

## LOYZ ENERGY LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199905693M)

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### ESTABLISHMENT OF S\$250,000,000 MULTICURRENCY MEDIUM TERM NOTE PROGRAMME

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The board of directors (the "**Board**") of Loyz Energy Limited (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that it has on 3 October 2014 established a S\$250,000,000 Multicurrency Medium Term Note Programme (the "**MTN Programme**"). The Hongkong and Shanghai Banking Corporation Limited and Oversea-Chinese Banking Corporation Limited have been appointed as the arrangers and dealers of the MTN Programme.

Under the MTN Programme, the Company may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes (the "**Notes**") in series or tranches in Singapore dollars or any other currency agreed between the Company and the relevant dealers to each issue of Notes and as specified in the applicable pricing supplement. Each series of Notes may be issued in various amounts and may bear fixed or floating rates of interest or distribution or variable rates of interest. Hybrid notes or zero coupon notes may also be issued under the MTN Programme. The Notes will be offered by the Company pursuant to exemptions invoked under Sections 274 and/or 275 of the Securities and Futures Act, Chapter 289 of Singapore.

The Notes and the coupons of each series will constitute direct, unconditional and unsubordinated obligations of the Company and shall at all times rank *pari passu*, without any preference or priority among themselves, and at least *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Company. The Notes may also have the benefit of security over certain moneys standing to the credit of the Relevant Debt Service Account (as defined in the terms and conditions of the Notes) which is created in favour of DB International Trust (Singapore) Limited, as trustee of the MTN Programme, pursuant to the Relevant Account Charge (as defined in the terms and conditions of the Notes).

Pursuant to Condition 5(e)(ii) of the Notes, a "Change of Shareholding Event" will occur when Jit Sun Investments Pte. Ltd. ("**Jit Sun**") or Lee Kian Soo and his immediate family members cease to own in aggregate (whether directly or indirectly) at least 15% of the issued share capital of the Company. Upon the occurrence of a "Change of Shareholding Event", each holder of the Notes has an option to require the Company to redeem the Notes of such holder (subject to the terms and conditions of the Notes).

The net proceeds arising from the issue of Notes under the MTN Programme (after deducting expenses incurred in connection with the issue of the Notes) will be used for investments, capital expenditure requirements of the Company and its subsidiaries and corporate funding (including financing of working capital and refinancing of existing borrowings) or as otherwise specified in the applicable pricing supplement in relation to a tranche of Notes.

An application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and the listing and quotation of any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. In-principle approval was obtained on 29 September 2014. The in-principle approval from the SGX-ST is not to be taken as an indication of the merits of the MTN Programme or the Notes.

The financial information presented in the information memorandum of the Company prepared in relation to the MTN Programme (the "**Information Memorandum**") is based on the audited accounts of the Group for the financial year ended 30 June 2014 ("**FY2014**"). The audited statements of financial position, consolidated statement of comprehensive income and consolidated statement of cash flows are reproduced as Appendix A to this announcement. There are no material variances between the unaudited full year results announced on 28 August 2014 and the audited financial statements for FY2014. Please refer to the information memorandum which has been uploaded onto the SGX website for further details in relation to the notes to the financial statements.

Further announcements in relation to the MTN Programme will be made as and when necessary.

By order of the Board

Lee Chye Cheng, Adrian  
Managing Director  
Date: 3 October 2014

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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.*

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Exploration, evaluation and development assets	38,779	38,135	-	-
Oil and gas properties	70,540	-	-	-
Other property, plant and equipment	2,047	35,208	-	-
Investments in subsidiaries	-	-	41,882	39,564
Available-for-sale financial asset	51,609	-	-	-
Intangible assets	67,177	34,811	-	-
Other receivables	-	-	69,969	30,821
Prepayments	3,527	3,644	-	-
<b>Total non-current assets</b>	<b>233,679</b>	<b>111,798</b>	<b>111,851</b>	<b>70,385</b>
<b>Current assets</b>				
Inventories	3,569	328	-	-
Trade and other receivables	3,528	3,296	-	16
Other assets	1,181	114	-	-
Prepayments	190	380	48	-
Cash and cash equivalents	8,428	5,712	1,125	2,398
<b>Total current assets</b>	<b>16,896</b>	<b>9,830</b>	<b>1,173</b>	<b>2,414</b>
<b>Total assets</b>	<b>250,575</b>	<b>121,628</b>	<b>113,024</b>	<b>72,799</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Ordinary shares	95,882	68,014	95,882	68,014
Convertible preference shares	-	4,388	-	-
Reserves	1,384	(1,284)	2,603	265
(Accumulated losses)/Retained earnings	(11,183)	(1,202)	4,520	4,345
Equity attributable to owners of the parent	86,083	69,916	103,005	72,624
Non-controlling interests	3,177	3,191	-	-
<b>Total equity</b>	<b>89,260</b>	<b>73,107</b>	<b>103,005</b>	<b>72,624</b>

STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
<b>Non-current liabilities</b>				
Bank borrowings	29,616	27,692	-	-
Finance lease payables	47	75	-	-
Provision for restoration costs	56	65	-	-
Other payable	34,111	-	-	-
Deferred tax liabilities	31,613	80	-	-
<b>Total non-current liabilities</b>	<b>95,443</b>	<b>27,912</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Convertible preference shares	-	1,500	-	-
Current income tax payable	1,850	-	-	-
Trade and other payables	22,425	2,656	10,019	175
Bank borrowings	41,566	6,713	-	-
Finance lease payables	27	27	-	-
Other liabilities	4	9,713	-	-
<b>Total current liabilities</b>	<b>65,872</b>	<b>20,609</b>	<b>10,019</b>	<b>175</b>
<b>Total liabilities</b>	<b>161,315</b>	<b>48,521</b>	<b>10,019</b>	<b>175</b>
<b>Total equity and liabilities</b>	<b>250,575</b>	<b>121,628</b>	<b>113,024</b>	<b>72,799</b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b><u>Continuing operations</u></b>		
Revenue	20,711	1,267
Cost of sales	(16,367)	-
Gross profit	<u>4,344</u>	<u>1,267</u>
<i>Other items of income</i>		
Interest income	33	56
Other income	6,955	2,007
<i>Other items of expense</i>		
Distribution costs	(8)	(3)
Administrative expenses	(7,698)	(3,786)
Finance costs	(1,096)	(124)
Other expenses	(4,291)	(1,999)
Other charges	-	(421)
Loss before income tax from continuing operations	<u>(1,761)</u>	<u>(3,003)</u>
Income tax expense	(2,980)	(85)
Loss for the financial year from continuing operations	<u>(4,741)</u>	<u>(3,088)</u>
<b><u>Discontinued operations</u></b>		
Profit for the financial year from discontinued operations	-	426
Loss for the financial year	<u>(4,741)</u>	<u>(2,662)</u>
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign operations	670	(968)
Income tax relating to items that will or may be reclassified	-	-
Other comprehensive income for the financial year, net of tax	<u>670</u>	<u>(968)</u>
<b>Total comprehensive income for the financial year</b>	<u>(4,071)</u>	<u>(3,630)</u>
Loss attributable to owners of the parent		
- continuing operations	(3,670)	(2,934)
- discontinued operations	-	426
	<u>(3,670)</u>	<u>(2,508)</u>
Non-controlling interests		
- continuing operations	(1,071)	(154)
	<u>(4,741)</u>	<u>(2,662)</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

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	2014 \$'000	2013 \$'000
<b>Total comprehensive income attributable to:</b>		
Owners of the parent		
- continuing operations	(3,340)	(3,471)
- discontinued operations	-	426
	<u>(3,340)</u>	<u>(3,045)</u>
Non-controlling interests		
- continuing operations	(731)	(585)
<b>Total comprehensive income for the financial year</b>	<u><u>(4,071)</u></u>	<u><u>(3,630)</u></u>
<b>Loss per share from continuing operations</b>		
- Basic (cents)	<u>(0.95)</u>	<u>(0.92)</u>
- Diluted (cents)	<u><u>(0.95)</u></u>	<u><u>(0.92)</u></u>

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Operating activities</b>		
Loss before income tax from continuing operations	(1,761)	(3,003)
Profit before income tax from discontinued operations	-	433
Loss before income tax	(1,761)	(2,570)
Adjustments for:		
Amortisation of intangible assets	3	1
Amortisation of deferred revenue	-	(821)
Depletion of oil and gas properties	910	-
Depreciation of plant and equipment	1,967	471
Writeback of allowance for doubtful non-trade receivables	-	(1,751)
Loss on disposal of a subsidiary	-	347
Gain on disposal of plant and equipment	(703)	(114)
Waiver of loan by a non-controlling interest of a subsidiary	(5,879)	-
Share-based payment expenses	2,552	265
Reversal of share options	(82)	-
Interest expense	1,096	129
Interest income	(33)	(64)
Operating cash flows before working capital changes	(1,930)	(4,107)
Working capital changes:		
Inventories	150	1,169
Trade and other receivables	(2,128)	(3,417)
Other assets	(84)	75
Prepayments	236	(312)
Trade and other payables	604	1,900
Other liabilities	(3,830)	5,100
Cash (used in)/generated from operations	(6,982)	408
Interest received	33	64
Income tax paid	(188)	(26)
Net cash (used in)/from operating activities	(7,137)	446

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

	2014	2013
	\$'000	\$'000
<b>Investing activities</b>		
Acquisition of interest in joint operation, net of cash acquired	(38,122)	-
Additions to oil and gas properties	(1,560)	-
Net proceeds from disposal of a subsidiary	-	5,426
Other liabilities	-	298
Other receivables	-	2,000
Proceeds from disposal of other plant and equipment	11	119
Purchase of other plant and equipment	(2,138)	(29,700)
Purchase of exploration, evaluation and development assets	(3,468)	(19,812)
Purchase of intangible assets	(3,617)	(2)
Purchase of available-for-sale financial asset	(5,047)	-
Prepayment for pre-exploration data	-	(1,219)
Net cash used in investing activities	<u>(53,941)</u>	<u>(42,890)</u>
<b>Financing activities</b>		
Interest paid	(961)	(84)
Proceeds from bank borrowings	47,008	22,576
Net proceeds from issue of ordinary shares	17,474	19,576
Repayment of loan received from a director	-	(1,700)
Repayment of finance lease payables	(28)	(110)
Repayment of borrowings	(9,742)	(25)
Proceeds from exercise of share options	-	268
Decrease/(increase) in cash pledge	1,432	(458)
Acquisition of non-controlling interest	(1,255)	-
Advances and short-term loans	11,110	-
Net cash from financing activities	<u>65,038</u>	<u>40,043</u>
Net change in cash and cash equivalents	3,960	(2,401)
Foreign currency translation adjustments	(349)	(9)
Cash and cash equivalents at beginning of financial year	3,563	5,973
Cash and cash equivalents at end of financial year	<u><u>7,174</u></u>	<u><u>3,563</u></u>