

LOYZ ENERGY LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199905693M)

PROPOSED PLACEMENT OF 50,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF LOYZ ENERGY LIMITED AT AN ISSUE PRICE OF S\$0.35 PER NEW SHARE

1. INTRODUCTION

The board of directors (the “**Board**”) of Loyz Energy Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that the Company proposes to raise funds by way of a private placement of 50,000,000 new ordinary shares (the “**New Shares**”) in the capital of the Company at an issue price (“**Issue Price**”) of S\$0.35 per New Share (“**Placement**”) to raise a gross sum amounting to S\$17,500,000.

2. THE NEW SHARES

The New Shares represent approximately 14.34% of the existing issued and paid-up share capital of the Company as at the date of this announcement and will represent approximately 12.54% of the enlarged issued and paid-up share capital of the Company after the issue of the New Shares. 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 then existing shares of the Company (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.

3. DETAILS OF THE PLACEMENT

- 3.1 In connection with the Placement, the Company had on 14 October 2013 entered into a placement agreement (“**Placement Agreement**”) with the placees as listed below (the “**Placees**”), each of them being private investors. All 50,000,000 New Shares that are the subject-matter of the Placement will be placed to the Placees at the Issue Price in the following proportion:

| Name of Placee | Number of New Shares allocated |
|-------------------------------------|---------------------------------------|
| Chua Chye Hoon | 100,000 |
| Leong Guo Jia | 150,000 |
| Lee Thiam Seng | 250,000 |
| Jennifer Leung Man Chu | 300,000 |
| Lim Mui Ngoh | 300,000 |
| Ang Ai Nyuet | 500,000 |
| Lee Guat Song | 500,000 |
| Yeo Chor Meng | 500,000 |
| Ang De Yu | 800,000 |
| Ang Cher Hoong Ginny | 1,000,000 |
| Chong Nien | 1,000,000 |
| Heng Lili | 1,000,000 |
| Lim Hoe Kok | 1,000,000 |
| Lim Kim Swee | 1,000,000 |
| Wong Kok Hoe | 1,000,000 |
| GMCM Asia Alpha Fund | 1,400,000 |
| GMCM Global Equity Opportunity Fund | 1,400,000 |
| GMCM Special Situations Fund | 1,400,000 |
| Shadowfax Capital Ltd | 1,400,000 |
| Melissa Choi Woon Leng | 1,500,000 |
| Ong Hock Hin | 1,500,000 |
| Tan Swee Ling May | 1,500,000 |
| Tseng Cheng Yao Finnian | 1,500,000 |
| Tan Kok Chew @ Tan Chia Chat | 1,700,000 |
| Kenny Liu Zhen Qi | 2,200,000 |
| Lee Teck Leng | 2,900,000 |
| Wee Chew Teck | 4,300,000 |
| Ang Sin Liu | 5,500,000 |
| Gay Soon Watt | 5,700,000 |
| Lee Cheow Ming Doris Damaris | 6,400,000 |
| TOTAL | 50,000,000 |

The net proceeds of the Placement will enable the Company to augment its working capital and give it the flexibility to apply the net proceeds to its existing projects now and in the future as the Company may deem necessary and to take advantage of any business opportunities that may arise in future. These projects, presently or in the future, will not change the business profile of the Company.

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 New Shares on Catalist of the SGX-ST. The Placement shall be subject to certain conditions precedent more particularly set out in the Placement Agreement, including the issuance of the listing and quotation notice by the SGX-ST for the listing and quotation of the New Shares on Catalist of the SGX-ST.

The Placement is being carried out by way of a private placement in Singapore pursuant to section 272B of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**").

3.2 The Placement Shares

3.2.1 As at the date of this announcement, the Company has an issued and paid-up share capital (excluding treasury shares) of 348,780,910 Shares. Assuming that 50,000,000 New Shares are allotted and issued, the Company will have an enlarged issued share capital (excluding treasury shares) comprising 398,780,910 Shares. Such number of New Shares would represent approximately 14.34% of the issued share capital

(excluding treasury shares) of the Company as at the date of this announcement and approximately 12.54% of the enlarged issued share capital (excluding treasury shares) of the Company after the Placement.

