

MAGNUS ENERGY GROUP LTD.

(Incorporated in Singapore)

(Registration No. 198301375M)

NON-BINDING MEMORANDUM OF UNDERSTANDING - MANGANESE OFFTAKE

The Board of Directors (the “**Board**”) of Magnus Energy Group Ltd. (“the **Company**”) wishes to announce that its wholly-owned subsidiary MEG Global Resources Limited (the “**Lender**”) (collectively, the “**Group**”) has entered into a non-binding memorandum of understanding (the “**MOU**”) with PT Hanjungin (the “**Borrower**”) (collectively, the “**Parties**”) in relation to the offtake of the entire manganese deposit in the land (the “**Land**”) that is currently under the ownership of the Borrower (the “**Proposed Offtake**”).

This MOU is not intended to be legally binding between the Parties, except for certain provisions relating to, *inter alia*, confidentiality and governing law.

The Borrower is a company incorporated in the Republic of Indonesia, and is principally engaged in property and infrastructure development in the Republic of Indonesia. The Borrower is not related to any of the Directors or controlling shareholders of the Company.

Pursuant to the MOU, the Lender shall provide a redeemable convertible loan of S\$2,500,000.00 (Singapore Dollars Two Million and Five Hundred Thousand) to enable the Borrower to explore, mine and deliver the entire manganese deposit in the Land (the “**Proposed RCL**”). The Borrower shall pledge the Land as the collateral under the Proposed RCL. The Proposed RCL bears an interest of 9% per annum. The MOU is valid for 120 (One Hundred and Twenty) days from the date of the MOU and is subject to a definitive redeemable convertible loan agreement (the “**Definitive Agreement**”).

Following the entry into the MOU, the Lender will commence its due diligence and the Parties will endeavour to work towards the execution of the Definitive Agreement within 120 days of signing the MOU. The final terms and conditions of the Proposed Offtake and the Proposed RCL are subject to the execution of the Definitive Agreement.

The MOU shall be governed by the laws of the Republic of Singapore.

Subject to a satisfactory due diligence process and the Definitive Agreement, the Board expects the Proposed Offtake and the Proposed RCL to enable the Group to participate in the physical trading of manganese and/or a minimum return of 9% which will contribute positively to the Group for the longer term.

The entry into the MOU is not expected to have any material effect on the net tangible assets per share and earnings per share of the Group for the financial year ending 30 June 2015.

None of the Directors and substantial Shareholders has any interests, direct or indirect, in the above Proposed Offtake and the Proposed RCL, other than through each of their respective shareholding interests, direct and/or indirect, in the Company.

The Company will make further announcements to keep shareholders informed and updated upon the execution of the Definitive Agreement and/or when there are material developments in respect of the Proposed Offtake.

Shareholders and potential investors of the Company are advised to exercise caution in dealing with the securities of the Company as there is no certainty or assurance that, as at the date of this announcement, the Definitive Agreement will be entered into on the terms and conditions set out in the MOU, or the Proposed Offtake and the Proposed RCL will be undertaken at all.

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Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Magnus Energy Group Ltd.

Luke Ho Khee Yong

Company Secretary

5 May 2015

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.

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