

**MAGNUS ENERGY GROUP LTD.**

(Incorporated in Singapore)

(Registration No. 198301375M)

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**NON-BINDING MEMORANDUM OF UNDERSTANDING - WATER TREATMENT BUSINESS**

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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 the Company has entered into a non-binding memorandum of understanding (the “**MOU**”) with Flagship Ecosystems Pte Ltd (Company registration no. 200505336E) (“**Flagship**”) on 3 September 2015 (collectively with the Company, the “**Parties**”) to invest S\$1,000,000 (Singapore Dollars One Million) (the “**Consideration**”) in the enlarged capital of Flagship (the “**Proposed Acquisition**”).

This MOU is subject to a definitive agreement (the “**Definitive Agreement**”) and is not intended to be legally binding between the Parties, except for certain provisions relating to, *inter alia*, confidentiality and governing law.

Flagship is incorporated in Singapore on 21 April 2005 and currently owns businesses in oilfield services and waste water treatment. The oilfield services predominantly leases out mobile water treatment units to handle the waste generated by the rigs during drilling operations (e.g. drilling mud, cuttings and waste water). The water treatment business revolves around the sale of proprietary water treatment systems to handle Produced Water in the oil and gas industry, Effluent Treatment Plants for textile factories and other industries as well as build-own-operate/build-operate-transfer (BOO/BOT) waste-water treatment plants for industrial effluent.

Pursuant to the MOU, the Company shall:

- (i) On the satisfaction of the due diligence investigations, invest the sum of S\$1,000,000 (Singapore Dollars One Million) in the enlarged capital of Flagship to fund the future expansion of the oilfield services and the marketing and sale of waste water treatment units;
- (ii) Pay a refundable deposit of S\$100,000 (Singapore Dollars One Hundred Thousand) (the “**Deposit**”) to Flagship on the signing of the MOU. The Deposit shall not attract any interest payable by Flagship to the Company; and
- (iii) The Deposit shall form part of the entire Consideration upon the completion and satisfaction of the due diligence and the entering into a Definitive Agreement between the Parties.

Following the entry into the MOU, the Company will commence its due diligence and the Parties will endeavour to work towards the execution of the Definitive Agreement within 120 days of signing the MOU. The final terms and conditions of the Proposed Acquisition are subject to the execution of the Definitive Agreement.

The MOU shall be governed by the laws of the Republic of Singapore.

Subject to a satisfactory due diligence process, the entering into the Definitive Agreement and approval by shareholders of the Company (the “**Shareholders**”), the Proposed Acquisition shall enable the Group to diversify into the water treatment business. The Board views that the Proposed Acquisition shall enable the Group to strengthen its long term growth, group profitability and cash flow, and have a positive impact on the net asset value of the Group.

The entry into the MOU 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 2015.

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None of the Directors and substantial Shareholders has any interests, direct or indirect, in the above Proposed Acquisition, other than through each of their respective shareholding interests, direct or indirect, in the Company.

The Company will make further announcements to keep shareholders informed and updated upon the execution of the Definitive Agreement and/or when there are material developments in respect of the Proposed Acquisition.

Shareholders and potential investors of the Company are advised to exercise caution in dealing with the securities of the Company as there is no certainty or assurance that, as at the date of this announcement, the Definitive Agreement will be entered into on the terms and conditions set out in the MOU, or the Proposed Acquisition will be undertaken at all.

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  
3 September 2015

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**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.

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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.  
Tel: 6389 3000 Email: [bernard.lui@stamfordlaw.com.sg](mailto:bernard.lui@stamfordlaw.com.sg)*