

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST  
QUARTER ENDED 30 SEPTEMBER 2013**

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**PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

**1(a)(i) A statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

<b>Consolidated Statement of Comprehensive Income</b>	<b>Unaudited 1Q FY2014<sup>1</sup> S\$'000</b>	<b>Unaudited 1Q FY2013<sup>2</sup> S\$'000</b>	<b>Change %</b>
<b><u>Continuing operations</u></b>			
Revenue	2,545	-	NM <sup>3</sup>
Cost of sales	(3,310)	-	NM <sup>3</sup>
Gross loss	(765)	-	NM <sup>3</sup>
<i>Other items of income</i>			
Interest income	8	29	(73)
Other credits	271	225	(20)
<i>Other items of expense</i>			
Distribution costs	(12)	(1)	NM <sup>3</sup>
Administrative expenses	(987)	(773)	28
Finance costs	(216)	-	NM <sup>3</sup>
Other expenses	(1,293)	(291)	NM <sup>3</sup>
Other charges	-	(26)	NM <sup>3</sup>
Loss from continuing operations, before income tax	(2,994)	(837)	NM <sup>3</sup>
Income tax expense	-	-	-
<b>Loss from continuing operations, after income tax</b>	<b>(2,994)</b>	<b>(837)</b>	<b>NM<sup>3</sup></b>
<b><u>Discontinued operations</u></b>			
<b>Profit from discontinued operations, after income tax (See page 7)</b>	<b>-</b>	<b>506</b>	<b>NM<sup>3</sup></b>
<b>Net loss for the financial period</b>	<b>(2,994)</b>	<b>(331)</b>	<b>NM<sup>3</sup></b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations	137	169	(19)
Other comprehensive income for the financial period, net of tax	137	169	(19)
<b>Total comprehensive income for the financial period</b>	<b>(2,857)</b>	<b>(162)</b>	<b>NM<sup>3</sup></b>
<b>(Loss)/profit attributable to:</b>			
<b>Owners of the Parent</b>			
-Continuing operations	(2,070)	(805)	157
-Discontinued operations	-	506	NM <sup>3</sup>
<b>Loss for the financial period attributable to owners of the Parent</b>	<b>(2,070)</b>	<b>(299)</b>	<b>NM<sup>3</sup></b>
<b>Non-controlling interests</b>			
-Continuing operations	(924)	(32)	NM <sup>3</sup>
	(2,994)	(331)	NM <sup>3</sup>
<b>Total comprehensive income attributable to:</b>			
<b>Owners of the Parent</b>			
-Continuing operations	(1,992)	(716)	178
-Discontinued operations	-	506	NM <sup>3</sup>
	(1,992)	(210)	NM <sup>3</sup>
<b>Non-controlling interests</b>			
-Continuing operations	(865)	48	NM <sup>3</sup>
	(2,857)	(162)	NM <sup>3</sup>

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

Other credits	Unaudited 1Q FY2014 <sup>1</sup> S\$'000	Unaudited 1Q FY2013 <sup>2</sup> S\$'000
Foreign exchange gain, net	162	-
Write back of allowance for doubtful non-trade receivables	-	200
Other income	109	25
	271	225
<b>Finance costs</b>		
Interest expense	(216)	-
<b>Other charges</b>		
Foreign exchange loss, net	-	(26)

