

**MAGNUS ENERGY GROUP LTD.**  
(Incorporated in Singapore)  
(Registration No. 198301375M)

---

**SUBSCRIPTION OF 8,000,000 SHARES IN ROYAL ENERGY PTY LTD BY MID-CONTINENT EQUIPMENT GROUP PTE LTD**

---

**1. INTRODUCTION**

The Board of Directors (the “**Board**”) of Magnus Energy Group Ltd. (the “**Company**” and with its subsidiaries, the “**Group**”) wishes to announce that its subsidiary Mid-Continent Equipment Group Pte Ltd. (Company Registration No. 198903584W) (“**Mid-Con**”) has entered into a subscription agreement on 18 September 2015 (the “**Subscription Agreement**”) with Royal Energy Pty Ltd (Company Registration No. ACN 606 335 282) (“**Royal**”), a company incorporated in Australia, to subscribe for 8,000,000 shares in Royal (the “**Proposed Subscription**”) at an average price of A\$0.125 per share for the subscription consideration of A\$1,000,000 (approximately S\$1 million based on the exchange rate of A\$1.00:S\$1.00) (the “**Consideration**”).

The Company currently holds a 55.89% stake in Mid-Con.

**2. INFORMATION ON ROYAL ENERGY PTY LTD**

Royal is a new unlisted company incorporated in Australian in June 2015 for the purpose of acquiring or participating in oil and gas investment opportunities in the Asia Pacific region and other international locations.

Royal’s primary business strategy is to maintain a meaningful equity interest in developed or near production assets utilizing the expertise of its highly experienced management team. Whilst Royal has operator experience, operatorship is not the key focus of the company as Royal intends for its investments to be, generally, non-operated interests limited to the optimization of production hubs, and exploitation of low-medium appraisal opportunities.

Royal is currently in the process of fund-raising to fund its acquisition and participation plans. Royal intends to raise a minimum of A\$5 million and up to A\$10 million. The minimum and maximum number of shares in Royal to be issued in relation to the fund-raising shall be 45,750,000 shares and 70,750,000 shares respectively. The capital structure of Royal shall be finalised on or around 30 September 2015.

Mid-Con is expecting to hold a maximum equity stake of approximately 17.5% in Royal, subject to the success of the aforesaid fund-raising exercise of Royal. If the maximum funds are successfully raised, Mid-Con shall hold an equity stake of 11.3% in Royal following the completion of the Proposed Subscription.

**3. SUBSCRIPTION CONSIDERATION**

The Consideration shall be fully funded through the existing cash of Mid-Con and is not expected to have any material impact on the Group’s earnings per share or net tangible assets for the most recently completed financial year ending 30 June 2015.

The Consideration has been arrived at after arm’s length negotiations, on a “willing buyer and willing seller” basis.

---

**SUBSCRIPTION OF 8,000,000 SHARES IN ROYAL ENERGY PTY LTD BY MID-CONTINENT EQUIPMENT GROUP PTE LTD**

---

**4. RULE 1010(5) OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE "SGX-ST") SECTION B: RULES OF CATALIST OF THE LISTING MANUAL (THE "CATALIST RULES")**

As Royal is a newly incorporated company, the audited financial statements are not available.

**5. RELATIVE FIGURES UNDER CHAPTER 10 OF THE CATALIST RULES**

Under Chapter 10 of the Catalist Rules, if the Proposed Subscription is one where any of the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules exceeds 5% but do not exceed 75%, the transaction is classified as a discloseable transaction and the issuer must immediately make an announcement in accordance with Rule 1010 of the Catalist Rules.

As stated above, the figures presented for the Chapter 10 ratios herein, is based on **55.89% of the Consideration which is A\$558,900 (approximately S\$558,900 based on the exchange rate of A\$1.00:S\$1.00).**

The relative figures for the Proposed Subscription computed based on the Group's latest announced consolidated financial results for the full year ended 30 June 2015 in accordance with Rule 1006 of the Catalist Rules are as follows:

| <b>Proposed Subscription of Royal</b>  | <b>%</b>                 |
|--|--------------------------|
| (a) The net asset value of the assets to be disposed of compared with the group's net asset value  | <b>N.A.</b>              |
| (b) The net profits attributable to the assets acquired, compared with the group's net profits   | <b>N.A.</b> <sup>1</sup> |
| (c) Aggregate value of the consideration paid, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares   | <b>19.7</b> <sup>2</sup> |
| (d) The number of equity securities issued by the issuer as consideration, compared with the number of equity securities previously in issue   | <b>N.A.</b>              |
| (e) The aggregate volume or amount of proven and probable reserves to be acquired, compared with the aggregate of the group's proven and probable reserves. This basis is applicable to a proposed acquisition of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets | <b>N.A.</b>              |

Notes:

1 As Royal is a newly incorporated company, the audited financial statements are not available.

2 Market capitalisation is computed based on 355,008,116 shares in issue at S\$0.008, being the weighted average price of immediate preceding trading day to the Subscription Agreement.