3.2.2 Pursuant to Rule 803 of Section B: Rules of Catalist of the SGX-ST Listing Manual (the “**Rules of Catalist**”), the Company has confirmed that it will not, pursuant to the Placement, issue securities to transfer a controlling interest without the prior approval of shareholders of the Company in a general meeting.

3.2.3 The New Shares will not be placed out 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 Rules of Catalist.

4. ISSUE PRICE

The Issue Price of S\$0.35 for each New Share represents a discount of approximately 9.8% to the price of S\$0.3881, being the volume weighted average price for trades done on the SGX-ST on 10 October 2013, being the market day immediately preceding the signing of the Placement Agreement. The discount of 9.8% is within the 10% discount limit as stated in Rule 811(1) of the Rules of Catalist.

5. CONDITION PRECEDENT

The completion of the Placement Agreement is conditional upon, *inter alia*, issuance of the listing and quotation notice by the SGX-ST for the listing and quotation of the New Shares on Catalist of the SGX-ST. The Company will make the relevant announcement upon receipt of the listing and quotation notice from the SGX-ST.

6. AUTHORITY TO ISSUE THE NEW SHARES

The New Shares will be issued pursuant to the general mandate by the shareholders of the Company by an ordinary resolution passed at the annual general meeting of the Company held on 30 October 2012 (“**AGM**”), given to the directors of the Company (“**Directors**”) to, *inter alia*, allot and issue shares and convertible securities in the capital of the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, provided that:

- (i) the aggregate number of shares and convertible securities to be issued pursuant to the said ordinary resolution does not exceed 100% of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with subparagraph (ii) below), of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing shareholders of the Company does not exceed 50% of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below);
- (ii) (subject to such manner of calculations as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of shares that may be issued under

sub-paragraph (i) above, the total number of issued shares excluding treasury shares shall be based on the total number of issued shares excluding treasury shares of the Company at the time the said ordinary resolution is passed after adjusting for:

- (a) new shares arising from the conversion or exercise of any convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of the resolution approving the mandate, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of Section B: Rules of Catalist of the SGX-ST Listing Manual; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares; and
- (iii) unless revoked or varied by the Company in general meeting, the authority conferred by the said resolution shall continue in force until the conclusion of the next annual general meeting or the date by which the next annual general meeting is required by law to be held, whichever is earlier.

The total number of issued Shares (excluding treasury shares) as at the date of the AGM was 333,780,910 and as the date of this announcement is 348,780,910.

Since the date of the AGM:

- (i) the Company has no treasury shares;
- (ii) there are 15,000,000 Shares, arising from the conversion or exercise of convertible securities existing at the time of the above-mentioned ordinary resolution of the Company's subsidiary, Loyz Oil Pte. Ltd., into Shares;
- (iii) no bonus issue, consolidation or subdivision of Shares has been carried out; and
- (iv) no new Shares were issued pursuant to the General Mandate.

As at the date of this announcement, after adjusting for the issue of new Shares arising from (ii) above, the maximum number of new Shares that can be issued other than on a pro rata basis to existing shareholders of the Company which does not exceed 50% of the total number of issued shares excluding treasury shares of the Company pursuant to the General Mandate is 174,390,455 (the "**Balance Number**").

The maximum number of New Shares proposed to be issued pursuant to the Placement does not exceed the Balance Number. If a total of 50,000,000 New Shares pursuant to the Placement are issued, the next balance number of new Shares that can be issued other than on a pro rata basis to existing shareholders of the Company after the Placement is 124,390,455 new Shares, pursuant to the General Mandate.