<sup>1</sup> "1Q FY2014": Financial period from 1 July 2013 to 30 September 2013

<sup>2</sup> "1Q FY2013": Financial period from 1 July 2012 to 30 September 2012

<sup>3</sup> "NM": Not Meaningful

**1(b)(i) A Balance Sheet (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year**

	Group		Company	
	Unaudited 30-Sep-13 S\$'000	Audited 30-Jun-13 S\$'000	Unaudited 30-Sep-13 S\$'000	Audited 30-Jun-13 S\$'000
<b>Statements of Financial Position</b>				
<b>ASSETS</b>				
Non-Current Assets:				
Property, plant and equipment	35,563	35,208	-	-
Exploration, evaluation and development assets	40,728	38,135	-	-
Intangible assets	34,802	34,811	-	-
Investments in subsidiaries	-	-	39,565	39,564
Other receivables	-	-	40,782	30,821
Prepayments	3,644	3,644	-	-
<b>Total Non-Current Assets</b>	<b>114,737</b>	<b>111,798</b>	<b>80,347</b>	<b>70,385</b>
Current Assets:				
Inventories	289	328	-	-
Trade and other receivables	6,110	3,296	40	16
Other assets	186	114	-	-
Prepayments	543	380	73	-
Cash and cash equivalents	6,508	5,712	4,514	2,398
<b>Total Current Assets</b>	<b>13,636</b>	<b>9,830</b>	<b>4,627</b>	<b>2,414</b>
<b>Total Assets</b>	<b>128,373</b>	<b>121,628</b>	<b>84,974</b>	<b>72,799</b>
<b>EQUITY AND LIABILITIES</b>				
Equity:				
Ordinary shares	73,893	68,014	73,893	68,014
Convertible preference shares	-	4,388	-	-
Reserves	(1,075)	(1,284)	396	265
(Accumulated losses)/ Retained earnings	(3,272)	(1,202)	4,121	4,345
Equity attributable to owners of the parent	69,546	69,916	78,410	72,624
Non-controlling interests	2,327	3,192	-	-
<b>Total Equity</b>	<b>71,873</b>	<b>73,108</b>	<b>78,410</b>	<b>72,624</b>
Non-Current Liabilities:				
Bank loans	27,397	27,692	-	-
Finance lease payables	68	75	-	-
Provision for restoration costs	60	64	-	-
Deferred tax liability	84	80	-	-
<b>Total Non-Current Liabilities</b>	<b>27,609</b>	<b>27,911</b>	<b>-</b>	<b>-</b>
Current Liabilities:				
Convertible preference shares	-	1,500	-	-
Trade and other payables	3,395	2,656	290	175
Bank loans	12,843	6,713	6,274	-
Finance lease payables	27	27	-	-
Other liabilities	12,626	9,713	-	-
<b>Total Current Liabilities</b>	<b>28,891</b>	<b>20,609</b>	<b>6,564</b>	<b>175</b>
<b>Total Liabilities</b>	<b>56,500</b>	<b>48,520</b>	<b>6,564</b>	<b>175</b>
<b>Total Equity and Liabilities</b>	<b>128,373</b>	<b>121,628</b>	<b>84,974</b>	<b>72,799</b>

## 1(b)(ii) Aggregate amount of Group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30 Sep 2013 (S\$'000)		As at 30 Jun 2013 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
12,870	-	8,240	-

Amount repayable after one year

As at 30 Sep 2013 (S\$'000)		As at 30 Jun 2013 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
27,465	-	27,767	-

### Details of any collaterals

#### Finance leases

The finance leases of the Group are secured by one motor vehicle under finance lease. Motor vehicle is purchased by the subsidiary of the Company, Loyz Oil Pte Ltd.

#### Short-term bank loans

On 11 September 2013, the Company made a drawdown of US\$5.0M pursuant to a term loan from HSBC Bank to finance the development of the Group's asset in the United States and for general corporate working capital purposes. The loan matures on 31 March 2014. The loan is secured by pledges of the shares and assets, of and assignments of rights under certain contracts and intercompany loans by, the Company, and/or certain of its subsidiaries, as well as a corporate guarantee by the controlling shareholder of the Company, Jit Sun Investments Pte. Ltd.

#### Long-term bank loans

Interlink Petroleum Limited ("**Interlink**"), a subsidiary of the Company, has a US\$9.0M term loan with DBS Bank Ltd. The term loan is secured by a US\$4.5M fixed deposit provided by Jit Sun Investments Pte Ltd and the remaining US\$4.5M is secured by a corporate guarantee from Jit Sun Investments Pte Ltd. There was no fee charged by Jit Sun Investments Pte Ltd for the provision of the security.

In prior year, Loyz Rex Drilling Services LLC ("**Loyz Rex**"), a subsidiary of the Company, made a drawdown of US\$18.2M pursuant to a term loan from OCBC Bank to finance the acquisition of two drilling units. The loan is secured principally by the two drilling units.

#### Preference shares

Loyz Oil Pte Ltd, a subsidiary of the Company, issued 12,000,000 redeemable exchangeable preference shares on 25 July 2011, to Venstar Investments Ltd and Venstar Investments II Ltd. Based on the terms and conditions set out in the subscription agreement, the preference shareholders may exchange the preference shares into new ordinary shares of the Company.

Pursuant to the subscription agreement, a share pledge deed was issued on 30 April 2012 to secure the performance of the obligations owed by the Company and its subsidiary, Loyz Oil Pte Ltd, to Venstar Investments Ltd and Venstar Investments II Ltd. The Company has agreed to pledge all of the ordinary shares in respect of the entire issued share capital of Loyz Oil Pte Ltd.

