the Group for FY2015 as well as the following assumptions:

- (i) the financial effect on the consolidated net asset value (“NAV”) per Share is computed based on the assumption that the Share Issue was completed on 30 June 2015;
- (ii) the financial effect on the loss per Share is computed based on the assumption that the Share Issue was completed on 1 July 2014;
- (iii) for the avoidance of doubt, the financial effects on the NAV per Share and loss per Share have not taken into account the issuance of new Shares by the Company subsequent to 30 June 2015 up to the date of this announcement.

Share capital and NAV per Share

	Before Share Issue	After Share Issue
Number of Shares as at 30 June 2015	825,984,945	838,715,945
Share capital (US\$'000)	110,554	110,754
NAV attributable to Shareholders (US\$'000)	43,829	44,029
NAV per Share (cents)	5.31	5.25

Loss per Share

	Before Share Issue	After Share Issue
Net loss attributable to Shareholders in FY2015 (US\$'000)	(63,101)	(63,101)
Weighted average number of Shares	456,793,642	469,524,642
Loss per Share (cents)	(13.81)	(13.44)

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Mr Teo Choon Kow @ William Teo had abstained from the Board's deliberations and decision of the Share Issue.

Save as disclosed above and interests held through the Company as Shareholders, none of the Directors or substantial Shareholders and their respective associates has any interest, direct or indirect, in the Share Issue.

7. 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 Share Issue will be completed. When in doubt as to the action they should take, Shareholders and potential investors should consult their financial, tax or other advisers.

8. ANNOUNCEMENTS

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

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 Share 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

The Agreements are available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the registered office of the Company at 8 Wilkie Road, #03-01, Wilkie Edge, Singapore 228095 for a period of three (3) months from the date of this announcement.

By order of the Board

Pang Kee Chai (Peng Qicai)
Chief Executive Officer and Executive Director
30 September 2016

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst. 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 of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.