

Deferred Consideration Settlement

6 September 2017



Carnarvon Petroleum Limited ("Carnarvon") (ASX:CVN) provides the attached announcement from Loyz Energy Ltd for the attention of shareholders.

Yours faithfully

A handwritten signature in black ink, appearing to read "A. Cook".

Adrian Cook
Managing Director

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Loyz Energy Makes Final Settlement with Carnarvon through Issuance of New Shares

- ◆ Full and final settlement of US\$3.95M for the 20% stake in its Thailand onshore oil concessions, with the issue of 331,653,000 new shares of the Company at S\$0.01615 per new share to Carnarvon
- ◆ Group to conserve cash for production of newfound reserves¹ in its recently completed drilling campaign
- ◆ Strengthened fundamentals enables the Group's pursuit of strategic and accretive opportunities to build up sustainable, diversified and stable earnings

SINGAPORE ◆ 05 SEP 2017

For immediate release

Loyz Energy Limited ("Loyz Energy" or the "Company", and together with its subsidiaries, the "Group"), an independent exploration and production upstream energy player, today announced that the outstanding payment of US\$3.95 million due to Carnarvon Thailand Limited ("Carnarvon") by Loyz Oil Thailand Pte Ltd ("Loyz Oil") (a wholly-owned subsidiary of the Company) in connection to the Group's acquisition of a 20% participating interest in three onshore oil concessions located at Phetchabun Basin, Thailand (the "Acquisition"), will be fully settled with the issuance of 331.65 million new ordinary shares in the capital of Loyz Energy at an issue price of S\$0.01615 per new share (the "Final Settlement"). Following the completion of the Final Settlement, which is subject to the approval of the Company's shareholders, Carnarvon will hold approximately 17.85% of the Company's enlarged issued and paid-up capital of 1,858,180,683 ordinary shares ("Shares").

Commenting on the Final Settlement with Carnarvon, Mr. Jeffrey Pang (彭润程), Chief Executive Officer and Executive Director of Loyz Energy said, "This settlement provides Loyz Energy a fantastic opportunity to pursue our plans for further growth and to balance our exposure to the oil and gas industry."

¹ Pending certification by an independent qualified person. For more information, please refer to the announcements released by the Company on 17 August 2017 in relation to its unaudited financial results for the fourth quarter and financial year ended 30 June 2017.



The consideration for the Acquisition was US\$65 million, consisting of (a) US\$33 million in cash payable by the date of completion of the Acquisition; and (b) the remaining US\$32 million to be satisfied as a debt due and payable in annual instalments.

In view of the protracted downcycle of the oil and gas industry as well as the weak oil price, the balance amount due and owing to Carnarvon was renegotiated to US\$4.0 million, of which a cash payment of US\$0.05 million was made on the date of the supplemental sale and purchase agreement in May 2017 (the “**Supplemental Agreement**”).

In addition, pursuant to the Supplemental Agreement, in the event that the 20% participating interest in the Thailand onshore oil concessions is sold by Loyz Oil to an unrelated third party and such sale proceeds exceed US\$45 million, a cash payment amounting to 12% of such sale proceeds that is in excess of US\$45 million shall be paid by Loyz Oil to Carnarvon.

The Group recorded consolidated net assets value (“**NAV**”) of approximately US\$50.4 million and NAV per Share of US\$0.033 (equivalent to S\$0.045, based on an exchange rate of S\$1.36 : US\$1.00) based on its unaudited consolidated financial statements as at 30 June 2017. Upon the completion of the Final Settlement, *ceteris paribus*, the Group’s NAV will increase to approximately US\$54.3 million and NAV per Share will decrease to US\$0.029 (equivalent to S\$0.039, based on an exchange rate of S\$1.36 : US\$1.00).

~~ End ~~

This media release is to be read in conjunction with the Company’s announcement posted on the SGX website on 05 Sep 2017.



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Loyz Energy Limited (“**Loyz Energy**”, and together with its subsidiaries, the “**Group**”) is an independent exploration and production upstream energy company with its focus in the Asia-Pacific region.

The Group’s key asset is its 20% stake in the Thailand onshore oilfields located at Phetchabun Basin, which currently generates a steady income stream from its existing oil producing wells. This asset holds significant proven reserves for development as well as significant potential exploration upside that will ensue in value enhancement and sustainable long-term growth.

Based on the qualified person’s report as at 31 December 2016, the Thailand onshore oilfields have an aggregate of 38.21 (Proved + Probable + Possible) millions of barrels of oil reserves, of which 7.64 (Proved + Probable + Possible) millions of barrels are net attributable to the Group. Loyz Energy together with its partners intends to roll out the planned drilling campaign progressively to expand oil production capacity.

For more information, please visit the Group’s website at www.loyzenergy.com

FOR FURTHER ENQUIRIES



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This media release has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this media release, including the correctness of any of the statements or opinions made or reports contained in this media release.

The contact person for the Sponsor is Ms. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.