
DAM PROJECT IN WEST JAVA INDONESIA

1. INTRODUCTION

The Board of Directors (the “**Board**” or each, a “**Director**”) of Magnus Energy Group Ltd. (“the **Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that its wholly-owned subsidiary MEG Global Resources Limited (the “**Participant**” or “**MGR**”) has entered into a Participation Agreement in relation to the Dam Project (as defined below) (the “**PA - Dam Project**”) with PT Hanjungin (the “**Contractor**”) (collectively, the “**Parties**”) on 23 March 2016 to jointly manage the land clearing and tunnelling construction phases of a dam construction in Banten, West Java (the “**Dam Project**”), subject to the terms and conditions set out in the PA - Dam Project.

This shall be the fourth collaboration that the Group has embarked on with the Contractor. The first collaboration is the ongoing property development project in Kupang, Indonesia, as announced on 22 May 2015. The second collaboration is the ongoing Road Project in Central Java, Indonesia, as announced on 16 November 2015. The third collaboration is the ongoing Road Project II in Central and West Java, Indonesia, as announced on 1 February 2016.

2. UPDATE ON THE PRINCIPAL ACTIVITIES OF MEG GLOBAL RESOURCES LIMITED

On incorporation, as announced on 10 April 2015, the principal activity of MGR is that of physical trading of energy and natural resources. With the ongoing business activities, the principal activities of MGR shall be expanded to include property and infrastructure development, management and marketing, and research and evaluation of natural resources.

3. INFORMATION ON THE CONTRACTOR

The Contractor is a company incorporated in the Republic of Indonesia, and is principally engaged in property and infrastructure development in the Republic of Indonesia. The Contractor has obtained two contracts for the land clearing and tunnelling construction phases of a dam construction project in Banten, West Java, Indonesia, which are expected to be completed within 540 days from the date of this announcement.

The Contractor is not related to any of the Directors or controlling shareholders of the Company.

4. RATIONALE

The Group expects to see a positive return and a wider exposure to infrastructure construction from the Dam Project. The PA - Dam Project enables the Group to participate in the management and anticipated positive contributions from the Dam Project.

The Directors are of the opinion that, after taking into consideration the present financing facilities, the working capital available to the Group is sufficient to meet its obligations under the Dam Project.

Note that the full recovery of the actual working capital provided by the Participant, which is the actual investment amount remitted to the Contractor, depends on the success of the Dam Project. The Participant shall provide the Actual Working Capital in tranches (up to the Investment Amount as stated below) depending on the strength of its cash flow and progress of the Dam Project.

The entry into the PA - Dam Project is expected to have a positive effect on the net tangible assets per share and earnings per share of the Group for the financial year ending 30 June 2016 and 30 June 2017.

DAM PROJECT IN WEST JAVA INDONESIA

5. PARTICIPATION AGREEMENT

The salient terms and conditions of the PA - Dam Project, inter alia, are as follows;

- (A) The Contractor has been awarded two contracts for the land clearing and tunnelling works, as part of the dam construction in Banten, West Java Indonesia for the value of Rupiah 147,449,720,000 (approximately S\$15.5 million), before taxes, finance charges and variation orders.
- (B) The Participant agrees to participate by providing general management consultancy services and partial working capital for the Dam Project.
- (C) The Participant shall provide up to S\$5,000,000 (the "**Investment Amount**") as working capital, to jointly manage the Dam Project with the Contractor for a period of up to 540 days commencing from the date of this agreement. The actual amount provided throughout the period of up to 540 days shall be the actual working capital provided ("**Actual Working Capital Provided**").
- (D) The profits accruing out from the Dam Project shall be paid in accordance with the terms and conditions of the PA – Dam Project.
- (E) The Participant shall provide general and financial management consultancy expertise while the Contractor shall provide the technical, construction and local expertise for the entire duration of the Dam Project.
- (F) In addition to the full recovery of the Actual Working Capital Provided, in Singapore Dollars, the Participant shall be entitled to a profit sharing of fifteen percent (15%) ("**Profit Sharing**"), in Rupiah, on the net profit of the Dam Project ("**Net Profit**"). The computation shall be as follows;

$$\frac{\text{Actual Working Capital Provided}}{\text{Investment Amount}} \quad \times \quad 15\% \quad \times \quad \text{Net Profit}$$

- (G) For the avoidance of doubt, the Net Profit shall be computed by deducting all expenses directly related to the Dam Project from the total revenue derived from the Dam Project. Further, in the event that the Dam Project results in a net loss, the Participant shall bear the fifteen percent (15%) share of the net loss of the Dam Project.

(H) INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company or their respective associates has any interests, direct or indirect, in the Dam Project, other than their respective interests in the shares of the Company. None of the Directors or controlling shareholders of the Company or their respective associates have any connection (including business relationships) with the Contractor.

Shareholders and potential investors should exercise caution when trading in shares of the Company, and where in doubt as to the action they should take, they should consult their financial, tax or other professional adviser immediately.

MAGNUS ENERGY GROUP LTD.

(Incorporated in Singapore)

(Registration No. 198301375M)

DAM PROJECT IN WEST JAVA INDONESIA

(I) DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the PA - Dam Project is available for inspection during normal business hours at the Company's registered address at 400 Orchard Road, #19-06 Orchard Towers, Singapore 238875 for a period of three (3) months from the date of this announcement.

(J) 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 Dam Project, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the 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 the announcement in its proper form and context.

BY ORDER OF THE BOARD

Magnus Energy Group Ltd.

Luke Ho Khee Yong
Chief Executive Officer
23 March 2016

About Magnus Energy Group Ltd. (www.magnusenergy.com.sg)

Listed since 04 August 1999

Incorporated in 1983, SGX Catalist Board-listed Magnus Energy Group Ltd. ("**Magnus**") is an investment holding company with a diversified portfolio comprising oil, coal and gas assets, oil and gas equipment distribution, renewable energy and natural resources trading, property and infrastructure development, and industrial waste water treatment.

Magnus aims to maximise shareholder value through strategic investments in profitable projects and acquisitions globally with the goal of broadening the Group's earnings base and shareholder value.

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

The 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 Bernard Lui.

Tel: 6389 3000 Email: bernard.lui@morganlewis.com