

## LOYZ ENERGY LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199905693M)

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- (1) **BINDING MEMORANDUM OF UNDERSTANDING IN RELATION TO THE TRANSFER AND ASSIGNMENT OF ASSETS IN INDIA; AND**
  - (2) **BINDING MEMORANDUM OF UNDERSTANDING IN RELATION TO JOINT BIDDING OR PARTICIPATION PROJECTS.**
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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 the Company’s 51.78%-owned subsidiary, Interlink Petroleum Limited (“**IPL**”), had on 27 March 2015 entered into a binding memorandum of understanding (the “**Assignment MOU**”) with Sun Petrochemicals Private Limited, through its exploration and production division, Sun Oil & Natural Gas (“**SONG**”), for the transfer and assignment (the “**Assignment**”) from IPL to SONG of the production sharing contracts (“**PSCs**”) in respect of IPL’s interests over the Modhera and Baola fields in India (the “**Assets**”).

SONG, a private company headquartered in Mumbai, India, is an integrated chemical company that supplies several grades of acetylene carbon black for various applications in the chemical and electronics industries. Its exploration and production division is in the upstream hydrocarbon business involving exploration, development and production operations with respect to conventional and unconventional hydrocarbon resources.

The shareholders of SONG are not related to the Directors and substantial shareholders of the Company or their respective associates.

In conjunction with the entering into of the Assignment MOU, the Company had on the same day entered into a binding memorandum of understanding (the “**Co-operation MOU**”) with SONG for, among others, the joint bidding or participation in projects involving the exploration, development and production of conventional and unconventional hydrocarbon resources (the “**Co-operation**”).

### 2. OVERVIEW OF THE ASSIGNMENT

#### 2.1 Rationale for the Assignment

The Assignment is a good opportunity for the Group to divest its interests over the Assets. As previously announced, the Company is committed to reduce its positions in assets outside its core geographic areas. The Company considers the Assignment to be of benefit to shareholders of the Company (“**Shareholders**”), given current market conditions and the costs to be incurred by the Company as well as the projected time for the Assets to reach a commercially viable production stage. In addition, following the completion of the Assignment (the “**Completion**”), the Group shall be released and discharged from all further obligations with respect to the PSCs, including any costs to be incurred with respect to the Assets. Following Completion, IPL will not hold any legal or beneficial title to the PSCs. However, pursuant to the Assignment MOU, assuming that the Assets reach a production stage with certain criteria satisfied, IPL shall participate in the profit sharing with SONG with respect to the Assets. Please refer to Paragraph 2.3 of this announcement for further details.

## 2.2 Conditions Precedent

Completion is subject to various conditions precedent, including but not limited to, seeking and obtaining approvals from the shareholders of IPL as well as relevant regulatory authorities, and is expected to take place within two months after the date of the Assignment MOU.

## 2.3 Consideration

There is no up-front consideration payable to IPL by SONG. However, as part of the Assignment, SONG will commit US\$1.0 million to be utilised on the Assets as working capital to ensure that the work program of the Assets (the “**Work Program**”) as committed to under the PSCs is completed.

Prior to the Completion, IPL and SONG will be the joint operators of the Assets. Upon Completion, SONG shall be the sole operator of the Assets. Upon successful completion of the Work Program and assuming the Assets reach a commercial viable production stage with certain criteria satisfied, IPL shall enter into a profit sharing arrangement, which provides that IPL will receive 7.5% of the net profits from the Assets on a monthly basis and 50.0% of the cost recovered from the Assets (“**Amount**”). The Amount (received, if any) will be used for IPL’s general corporate requirements. As at the date of this announcement, the Company is unable to ascertain the Amount.

## 3. FINANCIAL EFFECTS

Based on the latest audited consolidated financial statements of the Group for the financial year ended 30 June 2014, the net asset value attributable to the Assets was approximately S\$18.9 million.

As set out in Paragraph 2.3 of this announcement, IPL may receive, as part of the Assignment, 7.5% of the net profits from the Assets on a monthly basis, and 50.0% of the cost recovered from the Assets. This assumes that the Work Program is concluded successfully and also assumes that the Assets reach a commercially viable production stage.