On 23 August 2012 and 25 July 2013, Venstar Investments Ltd and Venstar Investments II Ltd converted the entire 12,000,000 redeemable exchangeable preference shares into 30,000,000 new shares of the Company at an exchange price of S\$0.40 per share.

Following the conversion of the preference shares, the share pledge arrangement has ceased.

**1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	<b>Unaudited 1Q FY2014 S\$'000</b>	<b>Unaudited 1Q FY2013 S\$'000</b>
<b>Consolidated Statement of Cash Flows</b>		
<b>Operating activities</b>		
Loss before income tax from continuing operations	(2,994)	(837)
Profit before income tax from discontinued operation	-	527
Loss before income tax	(2,994)	(310)
Adjustments for:		
Amortisation of deferred revenue	-	(273)
Depreciation of plant and equipment	482	71
Writeback of allowance for doubtful non-trade receivables	-	(200)
Gain on disposal of plant and equipment	-	(114)
Share-based payment expenses	131	-
Reversal of share options	-	(54)
Interest income	(8)	(32)
Interest expense	216	1
Operating cash flows before working capital changes	(2,173)	(911)
Working capital changes:		
Inventories	39	(265)
Trade and other receivables	(1,534)	3
Other assets	(72)	31
Prepayments	(163)	(162)
Trade and other payables	682	(341)
Other liabilities	1,633	44
Cash absorbed by operations	(1,588)	(1,601)
Interest received	8	32
Income tax paid	-	(6)
Net cash used in operating activities	(1,580)	(1,575)
<b>Investing activities</b>		
Proceeds from disposal of plant and equipment	-	119
Purchase of plant and equipment	(1,239)	(288)
Purchase of exploration, evaluation and development assets	(2,159)	(554)
Purchase of intangible assets	-	(2)
Net cash used in investing activities	(3,398)	(725)
<b>Financing activities</b>		
Interest paid	(159)	(1)
Proceeds from bank borrowings	6,362	-
Decrease in cash pledged	598	-
Loan received from a director	-	1,000
Repayment of finance lease payables	(7)	(28)
Repayment of borrowings	(60)	-
Net proceeds from issue of ordinary shares	-	3,550
Proceeds from exercise of share options	-	322
Net cash from financing activities	6,734	4,843
Net change in cash and cash equivalents	1,756	2,543
Foreign currency translation adjustments	(362)	78
Cash and cash equivalents at beginning of financial period	3,563	5,973
Cash and cash equivalents at end of financial period	4,957*	8,594*

\* Exclude cash restricted in use - 1Q FY2014: S\$1.551 million & 1Q FY2013 S\$1.691 million

### Discontinued operations

On 1 April 2013, the Company announced the completion of the disposal of the entire equity interest of Sim Siang Choon Hardware (S) Pte Ltd (“**SSCH**”) to Mr Sim Siang Choon at a consideration of S\$9.0M. Accordingly, SSCH ceased to be a subsidiary of the Company.

As such, please find below the table showing the relevant contributions from SSCH to the Group.

### Statement of comprehensive income disclosure

	<b>Unaudited 1Q FY2014 S\$'000</b>	<b>Unaudited 1Q FY2013 S\$'000</b>
Revenue	-	4,068
Cost of sales	-	(2,015)
Gross profit	-	2,053
<i>Other items of income</i>		
Interest income	-	3
Other credits	-	424
<i>Other items of expense</i>		
Distribution costs	-	(93)
Administrative expenses	-	(775)
Finance costs	-	(1)
Other expenses	-	(1,084)
Other charges	-	-
Profit before income tax	-	527
Income tax expense	-	(21)
Profit after income tax	-	506

### Statement of cash flows

	<b>Unaudited 1Q FY2014 S\$'000</b>	<b>Unaudited 1Q FY2013 S\$'000</b>
Operating activities	-	467
Investing activities	-	(197)
Financing activities	-	124
<b>Net cash inflows</b>	-	394