For completeness, please be aware of the following:

- (1) 3,080,000 share options were granted by the Company under the Loyz Energy Employee Share Option Scheme, and none of these options have been exercised; and
- (2) 240,000 Shares were issued pursuant to the issue of Shares under the Loyz Energy Performance Share Plan.

The earliest of the share options granted under the Loyz Energy Employee Share Option Scheme and the Shares granted under the Loyz Energy Performance Share Plan will each vest in 18 December 2013.

The above options and share awards did not exist at the time of the General Mandate and hence have not been taken into account in calculating the Balance Number.

7. USE OF PROCEEDS

Assuming that the Placement is fully subscribed, approximately 0.26% of the gross proceeds of S\$17,500,000 will be used for the estimated expenses relating to the Placement. The net proceeds of the Placement after deducting estimated expenses pertaining to the Placement is hence estimated to be approximately S\$17,455,000. No placement agent was engaged by the Company for the Placement.

Please refer to the Director's opinion below in paragraph 10, which states the Directors' opinion on the sufficiency of the working capital available to the Group to meet present requirements. The net proceeds from the Placement will be used for working capital purposes as the Group is mainly involved in the exploration of oil and gas properties. Accordingly, the net proceeds from the Placement will enable the Company to augment its working capital and give it the flexibility to apply the net proceeds to its projects now and in the future as the Company may deem necessary.

Pending the deployment of the net proceeds from the Placement, the net proceeds may be deposited with banks and/or financial institutions and/or invested in short term money market or debt instruments or for any other purpose on a short term basis as the Directors may deem appropriate in the interests of the Group.

The Company will make periodic announcements on the utilisation of the net proceeds (with specific details on the breakdown) from the Placement, as and when the funds from the Placement are materially disbursed and provide a status report on the use of the net proceeds from the Placement in the Company's annual report.

8. FINANCIAL EFFECTS OF THE PLACEMENT

As at the date of this announcement, the Company's issued and paid-up capital is S\$48,973,246 comprising 348,780,910 Shares. After the Placement, the Company's issued and paid-up ordinary share capital of the Company is expected to increase to S\$66,428,246. Based on the audited financial statements of the Company for the financial year ended 30 June 2013 and assuming the Placement is fully subscribed, the issue of the New Shares will increase the net asset value per Share by S\$0.0182 to S\$0.2277 (on an enlarged basis) and decrease the basic loss per Share by 0.12 Singapore cents to 0.80 Singapore cents (on an enlarged basis).

9. NO PROSPECTUS OR OFFER INFORMATION STATEMENT

The Placement will be undertaken by way of a private placement in accordance with Section 272B of the Securities and Futures Act, Chapter 289 of Singapore. Hence, no prospectus or offer information statement will be lodged with the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore in connection with the Placement.

10. DIRECTORS' OPINION

The Directors are of the opinion that, after taking into consideration:

- (i) the Group's internal resources, operating cashflows and present bank facilities, the working capital available to the Group is sufficient to meet its present requirements; and
- (ii) the Group's internal resources, operating cashflows, present bank facilities and net proceeds of the Placement, the working capital available to the Group is sufficient to meet its present requirements.

Notwithstanding the above, the net proceeds from the Placement will enable the Company to augment its working capital and give it the flexibility to apply the net proceeds to its existing projects now and in the future as the Company may deem necessary and to take advantage of any business opportunities that may arise in future.

11. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Placement (other than their shareholdings in the Company, if any).

12. 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 Placement, 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 any 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.

13. CAUTIONARY STATEMENT

Shareholders of the Company and potential investors should exercise caution when trading in the Shares of the Company in relation to this announcement as there is no certainty that the Placement will be completed as it is subjected to the fulfillment of terms and conditions set out in the Placement Agreement. When in doubt as to the action they should take, shareholders and potential investors should consult their financial, tax or other advisers.

By order of the Board

Lee Chye Cheng, Adrian
Managing Director

Date: 16 October 2013

*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.

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.