---

**SUBSCRIPTION OF 8,000,000 SHARES IN ROYAL ENERGY PTY LTD BY MID-CONTINENT EQUIPMENT GROUP PTE LTD**

---

**6. FINANCIAL EFFECTS**

For illustrative purposes only, the following is an analysis and illustration of the financial effects of the Proposed Subscription for A\$558,900 (approximately S\$558,900 based on the exchange rate of A\$1.00:S\$1.00), on the consolidated net tangible assets ("NTA") for each ordinary share ("Share") of the Company, based on the Group's unaudited consolidated statement of financial position as at 30 June 2015, and the assumptions as summarised herein and in the accompanying notes below.

|  | <u>Before Subscription</u> | <u>After Subscription</u> |
|--|----------------------------|---------------------------|
| Consolidated NTA attributable to Shareholders (S\$' 000) | 37,681                     | 37,681                    |
| Number of Shares   | 355,008,116                | 355,008,116               |
| Consolidated NTA per Share (cents)                       | 10.61                      | 10.61                     |

Notes:

- (1) Assuming that the Proposed Subscription was completed as at 30 June 2015.
- (2) No change in the number of Shares issued.
- (3) Consolidated NTA per Share is based on the NTA attributable to shareholders of the Company ("Shareholders") and the number of Shares issued as described above. In the event that the transaction had been effected as at 30 June 2015, consolidated NTA attributed to Shareholders will not change.

For illustrative purposes only, the following is an analysis and illustration of the financial effects of the Proposed Subscription for A\$558,900 (approximately S\$558,900 based on the exchange rate of A\$1.00:S\$1.00), on the earnings per Share ("EPS"), based on the Group's unaudited consolidated profit after income tax attributable to Shareholders for the twelve months ended 30 June 2015 and the assumptions as summarised herein and in the accompanying notes below.

|   | <u>Before Subscription</u> | <u>After Subscription</u> |
|---|----------------------------|---------------------------|
| Profit after tax attributable to Shareholders (S\$'000) | (2,662)                    | (2,662)                   |
| Number of Shares  | 355,008,116                | 355,008,116               |
| Earnings per Share (cents)                              | (0.075)                    | (0.075)                   |

Notes:

- (1) Assuming that the Proposed Subscription was completed on 1 July 2014 and that there was no dividend return generated from the assets to be acquired, the profit after tax attributable to Shareholders will not change.
- (2) No change in the number of Shares issued.
- (3) EPS is based on the profit after taxation attributable to Shareholders and the number of Shares issued as described above.

As Royal is a newly incorporated company, the financial statements are not available. As shown in the above table, the Proposed Subscription will not result in any change on both the Group's NTA per Share and EPS.

The financial effects presented above are not intended to, and do not, reflect a projection of the actual future financial performance or position of the Group after completion of the Proposed Subscription and are computed based on the assumptions as summarised above.

---

**SUBSCRIPTION OF 8,000,000 SHARES IN ROYAL ENERGY PTY LTD BY MID-CONTINENT EQUIPMENT GROUP PTE LTD**

---

**7. RATIONALE**

The Proposed Subscription would enable Mid-Con to take a strategic stake in Royal to expand its oil and gas equipment supply business and to participate in the oil and gas investment opportunities through Royal.

Royal has assessed a number of opportunities for its portfolio, and has identified the uniquely positioned and under exploited oilfield located on North Island Taranaki in New Zealand (“**Oilfields**”) as the first asset to acquire an interest in and to commence revenue generation. Royal is seeking to acquire a 30 to 40% interest in the Oilfields.

**8. DIRECTORS’ OPINION**

The Directors, having considered and reviewed, *inter-alia*, the terms of the Proposed Subscription, the rationale for and the financial effects of the Proposed Subscription, are of the opinion that the Proposed Subscription is in the interests of the Company and its Shareholders.

**9. DIRECTORS AND CONTROLLING SHAREHOLDERS’ INTERESTS IN THE PROPOSED SUBSCRIPTION**

None of the Directors or Controlling Shareholders (as defined in the Catalist Rules) or their respective Associates (as defined in the Catalist Rules) of the Company has any interest, direct or indirect, in the Proposed Subscription, save for their respective shareholdings in the Company.

**10. DETAILS OF ANY SERVICE CONTRACTS**

There is no service contract arising from the Proposed Subscription.

**11. INTERESTED PERSONS TRANSACTIONS**

There is no interested person transaction within the definition of Chapter 9 of the Catalist Rules.

**12. RESPONSIBILITY STATEMENT FOR DIRECTORS**

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 Proposed Subscription, 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)

---

**SUBSCRIPTION OF 8,000,000 SHARES IN ROYAL ENERGY PTY LTD BY MID-CONTINENT EQUIPMENT GROUP PTE LTD**

---

**13. DOCUMENTS FOR INSPECTION**

A copy of the Subscription Agreement is available for inspection during normal business hours at the registered office of the Company at 400 Orchard Road, #19-06, Orchard Towers, Singapore 238875 for a period of three (3) months commencing from the date of this announcement.

The Company will make further announcements to keep Shareholders informed and updated when there are material developments in respect of the Proposed Subscription.

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  
Chief Executive Officer  
21 September 2015

---

**About Magnus Energy Group Ltd. ([www.magnusenergy.com.sg](http://www.magnusenergy.com.sg))**  
**Listed since 04 August 1999**

Magnus Energy Group Ltd is listed on the Catalist Board of the Singapore Securities Exchange Trading Limited. While started its businesses as the integrated mechanical and engineering specialist, the Group swiftly added the property development, construction and related businesses into its diversified portfolio. The acquisition of a controlling stake in Mid-Continent Equipment Group Pte Ltd in April 2004 has enabled the Group to establish new business opportunities in the oil and gas as well as alternative energies industries. The Group seeks to achieve a diversified portfolio and will selectively invest in profitable projects. This will be an ongoing process for the Group as it looks to broaden its earnings base and at the same time re-engineer itself to explore new acquisition and investment opportunities across the Asia Pacific region.

---

*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@stamfordlaw.com.sg](mailto:bernard.lui@stamfordlaw.com.sg)*