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of Changes in Equity Group	Ordinary shares S\$'000	Share option/ award reserve S\$'000	Convertible preference shares S\$'000	Foreign currency translation Account S\$'000	(Accumulated losses)/ Retained earnings S\$'000	Equity attributable to owners of the parent S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
Balance as at 1 July 2013	68,014	265	4,388	(1,549)	(1,202)	69,916	3,192	73,108
<b>Loss for the financial period</b>	-	-	-	-	(2,070)	(2,070)	(924)	(2,994)
<b>Other comprehensive income for the period:</b>								
Exchange differences on translating foreign operations	-	-	-	78	-	78	59	137
<b>Total comprehensive income for the financial period</b>	-	-	-	78	(2,070)	(1,992)	(865)	(2,857)
Convertible preference shares exercised	5,879	-	(4,388)	-	-	1,491	-	1,491
Grant of share options/awards to employees	-	131	-	-	-	131	-	131
Balance as at 30 September 2013	73,893	396	-	(1,471)	(3,272)	69,546	2,327	71,873
Balance as at 1 July 2012	42,229	71	8,775	(1,012)	1,306	51,369	3,478	54,847
<b>Loss for the financial period</b>	-	-	-	-	(299)	(299)	(32)	(331)
<b>Other comprehensive income for the period:</b>								
Exchange differences on translating foreign operations	-	-	-	89	-	89	80	169
<b>Total comprehensive income for the financial period</b>	-	-	-	89	(299)	(210)	48	(162)
Convertible preference shares exercised	9,437	-	(4,387)	-	-	5,050	-	5,050
Share options exercised	322	(54)	-	-	-	268	-	268
Balance at as 30 September 2012	51,988	17	4,388	(923)	1,007	56,477	3,526	60,003



1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (Continued)

Statement of Changes in Equity Company	Ordinary shares S\$'000	Share option/ award reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
Balance at 1 July 2013	68,014	265	4,345	72,624
<b>Loss for the financial period, representing total comprehensive income for the financial period</b>	-	-	(224)	(224)
Convertible preference shares exercised	5,879	-	-	5,879
Grant of share options/awards to employees	-	131	-	131
Balance at 30 September 2013	73,893	396	4,121	78,410
Balance at 1 July 2012	42,229	71	(1,786)	40,514
<b>Loss for the financial period, representing total comprehensive income for the financial period</b>	-	-	(77)	(77)
Issue of shares	9,437	-	-	9,437
Share options exercised	322	(54)	-	268
Balance at 30 September 2012	51,988	17	(1,863)	50,142

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Share Capital – Ordinary shares	Number of Shares	S\$
Balance as at 1 July 2013	333,780,910	68,013,901
Conversion of preference shares into ordinary shares	15,000,000	5,879,500
Balance as at 30 September 2013	348,780,910	73,893,401

On 25 July 2013, Venstar Investments Ltd and Venstar Investments II Ltd converted the second tranche preference shares into 15,000,000 new ordinary shares of the Company at the exchange price of S\$0.40.

As at 30 September 2013, there are no other outstanding convertible preference shares.

The Company did not have any treasury shares as at 30 September 2013 and 30 June 2013.

(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	30-Sep-13	30-Jun-13
Total number of issued shares excluding treasury shares	348,780,910	333,780,910

(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The above financial statements have not been audited or reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The financial statements have been prepared in accordance with the same accounting policies and methods of computation adopted in the most recently audited financial statements for the financial year ended 30 June 2013, except for the adoption of the new or revised Singapore Financial Reporting Standards ("**FRS**") and Interpretations of FRS ("**INT FRS**") which became effective for the current financial year. The adoption of these FRS and INT FRS did not result in any substantial changes to the Group's accounting policies.

**5. If there were any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable.

**6. Earnings per ordinary share of the company for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

<b>Earnings/(loss) per share of the Group based on profit/(loss) attributable to owners of the Company</b>	<b>1Q FY2014</b>	<b>1Q FY2013</b>
<u>Continuing operations</u>		
- on weighted average number of shares	(0.60 cents)	(0.27 cents)
- on a fully diluted basis	(0.60 cents)	(0.27 cents)
<u>Discontinued operations</u>		
- on weighted average number of shares	-	0.17 cents
- on a fully diluted basis	-	0.16 cents

**Notes:**

The loss per share for 1Q FY2014 and 1Q FY2013 are calculated based on 344,867,867 and 294,620,910 ordinary shares in issue respectively.

On a fully diluted basis, the (loss)/profit per share for 1Q FY2014 and 1Q FY2013 are calculated based on 344,867,867 and 309,620,910 ordinary shares in issue respectively. Diluted loss per share for continuing operations for 1QFY2014 and 1Q FY2013 is the same as the loss per share because the potential ordinary shares to be converted are anti-dilutive.

