

LOYZ ENERGY LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199905693M)

PROPOSED ACQUISITION OF 20% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF FRAM EXPLORATION ASA – SUPPLEMENTAL AGREEMENT

*Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meaning as ascribed to them in the announcement dated 5 March 2014 (the “**Announcement**”) in relation to the Proposed Acquisition.*

1. INTRODUCTION

Further to the Announcement, the board of directors (the “**Board**” or the “**Directors**”) of Loyz Energy Limited (the “**Company**” or “**Loyz**” and together with its subsidiaries, the “**Group**”) wishes to update shareholders of the Company (“**Shareholders**”) that the Company’s wholly-owned subsidiaries, Loyz Oil Pte Ltd and Loyz USA Holdings LLC (“**Loyz USA**”) had on 27 June 2014 entered into a supplemental agreement (the “**Supplemental Agreement**”) with Fram to amend certain provisions of the Agreement.

2. CONSIDERATION

Pursuant to the Supplemental Agreement, the Consideration remains unchanged at US\$41.4 million. However, the payment schedule of the Consideration is to be amended as follows:

Original payment schedule under the existing Agreement	Revised payment schedule under the Supplemental Agreement
US\$6.5 million to be satisfied by way of a set-off of Loyz USA’s obligation to pay for the New Fram Shares against Fram’s obligation to pay Loyz USA pursuant to the Promissory Note	Unchanged
US\$27.9 million to be satisfied by Loyz USA as contribution in kind, represented jointly by the Lease Agreement and the Call Option, effective upon the subscription to 5,225,009 New Fram Shares at Completion	Unchanged
US\$3 million to be paid in cash in respect of the exercise of 455,669 Warrants after Completion, by 25 March 2014	US\$3 million to be paid in cash by 1 July 2014 (or such other date as the parties may mutually agree in writing) for the subscription of 455,669 New Fram Shares, which will be issued by 1 July 2014 (or such other date as the parties may mutually agree in writing)

US\$1 million to be paid in cash in respect of the exercise of 151,890 Warrants after Completion, by 15 April 2014	US\$1 million to be paid in cash by 1 July 2014 (or such other date as the parties may mutually agree in writing) for the subscription of 151,890 New Fram Shares, which will be issued by 1 July 2014 (or such other date as the parties may mutually agree in writing)
US\$1 million to be paid in cash in respect of the exercise of 151,890 Warrants after Completion, by 15 May 2014	US\$1 million to be paid via issuance of Consideration Shares (as defined below) for the subscription of 151,890 New Fram Shares, which will be issued by 1 July 2014 (or such other date as the parties may mutually agree in writing)
US\$2 million to be paid in cash in respect of the exercise of 303,780 Warrants after Completion, by 15 July 2014	US\$2 million to be paid via issuance of Consideration Shares for the subscription of 303,780 New Fram Shares, which will be issued by 1 July 2014 (or such other date as the parties may mutually agree in writing)

Pursuant to the Supplemental Agreement, US\$3 million of the Consideration shall be satisfied by the allotment and issuance of 11,301,000 new ordinary shares in the capital of the Company (the “**Consideration Shares**”) to Fram, based on an issue price of S\$0.3317 per Consideration Share. The issue price is equal to the volume weighted average price of the shares in the Company (“**Shares**”) of S\$0.3317 per Share on 26 June 2014, being the last traded day preceding the date of the Supplemental Agreement. The Consideration Shares shall be allotted and issued to Fram no later than 10 July 2014.

The percentage interest of Loyz USA in Fram will remain unchanged at 20% of the enlarged issued share capital of Fram.

3. THE CONSIDERATION SHARES

The Consideration Shares represent approximately 2.75% of the existing issued and paid-up share capital of the Company as at the date of this announcement and will represent approximately 2.67% of the enlarged issued and paid-up share capital of the Company after the issue of the Consideration Shares. The Consideration 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 then existing Shares as at the date of issue of the Consideration 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 Consideration Shares.

The Company will be making an application to the Sponsor (as defined herein) and the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the dealing in, listing of and quotation for the Consideration Shares on Catalist of the SGX-ST.

4. **AUTHORITY TO ISSUE THE CONSIDERATION SHARES**

The Consideration Shares will be issued pursuant to the general mandate (the “**General Mandate**”) obtained at the annual general meeting of the Company held on 30 October 2013 (the “**2013 AGM**”), which authorises the Directors to issue new Shares not exceeding 100% of the total number of issued Shares (excluding treasury shares) of the Company as at the date of the 2013 AGM, of which the aggregate number of Shares to be issued other than on a pro-rata basis to Shareholders shall not exceed 50% of the total number of issued Shares (excluding treasury shares) of the Company.

