

LOYZ ENERGY LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 199905693M)

- (1) **UPDATE ON SUPPLEMENTAL SALE AND PURCHASE AGREEMENT IN RESPECT OF THE ACQUISITION OF PETROLEUM CONCESSIONS INTERESTS HELD BY CARNARVON THAILAND LIMITED; AND**
 - (2) **ISSUE OF NEW ORDINARY SHARES IN THE CAPITAL OF LOYZ ENERGY LIMITED TO CARNARVON THAILAND LIMITED**
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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**”) refers to the Company’s announcements:

- (a) on 2 May 2017 (the “**2 May 2017 Announcement**”) whereby Loyz Oil Thailand Pte Ltd (“**Loyz Oil**”) (a wholly-owned subsidiary of the Company) 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, as amended on 15 January 2016 and 23 January 2017. Please refer to the 2 May 2017 Announcement for further details of the Supplemental Agreement; and
- (b) on 30 June 2017 in relation to the extension of the settlement date of the payment of the balance of the Agreed Payment of US\$3.95 million from 30 June 2017 to 31 August 2017 (together with the 2 May 2017 Announcement, the “**Announcements**”).

Unless otherwise defined, all capitalised terms and references used herein shall bear the same meaning scribed to them in the 2 May 2017 Announcement.

As provided for under the terms of the Supplemental Agreement (and as set out in section 2.2 of the 2 May 2017 Announcement), the Board wishes to announce that in full and final settlement of the balance of the Agreed Payment of US\$3.95 million to Carnarvon, the Company will issue 331,653,000 new ordinary shares in the capital of the Company (“**Carnarvon Shares**”) at an issue price of S\$0.01615 per Carnarvon Share (the “**Issue Price**”, and the issue of the Carnarvon Shares to Carnarvon, the “**Carnarvon Shares Issue**”). For the avoidance of doubt, no proceeds will be raised by the Company and there is no placement agent appointed in connection with the Carnarvon Shares Issue.

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

2. THE ISSUE PRICE

The Issue Price of S\$0.01615 represents a discount of approximately 15% to the volume weighted average price (“**VWAP**”) of S\$0.019 per share of the Company (“**Share**”), based on trades done on the Catalist board of the SGX-ST (the “**Catalist**”) for the past 30 market days from 20 July 2017 to 31 August 2017, being the full market day on which the Shares were traded prior to the determination of the Issue Price between the Company and Carnarvon. The Issue Price was arrived at pursuant to discussions

with Carnarvon, taking into account, among others, the VWAP of the Shares quoted on Catalist for the past 30 market days from 20 July 2017 to 31 August 2017.

3. THE CARNARVON SHARES

As of the date of this announcement, the Company has an issued and paid-up share capital of 1,526,527,683 Shares and has no treasury Shares.

As of the date of this announcement, Carnarvon does not hold any Shares, direct or deemed, in the Company, and Carnarvon is not any of the persons falling within the categories set out in Rule 812(1) of the SGX-ST Listing Manual Section B: Rule of the Catalist (the “**Catalist Rules**”).

The 331,653,000 Carnarvon Shares represent approximately 21.73% and 17.85% of the existing and enlarged issued and paid-up share capital of the Company, respectively. Accordingly, upon completion of the Carnarvon Shares Issue and assuming there is no further issuance of new Shares by the Company, Carnarvon will become a controlling shareholder of the Company.

Pursuant to Rule 803 of the Catalist Rules, the Company must not issue securities to transfer a controlling interest without prior approval of its shareholders (the “**Shareholders**”) in a general meeting. As the allotment and issuance of the Carnarvon Shares may result in a transfer of controlling interest in the Company to Carnarvon, the Carnarvon Shares Issue and the allotment and issuance of the Carnarvon Shares shall be subject to Shareholders’ approval at an extraordinary general meeting of the Company to be convened (the “**EGM**”) pursuant to Rule 803 of the Catalist Rules.

Further, pursuant to Rule 805 of the Catalist Rules (except as provided in Rule 806 of the Catalist Rules), the Company must obtain the prior approval of Shareholders in general meeting for, *inter alia*, the issue of Shares or the grant of options carrying rights to subscribe for Shares. Accordingly, the Company will be seeking Shareholders’ approval at the EGM for the Carnarvon Shares Issue and the allotment and issuance of the Carnarvon Shares.

Further details of the Carnarvon Shares Issue will be set out in the circular to be issued by the Company and despatched to Shareholders in due course.

