LOYZ ENERGY LIMITED
Registration No: 199905693M
(Incorporated in Singapore)

ANNEX B

EXTRACT OF NOTES TO THE FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 30 JUNE 2013

6. Exploration, evaluation and development assets

	Group 2013 $'000	Group 2012 $'000
Classified as:		
Plant and equipment	621	663
Intangible assets	37,514	16,949
	38,135	17,612

Movements in exploration, evaluation and development assets are as follows:

	Exploration and evaluation assets $'000	Development costs $'000	Total $'000
Group			
Balance at 1 July 2012	17,612	-	17,612
Additions	17,244	5,487	22,731
Transfer to development costs	(16,442)	16,442	-
Currency translation adjustment	(1,051)	(1,157)	(2,208)
Balance at 30 June 2013	17,363	20,772	38,135

6. Exploration, evaluation and development assets (Continued)

	Exploration and evaluation assets $'000	Development costs $'000	Total $'000
Group			
Balance at 1 July 2011	13,191	-	13,191
Additions	6,660	-	6,660
Currency translation adjustment	(2,239)	-	(2,239)
Balance at 30 June 2012	17,612	-	17,612

On 6 August 2012, Loyz NZ entered into a Farm-in Agreement ("Agreement") with STP Energy Pte Ltd ("STP") for the acquisition of certain participating interests held by STP in respect of permit, PEP38479, granted by the New Zealand Government and expires on 23 September 2016. The permit incorporates certain milestones for aspects of the exploration of the permit area including the drilling of an appraisal well by 24 December 2013, failing which the permit would need to be surrendered. Pursuant to the Agreement, Loyz NZ has an obligation to fund all costs for the drilling of the appraisal well which cannot be accurately determined at the end of the reporting period but is likely to exceed US$10,000,000. The Company has made an application to the New Zealand Government for a Change of Conditions ("COC") allowing an extension of time for the drilling of the well.

As at the date of these financial statements, the COC is pending approval by the New Zealand Government. The management is confident that the approval would be granted and accordingly, these financial statements have been prepared on that basis and no impairment loss was recognised on the related E&E assets.

During the financial year, the Group's additions to E,E&D assets include the following:

	Group	
	2013 $'000	2012 $'000
Borrowing costs	41	364
Depreciation of plant and equipment	34	44
Amortisation of software	48	41
Foreign exchange loss	873	1,114
(Reversal)/Provision for restoration costs, net of deposit	(27)	91