

MAGNUS ENERGY GROUP LTD.

(Incorporated in Singapore)

(Registration No. 198301375M)

DEBT RESTRUCTURING OF LOANS DUE FROM PT. HANJUNGIN

Capitalised terms used herein shall have the definitions ascribed to them in the Company's announcements dated 22 May 2015, 1 February 2016, 23 March 2016 and 21 September 2016 (the "Previous Announcements"), unless otherwise stated or the context otherwise requires.

1. Introduction

The Board of Directors (the "**Board**" or the "**Directors**") of Magnus Energy Group Ltd. ("the **Company**", and together with its subsidiaries, the "**Group**") wishes to announce that its wholly-owned subsidiary MEG Global Resources Limited ("**MEG**") has entered into a Deed of Acknowledgement of Indebtedness (the "**Deed**") with PT Hanjungin (the "**Contractor**") (collectively, the "**Parties**") on 31 August 2017 to re-structure loans amounting to S\$6.9 million and interest amounting to approximately S\$0.5 million ("**Debt Restructuring**").

2. Salient Terms of the Deed of Acknowledgement of Indebtedness

Pursuant to the terms of the Deed, the Contractor acknowledges that as at 31 August 2017, it is indebted to MEG for the sum of S\$7.4 million (the "**Principal Debt**"). The Principal Debt includes the following:

Projects	Date of announcement	Payment due date	Amount due from the Contractor as at 31 Aug 2017 (S\$'mil)
Redeemable Convertible Loan ("RCL")	22 May 2015	31 Dec 2017	5.0
Road Project in West and Central Java Indonesia	1 Feb 2016	N/A	0.9
Dam Project in West Java Indonesia	23 Mar 2016	1 Mar 2017	1.0
Outstanding interest from RCL	-	-	0.5
Total	-	-	7.4

The Contractor has undertaken to pay the Principal Debt on or before 31 August 2020 (the "**Maturity Date**") together with interest accrued (Interest Part A and Interest Part B) calculated as follows:-

- (a) Interest Part A at the rate of 5% (five percent) per annum computed on monthly basis on the amount of the outstanding Principal Debt payable semi-annually on every 31 August and 28 February until the Maturity Date; and
- (b) Interest Part B at the rate of 7% (seven percent) per annum computed on monthly basis or 21% (twenty-one percent) for 3 (three) years on the amount of the outstanding Principal Debt payable on Maturity Date.

To illustrate, assuming that the outstanding Principal Debt as at 1 September 2017 is S\$7.4 million, and that there are no prepayments prior to the Maturity Date:

	Monthly interest on outstanding Principal Debt	Date on which Interest is payable
Interest Part A	S\$0.03 million	28 February 2018
Interest Part B	S\$0.04 million	31 August 2020
Total	S\$0.07 million	

However, should the Contractor prepaid partial of the outstanding Principal Debt of say S\$2.0 million on 1 March 2018, the interest will be computed as follows:

MAGNUS ENERGY GROUP LTD.

(Incorporated in Singapore)

(Registration No. 198301375M)

DEBT RESTRUCTURING OF LOANS DUE FROM PT. HANJUNGIN

	Monthly interest on outstanding Principal Debt	Date on which Interest is payable
Interest Part A	S\$0.02 million	31 August 2018
Interest Part B	S\$0.03 million	31 August 2020
Total	S\$0.05 million	

To clarify, Interest Part A and Interest Part B will not be compounded and interest is only calculated on the amount of the outstanding Principal Debt.

As collateral for the Deed, the Contractor has pledged 13.5 hectares of land title and 50 certificates of property title for the Kupang property development project to MEG and MEG may enforce the security and apply the proceeds against the Principal Debt and interest due in the event the Contractor fails to pay the Principal Debt on the Maturity Date and/or the interest on each due date.

3. RATIONALE

The Group has worked with the Contractor on a number of projects since 2015 and has built up a good working relationship with the Contractor. The Contractor had repaid in excess of S\$1 million from the Road Project, including profits due to MEG and the Group and the Contractor also returned S\$3 million in funds that was unutilised for the Dam Project.

The Debt-Restructuring would allow the Contractor to pay down the Principal Debt gradually until 30 June 2020 and it is not in MEG's or the Group's interest to demand for immediate payment of the Principal Debt as this would mean that the Contractor would become insolvent and be unable to service or repay any outstanding sums.

The Directors are of the opinion that, after taking into the above factors, that the debt restructuring would be in best interests of MEG and the Group at this time.

4. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the Road 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 has any connection (including business relationships) with the Contractor.

5. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Deed is available for inspection during normal business hours at the Company's registered address at 76 Playfair Road, #02-02 LHK2 Singapore 367996 for a period of three (3) months from the date of this announcement.

6. 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 Debt Restructuring, 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.

MAGNUS ENERGY GROUP LTD.

(Incorporated in Singapore)

(Registration No. 198301375M)

DEBT RESTRUCTURING OF LOANS DUE FROM PT. HANJUNGIN

7. CAUTIONARY STATEMENT

Shareholders and potential investors should exercise caution when trading in the 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.

BY ORDER OF THE BOARD

Magnus Energy Group Ltd.

Luke Ho Khee Yong
Chief Executive Officer
31 August 2017

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

Listed since 04 August 1999

Incorporated in 1983, SGX Catalyst 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