**7. Net asset value (for the issuer and Group) per ordinary share based on issued share capital of the issuer at the end of the:-**

- (a) current period reported on; and**  
**(b) immediately preceding financial year**

	<b>Group 30-Sep-13</b>	<b>Group 30-Jun-13</b>	<b>Company 30-Sep-13</b>	<b>Company 30-Jun-13</b>
Net asset value per share based on existing issued share capital as at the respective period	19.94 cents	20.95 cents	22.48 cents	21.76 cents

**Note:**

The net asset value per ordinary share as at 30 September 2013 and 30 June 2013 are calculated based on 348,780,910 and 333,780,910 ordinary shares in issue respectively.

**8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:**

- (a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current period reported on.**

**Review for 1Q FY2014 vs 1Q FY2013:-**

Consolidated Statement of Comprehensive Income – Continuing Operations

Revenue and cost of sales for 1Q FY2014 mainly pertain to the recognition of drilling revenue and cost upon the delivery of two wells, Schlak 2 and Alexander 10-1, in North Dakota.

Administrative expenses increased by S\$0.2M, from S\$0.8M in 1Q FY2013 to S\$1.0M in 1Q FY2014 mainly due to employee share based payment expenses of S\$0.1M and the increase in staff costs of S\$0.1M in relation to the expansion of operations in the United States.

Finance costs for 1Q FY2014 of S\$0.2M comprised mainly interest on the HSBC and OCBC term loan as disclosed under note 1b(ii).

Other credits increased by S\$0.04M, from S\$0.23M in 1Q FY2013 to S\$0.27M in 1Q FY2014 mainly due to one-off sale of rigs' spare parts amounting to S\$0.11M and the turnaround from foreign exchange loss in 1Q FY2014 to foreign exchange gain amounting to S\$0.16M in the current period. The increase was partially offset by the partial recovery of amount due from Empire Holdings amounting to S\$0.2M recorded in 1Q FY2013, not repeated in 1Q FY2014.

Other expenses increased by S\$1.0M, from S\$0.3M in 1Q FY2013 to S\$1.3M in 1Q FY2014 mainly due to an increase in operating expenses which included insurance, maintenance of two drilling units, legal and professional fees of S\$0.6M in relation to the expansion of operations in the United States and an increase in depreciation charge of S\$0.2M in relation to the two drilling units.

As a result of the above, the Group recorded a loss after income tax of S\$3.0M in 1Q FY2014 as compared to a loss after income tax of S\$0.8M in 1Q FY2013.

Consolidated Statement of Financial Position

The Group's non-current assets increased by S\$3.0M, from S\$111.8M as at 30 June 2013 to S\$114.8M as at 30 September 2013. The increase was mainly due to an increase in property, plant and equipment of S\$0.4M mainly as a result of major maintenance activities performed on the two drilling units and an increase in exploration, evaluation and development assets of S\$2.6M due to 3D seismic work performed in New Zealand and Australia. In addition, drilling costs incurred for the wells in Colorado were capitalized as part of exploration, evaluation and development assets.

The Group's current assets increased by S\$3.8M, from S\$9.8M as at 30 June 2013 to S\$13.6M as at 30 September 2013. The increase was mainly due to (i) an S\$2.8M increase in deferred drilling costs and trade receivables in line with the increase in drilling activities, and (ii) an increase in cash and cash equivalents of S\$0.8M (please refer to the explanation of cash and cash equivalents below).

The Group's non-current liabilities decreased by S\$0.3M, from S\$27.9M as at 30 June 2013 to S\$27.6M as at 30 September 2013. The decrease was mainly due to the decrease in Interlink and Loyz Rex's term loan due to foreign currency translation difference.

The Group's current liabilities increased by S\$8.3M, from S\$20.6M as at 30 June 2013 to S\$28.9M as at 30 September 2013. The increase was mainly due to (i) an increase in trade and other payables of S\$0.7M due to an increase in payables due to suppliers for the Group's operations in the United States, in line with the increase in the drilling activities, (ii) an increase in bank loan of S\$6.1M arising from the drawdown of a term loan, and (iii) an increase in deferred revenue for wells to be drilled and completed in Colorado. These are partially offset by the conversion of the preference shares into ordinary shares resulting in a reduction of S\$1.5M in other liabilities.

The Group reported a negative working capital of S\$15.3M as at 30 September 2013 and S\$10.8M as at 30 June 2013.

