

MAGNUS ENERGY GROUP LTD.

(Incorporated in Singapore)

(Registration No. 198301375M)

PARTICIPATION IN THE DRILLING PROGRAM IN PEL101

Introduction

The Board of Directors of Magnus Energy Group Ltd. (the “**Company**”) refers to our 16 May 2013 announcement and wishes to announce that Mid-Continent Equipment (Australia) Pty Ltd (“**MEA**”), a wholly-owned subsidiary of Mid-Continent Equipment Group Pte Ltd. (“**MEG**”), a 54.35% subsidiary of the Company, has increased its investment in the Petroleum Exploration Licence 101 granted under the Petroleum Act 2000 of South Australia (“**PEL101**”), of which MEA has a 20% participating interest.

Together with the counterpart who holds the 80% participating interest, MEA has committed an aggregate of approximately A\$8.0 million (approximately S\$8.9 million) as part of the drilling program of approximately A\$39.9 million (“**Participation**”). The Participation shall be funded internally and expected to be disbursed over a period of 24 months.

Prior to the Participation, MEA has invested approximately S\$4.5 million in PEL101. The Participation shall increase the total investment in PEL101 to approximately S\$13.4 million.

Relative Figures under Chapter 10 of the SGX-ST Listing Manual Section B: Rules of Catalist

The figures presented for the Chapter 10 ratios herein, are based on S\$8.9 million given for the Participation. The relative figures for the Participation computed based on the Group’s latest announced consolidated financial results for the three months ended 30 September 2014 in accordance with Rule 1006 of the SGX-ST Listing Manual: Rules of Catalist (“**Catalist Rules**”) are as follows:

Drilling Program	%
(a) The net asset value of the assets to be disposed of compared with the group's net asset value	N.A.
(b) The net profits attributable to the assets acquired of, compared with the group's net profits	N.A. ¹
(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	28.7 ²
(d) The number of equity securities issued by the issuer as consideration, compared with the number of equity securities previously in issue	N.A.
(e) The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	N.A.

Notes:

- (1) The Participation has been capitalised and no profit or loss shall be attributable as the field in the exploration stage.
- (2) The market capitalisation is computed based on weighted average number of 2,091,203,277 shares of the Company in issue and the volume weighted average price per share of S\$0.008 on 24 November 2014, being the full market day immediately preceding the date of the approval of the budgeted Participation. The effective 54.35% aggregate consideration for the Participation is S\$4.8 million (100%:S\$8.9 million) (S\$1.1175:A\$1).

As the relative figures computed on the base set out in Rule 1006(c) exceed 5%, the Participation will be a discloseable transaction under Chapter 10 of the Catalist Rules. As such, the Company is required to make an announcement in accordance with Rule 1010 of the Catalist Rules.

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Financial EffectsConsolidated net tangible assets ("NTA")

For illustrative purposes only, the following is an analysis and illustration of the financial effects of the Participation for the consideration of S\$8.9 million on the NTA for each ordinary share ("Share") of the Company. The financial effects presented below are based on the Group's audited consolidated statement of financial position as at 30 June 2014, and the assumptions as summarised herein and in the accompanying notes.

	<u>Before Participation</u>	<u>After Participation</u>
Consolidated NTA attributable to Shareholders (S\$' 000)	15,340	10,503
Number of Shares ('000)	2,048,678	2,048,678
Consolidated NTA per Share (cents)	0.749	0.513

Notes:

- (1) Assuming that the Participation completed on 30 June 2014.
- (2) No change in the number of Shares issued.
- (3) Consolidated NTA per Share is based on the NTA attributable to shareholders and the number of shares issued as described above. In the event that the transaction had been effected as at 30 June 2014, the consolidated NTA attributed to Shareholders will decrease by approximately S\$4.8 million due to the accounting of the Participation as intangible asset.

Earnings Per Share ("EPS")

For illustrative purposes only, the following is an analysis and illustration of the financial effects of the Participation for the consideration of S\$8.9 million on the EPS of the Group, based on the Group's audited consolidated profit after income tax attributable to Shareholders for the 12 months ended 30 June 2014 and the assumptions as summarised herein and in the accompanying notes.

	<u>Before Participation</u>	<u>After Participation</u>
Loss after tax attributable to Shareholders (S\$'000)	(8,147)	(8,147)
Number of Shares ('000)	2,048,678	2,048,678
Earnings per Share (cents)	(0.398)	(0.398)

Notes:

- (1) Assuming that the Participation was completed on 1 July 2013 and that there was no dividend return generated from the assets to be acquired, the profit after tax attributable to Shareholders will not be affected by the Participation.
- (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 shown in the above tables, the Participation will result in a decrease in the Group's NTA per Share as the increase in investment is accounted for as an intangible asset.

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 Participation and are computed based on the assumptions as summarised above.

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The Directors are of the view that the Participation is a necessary part of the geological and geophysical exploration of PEL101.

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. 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
Company Secretary
27 November 2014

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Continuing 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.*

This 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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