

MAGNUS ENERGY GROUP LTD.

(Incorporated in Singapore)

(Registration No. 198301375M)

ACQUISITION OF 3,240,000 SHARES IN MID-CONTINENT EQUIPMENT GROUP PTE LTD.

1. INTRODUCTION

The Board of Directors (“**Board**”) of Magnus Energy Group Ltd. (the “**Company**”) wishes to announce that it has entered into a Sale and Purchase Agreement (“**SPA**”) with IPCO International Limited (“**IPCO**”) (Company Registration Number: 199202747M), a company incorporated in Singapore, to acquire IPCO’s entire stake of 3,240,000 shares or 2.746% (the “**Proposed Acquisition**”) in Mid-Continent Equipment Group Pte Ltd. (Company Registration Number: 198903584W) (“**Midcon**”), a company incorporated in Singapore and having its registered office at 32 Loyang Crescent, Loyang House, Singapore 508992.

The Company currently holds 54.35% in Midcon. Following the completion of the Proposed Acquisition, the Company shall hold an aggregate of 57.10% in Midcon.

2. PURCHASE CONSIDERATION

The purchase consideration of S\$700,000.00 (“**Consideration**”) has been arrived at after arms’ length negotiations, on a “willing buyer and willing seller” basis after taking into account the audited net asset value of Midcon as at 30 June 2014 (“**NAV**”). The Consideration represents an approximate 35% discount from the NAV. The payment terms shall be as follows:

- a. S\$210,000 shall be payable immediately upon signing of the SPA; and
- b. S\$490,000 shall be payable upon the fulfillment of the conditions precedents in the SPA and on a date when the parties mutually determine.

The Proposed Acquisition will be funded through internal resources and is not expected to have any material impact on the Group’s earnings per share or net tangible assets for the current financial year ending 30 June 2015.

3. RULE 1010(5) OF THE SGX-ST LISTING MANUAL: RULES OF CATALIST (“CATALIST RULES”)

Based on the audited financial statements of Midcon, the audited NAV is US\$31,003,474 as at 30 June 2014. This is approximately equivalent to S\$39.68 million. 2.746% of the audited NAV of Midcon is approximately S\$1.09 million.

4. APPLICATION OF RULE 1005 OF THE CATALIST RULES

Rule 1005 provides that in determining whether a transaction falls within the category of Rule 1004, separate transactions completed within the last 12 months may be aggregated and treated as if they were one transaction.

All the relative figures computed on the basis of Rule 1006 in respect of the Proposed Acquisition of Midcon is below 5% and as such the Proposed Acquisition would remain as a non-discloseable transaction under Rule 1008 of the Catalist Rules.

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5. RATIONALE

The Proposed Acquisition would enable the Company to increase its ownership in Midcon and enhance the net asset value attributable to the equity holders of the Company.

6. DIRECTORS AND CONTROLLING SHAREHOLDER' INTERESTS IN THE PROPOSED TRANSACTIONS

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 Acquisition, save for their respective shareholdings in the Company.

7. 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 Acquisition, 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.

8. DOCUMENTS FOR INSPECTION

Copies of the SPA are 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.

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 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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