The number of issued Shares (excluding treasury shares) as at the date of the 2013 AGM was 398,780,910 Shares. Accordingly, the number of Shares that may be issued pursuant to the General Mandate is 398,780,910 Shares, of which the maximum number of Shares to be issued other than on a pro-rata basis to Shareholders is 199,390,455 Shares.

On 18 December 2013, 240,000 Shares were issued to employees of the Company pursuant to the Loyz Energy Performance Share Plan. In addition, on 7 February 2014, 12,260,217 Shares were issued to Rex US Ventures LLC pursuant to the acquisition of the 49% interest in Loyz Rex Drilling Services, LLC.

Based on the above, 186,890,238 Shares remained available to be issued other than on a pro-rata basis to Shareholders (the “**Balance Number**”). The 11,301,000 Consideration Shares proposed to be issued does not exceed the Balance Number.

5. **FINANCIAL EFFECTS**

The pro forma financial effects of the Proposed Acquisition are set out below, and are based on the following assumptions:

- (a) the Proposed Acquisition had been effected at the end of the financial year ended 30 June 2013 (“**FY2013**”) for the computation of the effect on the net assets value per Share;
- (b) the Proposed Acquisition had been effected at the beginning of FY2013 for the computation of the effect on the earnings per Share (“**EPS**”);
- (c) the expenses incurred relating to the Proposed Acquisition are approximately S\$20,000; and
- (d) the issuance of 11,301,000 Consideration Shares to Fram.

Given that the pro forma effects set out below are theoretical in nature and only for illustrative purposes, they do not represent the actual financial position and/or results of the Company or the Group.

Assuming that the Proposed Acquisition had been effected on 30 June 2013, the impact on the Group's net asset value per Share for FY2013 is as follow:

	Immediately before the Proposed Acquisition	Immediately after the Proposed Acquisition
Net asset value per Share (Singapore cents / Share)	20.95	21.36

Assuming that the Proposed Acquisition had been effected on 1 July 2012, the impact on the EPS of the Group for FY2013 is as follows:

	As at 30 June 2013	Immediately before the Proposed Acquisition	Immediately after the Proposed Acquisition
Consolidated loss attributable to owners of the parent for continuing operations (S\$'000)	(2,933)	(2,933)	(5,528) ⁽⁴⁾
Weighted average number of Shares	317,766,992	395,267,209 ⁽²⁾	406,568,209 ⁽³⁾
Consolidated EPS (Singapore cents)	(0.92) ⁽¹⁾	(0.74)	(1.36)

Notes:

- (1) Basic consolidated EPS is calculated by dividing consolidated loss attributable to owners of the parent with the weighted average number of Shares for FY2013 for continuing operations only.
- (2) Adjusted for (i) the issuance of 15,000,000 Shares from the conversion of convertible preference shares of Loyz into Shares in July 2013, (ii) the issuance of 50,000,000 Shares pursuant to the private placement exercise in October 2013, (iii) the issuance of 240,000 Shares pursuant to the Loyz Energy Performance Share Plan in December 2013, and (iv) the issuance of 12,260,217 Shares pursuant to the acquisition of 49% in Loyz Rex Drilling Services, LLC in January 2014.
- (3) Adjusted for (i) the issuance of 15,000,000 Shares from the conversion of convertible preference shares of Loyz into Shares in July 2013, (ii) the issuance of 50,000,000 Shares pursuant to the private placement exercise in October 2013, (iii) the issuance of 240,000 Shares pursuant to the Loyz Energy Performance Share Plan in December 2013, (iv) the issuance of 12,260,217 Shares pursuant to the acquisition of 49% in Loyz Rex Drilling Services, LLC in January 2014 and (v) the issuance of 11,301,000 Consideration Shares to Fram.
- (4) Taking into consideration the net loss (unaudited) of Fram which is attributable to the Group's 20% interest in it of approximately US\$2,043,000 (equivalent to approximately S\$2,595,000 based on the Exchange Rate) for the 12-month period ended 30 June 2013.

6. DOCUMENT FOR INSPECTION

A copy of the Agreement and the Supplemental Agreement are 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.

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 Proposed Acquisition, 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.

8. ANNOUNCEMENTS

Further announcements on the Proposed Acquisition and 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: 30 June 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 been reviewed by the Sponsor. 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, if any.

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 number (65) 6854 6160.