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**DAM PROJECT IN WEST JAVA INDONESIA - TERMINATION**

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*Capitalised terms used herein shall have the definitions ascribed to them in the Company's Circular to shareholders dated 13 October 2014 and the announcements dated 23 March 2016 and 22 June 2016 (the "Previous Announcements"), unless otherwise stated or the context otherwise requires.*

**1. INTRODUCTION**

The Board of Directors (the "**Board**" or each, a "**Director**") of Magnus Energy Group Ltd. ("the **Company**", together with its subsidiaries, the "**Group**") wishes to announce that its wholly-owned subsidiary MEG Global Resources Limited ("**MGR**") and PT Hanjungin (the "**Contractor**") have on 20 September 2016 agreed to terminate the Participation Agreement in relation to the Dam Project ("**PA - Dam Project**") in Banten, West Java.

**2. RATIONALE**

The Dam Project has been delayed, *inter alia*, mainly due to land acquisition issues. The Contractor has agreed to indemnify the Group of any losses, despite the early termination as requested by MGR. Accordingly, the Contractor shall return the S\$4 million that has been invested by the Group (the "**Invested Amount**").

The Contractor has invested approximately S\$1 million in heavy equipment and working capital, and hence has requested for the said sum to be repaid to MGR on 1 March 2017, which is mutually agreed between MGR and the Contractor. The balance S\$3 million shall be due and payable by end of September 2016.

The Directors are of the opinion that:

1. The delay of the implementation of the Dam Project will not be beneficial to the Group because the said project might incur losses if the delay is prolonged and uncontrollable;
2. The Group has been indemnified of any losses arising from the delay of the Dam Project;
3. Drawdown from the Notes Issue has been slow; and
4. This is an opportunity for the Group to recover its investment and exit the Dam Project, and also to apply the Investment Amount in areas that will generate positive returns for the Group such as the Microalgae Oil Cultivation Facility as announced on 22 June 2016.

The early termination of the PA - Dam Project is not expected to have any material effect on the net tangible assets per share and earnings per share of the Group for the financial year ending 30 June 2017.

**INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

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

**CAUTIONARY STATEMENT**

Shareholders and potential investors should exercise caution when trading in 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.

**MAGNUS ENERGY GROUP LTD.**

(Incorporated in Singapore)

(Registration No. 198301375M)

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**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 Dam Project, 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.

**BY ORDER OF THE BOARD**

Magnus Energy Group Ltd.

Luke Ho Khee Yong  
Chief Executive Officer  
21 September 2016

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**About Magnus Energy Group Ltd. ([www.magnusenergy.com.sg](http://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.

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*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.*

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