## Consolidated Statement of Cash Flows

The Group's net cash used in operating activities for 1Q FY2014 was S\$1.6M. Major movements mainly comprised (i) cash absorbed by an increase in trade and other receivables of S\$1.5M, (ii) cash absorbed by an increase in prepayments of S\$0.2M, (iii) cash generated by an increase in other liabilities of S\$1.6M, (iv) cash generated by an increase in trade and other payables of S\$0.7M, and (v) an operating loss before working capital changes of S\$2.2M.

Net cash used in investing activities for 1Q FY2014 of S\$3.4M was mainly due to the payment for upgrades and maintenance for the two drilling units, capital expenditure put into the drilling of wells and the payment for the 3D seismic work performed in New Zealand and Australia.

Net cash from financing activities for 1Q FY2014 of S\$6.7M was mainly due to the drawdown of US\$5.0M term loan to finance the development of assets in the United States and for general corporate working capital purposes.

As a result of the above and taking into account of the foreign currency translation adjustments of S\$0.4M, cash and cash equivalents increased by S\$1.4M, from S\$3.6M to S\$5.0M as at 30 September 2013.

### **9. Where a forecast, or a prospect statement, has been previously disclosed to our shareholders, any variance between it and the actual results.**

Not applicable.

### **10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group incurred losses from our drilling operations in 1Q FY 2014, due to unexpected weather conditions which led to down time for the drilling in the United States combined with substantial repair and maintenance carried out for one of the drilling units.

As announced on 30 October 2013, production flow is already underway in the Schlak #3 well in North Dakota, where flow tests indicate varying flow rates up to 50 barrels per day. In Colorado, two deviated wells have been drilled in the Whitewater area, namely the Mansur 33-1-N and Mansur 33-1-L wells. Electric logs show gross potential pay intervals of up to 90 feet in each well. Flow tests are being carried out now and will continue over the next few weeks, the results of which will be announced in due course.

The Group will press forward with the field development of the discovery in the Schlak area, as well as the South Greene discovery in the coming months and add to its share of production.

### **11. Dividend**

#### **(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

No.

#### **(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

#### **(c) Date payable**

Not applicable.

#### **(d) Books closure date**

Not applicable.

### **12. If no dividend has been declared/recommended, a statement to that effect**

No dividend has been declared or recommended for the first quarter ended 30 September 2013.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect**

The Group has not obtained a general mandate from shareholders for interested person transactions. There are no interested person transactions of S\$100,000 or more during the financial period under review.

**14. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Not applicable.

**15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Not applicable.

**16. A breakdown of sales**

Not applicable.

**17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable.

**18a. Rule 705(6)(a) of the Catalist Rules in relation to the use of funds/ cash for the quarter and projection on the use of funds/ cash for the next immediate quarter, including principal assumptions.**

Please refer to the separate announcement made in accordance with Rule 705(6)(a) of the Catalist Rules on 14 November 2013.

**18b. Rule 705(6)(b) of the Catalist Rules in relation to the director's confirmation**

Please refer to the separate announcement made in accordance with Rule 705(6)(b) of the Catalist Rules on 14 November 2013.

**19a. Rule 705(7) of the Catalist Rules in relation to details of exploration (including geophysical surveys), mining development and/or production activities undertaken by the Company and a summary of the expenditure incurred on those activities, including explanation for any material variances with previous projections, for the period under review. If there has been no exploration, development and/or production activity respectively, that fact must be stated.**

Please refer to the separate announcement made in accordance with Rule 705(7) of the Catalist Rules on 14 November 2013.

**19b. Rule 705(7) of the Catalist Rules in relation to an update on its reserves and resources, where applicable, in accordance with the requirements set out in Practice Note 4C, including a summary of reserves and resources as set out in Appendix 7D.**

Please refer to the separate announcement made in accordance with Rule 705(7) of the Catalist Rules on 14 November 2013.

## 20. Requirement under Rule 705(7) of the Listing Manual

On behalf of the board of directors ("**Board**") of the Company, we hereby confirm to the best of our knowledge that nothing has come to the attention of the Board which may render the unaudited financial statements and dividend announcement for the first quarter ended 30 September 2013 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Lee Chye Cheng, Adrian  
Managing Director

Kwan Weng Kwong  
Non-Executive Director

BY ORDER OF THE BOARD

Lee Chye Cheng, Adrian  
14 November 2013

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