MAGNUS ENERGY GROUP LTD.
(Incorporated in Singapore)
(Registration No. 198301375M)

ISSUE OF UP TO S$35,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF REDEEMABLE CONVERTIBLE NOTES - ISSUE OF 416,666,666 CONVERSION SHARES

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 3 September 2014 and 11 October 2014 in respect of the Notes Issue, unless otherwise stated or the context otherwise requires.

1. Issuance of the Tranche 2 Notes

The Board of the Company wishes to announce that an aggregate amount of S$10,000,000 of the Tranche 2 Notes (Certificate Nos. 201 to 400) has been duly issued to the Subscriber as at 18 May 2016 in accordance with the terms and conditions of the Notes Issue. As such, the Tranche 2 Notes have been fully issued as at 18 May 2016.

The Company will make further announcements on the utilisation of the net proceeds from the Notes Issue as and when the proceeds are materially disbursed.

2. Allotment and issue of Shares pursuant to the conversion of the Tranche 2 Notes

The Board wishes to announce that the Subscriber has, on 18 May 2016, exercised its rights to convert fifteen (15) Notes (Certificate Nos. 376 to 390) in respect of the Tranche 2 Notes. The converted Notes, with an aggregate principal value of S$750,000 will be converted into 416,666,666 Conversion Shares at the Floating Conversion Price of S$0.0018 for each Conversion Share on 18 May 2016. An aggregate amount of S$9,500,000 of the Tranche 2 Notes has been converted as of 18 May 2016.

The Floating Conversion Price of S$0.0018 was determined by taking 90% of the of the average of the traded volume weighted average prices per share for any three (3) consecutive Trading Days as selected by the Subscriber during the 30 Trading Days immediately preceding the relevant Conversion Notices dated, 18 May 2016. The three (3) consecutive Closing Prices per Share selected are as follows:

	VWAP	**Date**
X	S$0.0021	5 May 2016
Y	S$0.0020	6 May 2016
Z	S$0.0020	9 May 2016

$$\text{Floating Conversion Price} = \frac{X + Y + Z}{3} \times 0.9 = S\$0.0018$$

Pursuant to the aforesaid issue and allotment of 416,666,666 new ordinary shares of the Company, the number of issued share capital of the company shall increase from 3,071,743,463 shares to 3,488,410,129 shares.

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

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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 Notes Issue, the Company and its subsidiaries, 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 this 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

About Magnus Energy Group Ltd. (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.

*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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