Accordingly, as at the date of this announcement, the Company is unable to ascertain (a) the impact on the net tangible assets per share to the Group assuming that the Assignment had been completed on 30 June 2014, (b) the impact on the loss per share to the Group assuming that the Assignment had been completed on 1 July 2013, (c) the excess or deficit of the proceeds from the Assignment (taking into account, the Amount to be received, if any) over the book value of the Assets, and (d) the gain or loss on the Assignment.

## 4. RELATIVE FIGURES UNDER RULE 1006

Based on the Group’s latest announced unaudited consolidated financial statements of the Group for the 6-month financial period ended 31 December 2014 (“**1H2015**”), the relative figures for the Assignment computed on the bases set out in Rule 1006 of the Listing Manual Section B: Rules of Catalyst (“**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) are as follows:

Bases in Rule 1006		Relative Figures
(a)	Net asset value of the Assets to be disposed of, compared with the Group’s net asset value	Not applicable <sup>(1)</sup>
(b)	Net profit attributable to the Assets to be disposed of, compared with the Group’s net profit	Not applicable <sup>(2)</sup>
(c)	Consideration received for the Assignment compared with the Company’s market capitalisation	Not applicable <sup>(3)</sup>
(d)	Number of equity securities issued by the Company as consideration for the Assignment, compared with the number of equity securities previously in issue	Not applicable

(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable <sup>(4)</sup>
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**Notes:**

- (1) Not meaningful to compute the relative figures on basis of net asset value of the Assets and the net asset value of the Group, as after the Completion, IPL, through the profit sharing arrangement, is able to collect the Amounts (received, if any) in relation to the Assets. As such, the computation of the relative figure pursuant to Rule 1006(a) is not applicable.
- (2) As at the date of this announcement, there is no profit/loss attributable to the Assets and hence the computation of the relative figure pursuant to Rule 1006(b) is not applicable.
- (3) There is no consideration to be paid by SONG to IPL for the Assignment. Further, as at the date of this announcement, the Company is unable to ascertain the Amount (received, if any) and hence the computation of the relative figure pursuant to Rule 1006(c) is not applicable.
- (4) Based on the independent qualified person report by Rogers Adams dated 30 September 2013, the Assets do not have any proven or probable reserves.

Having regard to the above, the Assignment constitutes a non-discloseable transaction under Chapter 10 of the Catalist Rules.

## 5. CO-OPERATION

Pursuant to the Co-operation MOU, the Company and SONG shall share their knowledge and experience in conventional and unconventional petroleum operations or projects. The Company and SONG shall, within a month of the date of the Co-operation MOU, establish a working group to review and consider potential opportunities and projects (the "**Projects**"). Subject to the entry of definitive agreements, SONG shall be the sole operator of the Projects and will hold a majority of the participating interests of such Projects, with the Company holding the remaining minority participating interests.

In certain cases and subject to entry into definitive agreements, SONG shall bear the entire costs and expenditure of the Projects, including the Company's share of the costs and expenditure through its participating interests. In addition, once commercial production of hydrocarbons commences and there is net revenue accruing to the Projects, the Company shall be entitled to its participating interests share of revenue and also be responsible for its proportional share of future costs and expenditure in relation to the Projects.

The Co-operation MOU is for a term of three years, unless terminated earlier or extended by mutual consent from both parties.

## 6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their respective shareholdings in the Company (if any), none of the Directors or the controlling Shareholders and their respective associates has any interest, direct or indirect, in the Assignment and the Co-operation.

## 7. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Assignment and the Co-operation. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

## 8. DOCUMENTS FOR INSPECTION

A copy of each of the Assignment MOU and the Co-operation MOU 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.

## 9. CAUTIONARY STATEMENT

Shareholders and potential investors should exercise caution when trading in the Company's shares in relation to this announcement as there is no certainty that the Assignment will be completed as it is subject to, among others, the approvals from the shareholders of IPL and relevant regulatory authorities, and the fulfillment of terms and conditions set out in the Assignment MOU. When in doubt as to the action they should take, Shareholders and potential investors should consult their financial, tax or other advisers.

## 10. ANNOUNCEMENTS

Further announcements on the Assignment and/or the Co-operation will be made in due course as and when appropriate.

## 11. 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 Assignment and the Co-operation, the Assets, 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  
Date: 30 March 2015

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*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.*