

MAGNUS ENERGY GROUP LTD.

(Incorporated in Singapore)

(Registration No. 198301375M)

PARTICIPATION IN THE DRILLING PROGRAM IN PRL 173 & PRL 174 - UPDATE

Capitalised terms used herein shall have the definitions ascribed to them in the announcements dated 16 May 2013, 27 November 2014, 13 March 2015, 24 July 2015 and 22 February 2016 (the “Previous Announcements”), unless otherwise stated or the context otherwise requires.

Introduction

The Board of Directors (the “**Directors**”) of Magnus Energy Group Ltd. (the “**Company**”) refers to our Previous Announcements and wishes to provide updates on the drilling activities in PRL 173 and PRL 174 (“**PRLs**”), being oil and gas concessions held under Mid-Continent Equipment (Australia) Pty Ltd (“**MEA**”), a wholly-owned subsidiary of Mid-Continent Equipment Group Pte Ltd. (“**MEG**”), which is a 55.89% subsidiary of the Company. MEA has a 20% participating interest in the PRLs.

Together with the counterpart who holds the 80% participating interest, MEA has committed to the drilling program for five wells, of which two wells namely Willow-1 and Jute-1 have been drilled. The two-well exploration drilling and testing campaign in PRL 173 and PRL 174 (the “**Drilling Campaign**”) began on 17 December 2015 with the spudding of first well, Willow-1, and second well, Jute-1, on 24 January 2016.

Jute-1 was drilled to a total depth of 3,687 metres with good gas shows observed, and was cased and suspended for further testing and stimulation. Jute-1 targeted the Patchawarra Formation, with the Toolachee and Epsilon Formations and Tirrawarra Sandstone providing the secondary targets. The preliminary interpretation of wireline logs indicted approximately 19 metres of net conventional pay, including 14 metres in the target Patchawarra Formation, 2 metres in the Toolachee Formation, 1 metre in the Epsilon Formation, and 2 metres in the Tirrawarra Sandstone. In addition to the conventional pay, several zones have also indicated potential for unconventional pay within tight sands and thick coals.

Results from Jute-1 and Willow-1 will be reviewed to confirm stimulation and testing objectives.

The Company shall provide further updates on the Drilling Campaign when further information is available on the above-mentioned test and stimulation.

The Directors are pleased with the results of the Drilling Campaign and are of the view that the Participation is a necessary part of the geological and geophysical exploration of the PRLs.

Save for their interest in the Company, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in neither the Participation nor the Drilling Campaign. In addition, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, with the parties acting in concert.

By Order of the Board
MAGNUS ENERGY GROUP LTD.

Luke Ho Khee Yong
Chief Executive Officer
16 March 2016

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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.

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