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**ROAD PROJECTS IN WEST AND CENTRAL JAVA INDONESIA - UPDATE**

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*Capitalised terms used herein shall have the definitions ascribed to them in the announcements dated 16 November 2015 and 1 February 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 provide an update on the jointly managed infrastructure construction projects in Central and West Java, Indonesia that the Company’s wholly-owned subsidiary MEG Global Resources Limited (the “**Participant**”) has entered into via Participation Agreement I (“**PA I**”) and Participation Agreement II (“**PA II**”) with PT Hanjungin (the “**Contractor**”, together with the Participant, collectively the “**Parties**”).

**2. UPDATES**

Both PA I and PA II collectively covers three toll-road foundation projects in the southern part of Central Java, within the locality of Solo to Kertosono (the “**Solo Projects**”) and one toll-road foundation project in southern part of Jakarta in Cimanggis, West Java (the “**Cimanggis Project**”).

Due to issues relating mainly to the weather and material supplies, the Solo Projects in Central Java have been renegotiated with the main contractor. The projects have not been formally terminated, however the Contractor expects to terminate the Solo Projects in due course. The Contractor does not expect any penalty to be imposed by the main contractor in the event of early termination as the termination is expected to be on mutual grounds. The expected profits due to the Parties, despite the expected early termination, are approximately S\$0.1 million, and the Participant’s share of the profits is approximately S\$0.02 million. The Contractor shall return the full investment amount of S\$1 million provided by the Group, together with the abovementioned profit sharing amount to the Participant by the end of June 2016.

In addition, the Contractor has had meetings with the main contractor of the Solo Project for the award of road projects in northern part of Central Java, within the locality of Pejagan to Pemalang (the “**Pejagan Project**”). In relation to the Pejagan Project, the main contractor wishes to contract with the Contractor for the construction of certain sections of the total length of approximately 37 km, of which the Participant may wish to participate.

A meeting was held with the main contractor for the Cimanggis Project where the main contractor and the Contractor have mutually agreed to source for construction material from a nearby quarry. The quality of the material in this nearby quarry has been tested and a mining license has been applied. On the approval of the mining license, the said quarry shall be able to provide an immediate supply of material for the Cimanggis Project. The current material supply is from a quarry that is approximately 60 km away and the quality of the material supplied is not consistent. As such a supplemental contract between the main contractor and the Contractor shall be signed to replace the existing agreement to determine the continuity of the existing work done and to provide a new completion date.

The Company expresses confidence in the Contractor and shall provide further updates when there are material developments in the abovementioned projects.

**MAGNUS ENERGY GROUP LTD.**

(Incorporated in Singapore)

(Registration No. 198301375M)

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**3. 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 Contractor, PA I or PA II, 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.

**4. 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 Contractor and the relevant projects, 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  
18 May 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.*

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