The Carnarvon 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 Carnarvon 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 Carnarvon Shares.

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

4. RATIONALE OF THE CARNARVON SHARES ISSUE AND USE OF PROCEEDS

The Carnarvon Shares are to be issued and allotted to Carnarvon as full and final settlement of the balance of the Agreed Payment of US\$3.95 million. As such, there will be no proceeds raised by the Company from the Carnarvon Shares Issue.

The Carnarvon Shares Issue will improve the Company’s financial position by reducing the overall debt profile of the Group. Based on the unaudited consolidated financial statements as at 30 June 2017, the Group recorded net working capital deficit of approximately US\$5.82 million and a gearing ratio of 31%. Upon completion of the Carnarvon Shares Issue, *ceteris paribus*, the Group’s immediate net working capital position will improve by US\$3.95 million and gearing ratio reduced to 29%.

5. DIRECTORS' OPINION

No proceeds will be raised by the Company from the Carnarvon Shares Issue. The Directors are of the opinion that, barring any unforeseen circumstances, after taking into consideration the Group's present bank facilities, internal resources and operating cash flows, the working capital available to the Group is sufficient to meet its present requirements.

Notwithstanding the present sufficiency of working capital, the Directors are of the opinion that the Carnarvon Shares Issue will enable the Company to improve its financial position by reducing the overall debt profile of the Group and strengthening the balance sheet of the Group to enable it to drive growth and business in the midst of volatility in the oil and gas industry.

6. FINANCIAL EFFECTS OF THE CARNARVON SHARES ISSUE

The proforma financial effects of the Carnarvon Shares 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 Carnarvon Shares Issue.

The proforma financial effects of the Carnarvon Shares Issue have been computed based on the unaudited consolidated financial statements of the Group for the financial year ended 30 June 2017 ("FY2017") 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 Carnarvon Shares Issue was completed on 30 June 2017;
- (ii) the financial effect on the earnings per Share is computed based on the assumption that the Carnarvon Shares Issue was completed on 1 July 2016;
- (iii) expenses relating to the Carnarvon Shares Issue of approximately US\$10,000; and
- (iv) for the avoidance of doubt, the financial effects on the NAV per Share, earnings per Share and gearing have not taken into account the issuance of new Shares by the Company subsequent to 30 June 2017 up to the date of this announcement.

Share capital and NAV per Share

	Before the Carnarvon Shares Issue	After the Carnarvon Shares Issue
Number of Shares as at 30 June 2017	1,526,527,683	1,858,180,683
Share capital (US\$'000)	124,343	128,283
NAV attributable to Shareholders (US\$'000)	50,400	54,340
NAV per Share (US cents)	3.30	2.92

Earnings per Share

	Before the Carnarvon Shares Issue	After the Carnarvon Shares Issue
Net profit attributable to Shareholders in FY2017 (US\$'000)	12,882	12,882
Weighted average number of Shares	1,188,963,622	1,520,616,622
Earnings per Share (US cents)	1.08	0.85

Gearing

As at 30 June 2017 (US\$'000)	Before the Carnarvon Shares Issue	After the Carnarvon Shares Issue
Total borrowings	22,529	22,529
Total shareholders' funds	50,400	54,340
Gearing ratio	31%	29%

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Other than 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 Carnarvon Shares Issue.

8. 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 Carnarvon Shares Issue will be completed as it is subject to the, among others, approvals from Shareholders and the listing and quotation notice being obtained from the SGX-ST for the listing of and quotation for the Carnarvon Shares on Catalist. When in doubt as to the action they should take, Shareholders and potential investors should consult their financial, tax or other advisers.

9. ANNOUNCEMENTS

Further announcements on the Carnarvon Shares Issue, including the receipt of the listing and quotation notice from the SGX-ST and the despatch of the Shareholders' circular, will be made in due course as and when appropriate.

10. 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 Carnarvon 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.

11. DOCUMENT FOR INSPECTION

A copy of the Supplemental Agreement is available for inspection by Shareholders during normal business hours at the registered address of the Company at 8 Wilkie Road, #03-01 Wilkie Edge, Singapore 228095 for three months from the date of this announcement.

By order of the Board

Jeffrey Pang
Chief Executive Officer and Executive Director
5 September 2017

*This announcement has been prepared by Loyz Energy Limited (the “**Company**”) and its contents have been reviewed by the Company’s sponsor (the “**Sponsor**”), ZICO Capital Pte. Ltd., for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. 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.