
AMENDMENTS TO THE CONVERTIBLE NOTE AGREEMENT

*Capitalised terms used herein shall have the definitions ascribed to them the announcement dated 6 April 2016 (the “**Previous Announcement**”), unless otherwise stated or the context otherwise requires.*

1. INTRODUCTION

The Board of Directors (the “**Board**” or each, a “**Director**”) of Magnus Energy Group Ltd. (the “**Company**” or “**Borrower**”, together with its subsidiaries, the “**Group**”) wishes to refer to the Previous Announcement in relation to the entry into a convertible note agreement (the “**Convertible Note Agreement**”) with Financial Frontiers Pte. Ltd. (the “**Lender**”) (collectively, the “**Parties**”) on 5 April 2016, upon such terms and conditions as stipulated in the Convertible Note Agreement, for the issue of 8% redeemable convertible notes (the “**CN**”) for the principal amount of S\$3,500,000 due one hundred and eighty (180) days from the date of the Convertible Note Agreement or such other day as is agreed to by the Parties in writing (the “**Maturity Date**”).

The Board wishes to announce that the Parties have agreed to extend the Maturity Date (the “**Extension**”) and the Company has on 7 October 2016 entered into an amendment agreement with the Lender (the “**Amendment Agreement**”), the Convertible Note Agreement shall be varied (the “**Amendments**”) as follows:-

- (i) the reference to the ‘Maturity Date’ and ‘Term’ as defined in the Convertible Note Agreement be amended and be replaced with a date falling on ‘**31 March 2017**’; and
- (ii) references in the Convertible Note Agreement to ‘this Agreement’ shall be references to the Convertible Note Agreement as amended by the Amendment Agreement.

Save for the Amendments above, the Convertible Note Agreement remains in full force and effect.

The CN will not be listed and quoted on the Catalist board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) or any other exchange.

2. INFORMATION ON THE LENDER

Financial Frontiers Pte Ltd is a Singapore-based, boutique private equity firm with proven track records in identifying and investing in companies with high growth potential in diverse industries. Further information about the Lender can be found on <http://www.frontiersgroup.com.sg>.

The Lender has no business dealings with the Company other than the CN. The Lender does not fall within any of the prohibited categories as set out in Rule 812 of the Listing Manual Section B: Rules of Catalist of the SGX-ST (the “**Catalist Rules**”) to whom the Company is prohibited from issuing the convertible notes.

3. THE AMENDMENT OF THE CONVERTIBLE NOTE AGREEMENT

The Maturity Date under the Convertible Note Agreement shall be extended and be replaced with a date falling on 31 March 2017. Repayment is to be made by way of cash unless mutually agreed by the Company and the Lender for the CN to be converted into ordinary shares of the Company as described below. The extension fee for the Amendment Agreement is 1% of the CN or S\$35,000, and is payable by the Company to the Lender (the “**Extension Fee**”).

AMENDMENTS TO THE CONVERTIBLE NOTE AGREEMENT

On mutual agreement of the Company and the Lender, the CN may be convertible into new ordinary shares of the Company ("**Conversion Shares**"). If conversion is mutually agreed in lieu of payment by cash, the issue price of the Conversion Shares will be 90% of the fifteen market days volume weighted average price for each share of the Company traded on the SGX-ST, for the period immediately before the date of conversion.

If conversion is mutually agreed to by the Parties, the Company will make an announcement to shareholders of the Company ("**Shareholders**") to update them of the exact conversion price and whether Shareholders' approval will be required in relation thereto. An application may be made through the Company's sponsor to the SGX-ST for the listing of and quotation of the Conversion Shares, to be allotted and issued upon conversion of the CN. The Conversion Shares will be listed on the Catalist board of the SGX-ST. A definitive agreement in relation to the agreement to convert the CN into Conversion Shares may be entered into upon the said mutual agreement.

As security for the CN, the Company has provided to the Lender a fixed and floating charge over its assets, limited to the sum of the CN and all interest and other payments agreed under the CN to be paid to the Lender pursuant to the Amendment Agreement.

4. RATIONALE AND USE OF PROCEEDS

The Company decided to extend the Maturity Date and enter into the Amendment Agreement so as to apply the existing cash on the projects of the Group, such as the microalgae oil cultivation facility in Malaysia. The additional fees payable in relation to the Extension and Amendments include the Advanced Interest on the Loan Amount of S\$140,000 and Extension Fee of S\$35,000 which amount to S\$175,000 in total.

The Directors are of the opinion that, after taking into consideration the present bank facilities and the Net Proceeds from the CN (after deducting the Advanced Interest, Extension Fee and legal expenses), the working capital available to the Group is sufficient to meet its present requirements.

5. 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 CN, other than their respective interests in the shares of the Company.

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.

6. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Amendment Agreement is available for inspection during normal business hours at the Company's registered address at 76 Playfair Road #02-02 LHK 2 Building, Singapore 367996 for a period of three (3) months from the date of this announcement.

MAGNUS ENERGY GROUP LTD.

(Incorporated in Singapore)

(Registration No. 198301375M)

AMENDMENTS TO THE CONVERTIBLE NOTE AGREEMENT

7. 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 CN, 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
7 October 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